

2009 PAFR

*Popular Annual
Financial Report*

County of Prince William,
Virginia

For the Year Ended
June 30, 2009



www.pwcgov.org

POPULAR ANNUAL FINANCIAL REPORT

County of Prince William, Virginia

Citizens of the County of Prince William, Virginia:

We are pleased to present the Popular Annual Financial Report (PAFR) of Prince William County (County) for the fiscal year ended June 30, 2009.

This report summarizes the financial activities and position of the primary government of Prince William County. The information contained in this report was derived from the County's *Comprehensive Annual Financial Report* (CAFR), which was prepared in conformity with Generally Accepted Accounting Principles (GAAP). The County's financial statements have been audited by McGladrey & Pullen, LLP, a firm of licensed certified public accountants, and received an unqualified opinion, that the County's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP.

The Popular Annual Financial Report is issued as a means of communicating complex financial and statistical information to the County's citizens and other interested parties in a format that is easier to read and understand by those with a less-extensive background in public finance. This report is presented on a non-GAAP basis, omitting fi-

ancial information related to the County School Board, Park Authority, and the Adult Detention Center, and focusing solely on the finances of the primary government of the County. Copies of the County's GAAP basis financial statements can be obtained via the County's internet website (<http://www.pwcgov.org>), at your local library, or by contacting the Prince William County Department of Finance.

As you review the Popular Annual Financial Report, please feel free to share any questions, concerns, or recommendations you may have with us. We value your input and look forward to the opportunity to address any comments you may have.

Respectfully,



Susan L. Roltsch
Acting County Executive



Christopher E. Martino
Director of Finance

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

County of Prince William
Virginia

for the Fiscal Year Ended

June 30, 2008


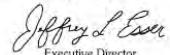

President

Executive Director

Table of Contents:

Letter from the County Executive & Director of Finance	1
Your County Government	2
Your County - Past & Present	2
Organization Chart	3
Your Board of County Supervisors	4
County Growth	5
Economic Trends	6
Real Estate Data	7
Financial Activities	8
Analysis of Revenues	9
Description of Services Rendered	9
Analysis of Services Rendered	10
Financial Position	11
County Offices	12





Original seal of Prince William County

"Prince William County is a premier community where we treasure the richness of our past and the promise of our future. We are diverse and dynamic with a thriving economy where citizens and businesses grow and succeed together. We are a global business and technology leader for the 21st century."

Your County Government

Since 1972, the County has operated under the County Executive form of government. The policy-determining body of the County is an eight-member Board of County Supervisors. Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. On November 6, 2007, elections were held in Prince William County for the Chairman to the Board and the Supervisors of the seven magisterial districts. The incumbent Chairman of the Board was re-elected. Six incumbent Supervisors were re-elected for another four-year term and one new Supervisor was elected. All re-elected and elected officials took the oath of office in January 2008.

The Board of County Supervisors appoints a County Executive to act as the County government's chief administrative officer. The County Executive serves at the pleasure of the Board, implements its policies, provides organizational leader-

ship for addressing major issues, directs business and administrative procedures, and recommends department heads for appointment by the Board. The Board also appoints a County Attorney to provide legal guidance to the government.

The Board also appoints the members of several separate boards and authorities to administer the operations of certain services. These services include parks and recreation, human services, and the public library system.

Along with the Board, County residents elect three constitutional officers: the Clerk of the Circuit Court for a term of eight years, and the Sheriff and Commonwealth's Attorney each for terms of four years. The Judges of the Circuit Court, the General District Court, and the Juvenile and Domestic Relations District Court are appointed by the Virginia General Assembly. Unlike most other Virginia counties, County residents do not elect a Treasurer and a Commissioner of the Revenue. The Director of Finance, who is appointed by the Board based

on a recommendation of the County Executive, carries out the responsibilities of these officers.

An eight-member School Board, the members of which are elected by County citizens and serve a term of four years, oversees the operation of public schools in the County. The County's General Fund covers the local share of the cost of operating the public school system. Since Virginia law requires that the operations of the School Board be independent from the Board of County Supervisors, a Superintendent is appointed by the School Board to administer the operations of the County's public schools.

The administrative offices of the County are located at One County Complex Court, Prince William, Virginia, 22192. The County's central telephone number is (703) 792-6000; TTY users may call (703) 792-4733 or the Virginia Relay Center (800) 828-1120. The County's official home page is located at:

<http://www.pwcgov.org>

Your County - Past & Present

Captain John Smith first discovered Prince William County during an expedition up the Potomac River in 1608. Smith found the region inhabited by Anacostan, Doeg, Iroquois, and Piscataway Indians. The first known colonial settlement was founded in 1722. In 1730, the Virginia General Assembly carved out an area approximately 2,000 square miles in size and named it Prince William County, after the second son of England's King George II. At that time Prince William County comprised all of "Northern Virginia" but by 1759, the General Assembly substantially reduced the County's size. Fairfax County

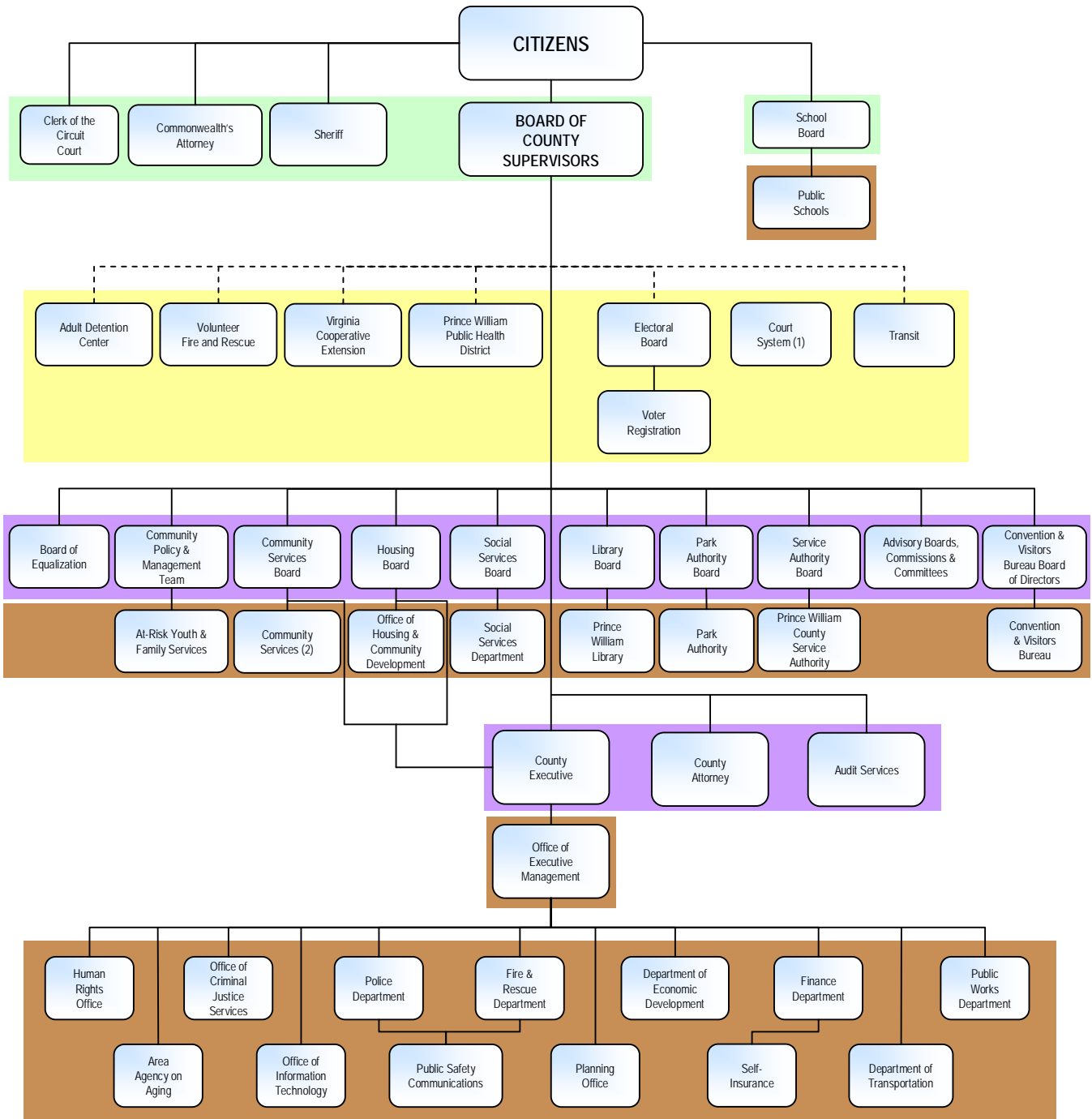
was formed in 1742 and Fauquier County was formed in 1759, both from the original Prince William County area. The General Assembly established Dumfries as the first of seven townships in the County. Dumfries received its charter on May 11, 1749, making it the oldest continuously chartered town in Virginia. In 1799, the Virginia General Assembly chartered the Town of Haymarket on the land of William Skinker. The town of Quantico was incorporated in 1927, while the incorporation of the cities of Manassas and Manassas Park did not occur until 1975.

Today, the County encompasses an area of 348 square miles (222,615 acres), 18.8% of which is federally owned land.



Prince William

Prince William County Government Reporting Entity



Notes:

(1) Circuit Court, General District Court, Juvenile & Domestic Relations Court, Juvenile Court Services, Law Library, Magistrate & Circuit Court Judges

(2) Mental Health, Mental Retardation & Substance Abuse Services

Legend:

- Elected Officials / Constitutional Officers
- State and Local Services
- Appointed by BOCS, Boards and Commissions
- Agencies and Departments

Your Board of County Supervisors



Corey A. Stewart
(At-Large)
Chairman
(703) 792-4640



W.S. Wally Covington, III
Brentsville District
Vice-Chairman
(703) 792-6190



Maureen S. Caddigan
Dumfries District
(703) 792-4645



John D. Jenkins
Neabsco District
(703) 792-4668



Michael C. May
Occoquan District
(703) 792-4643



Martin E. Nohe
Coles District
(703) 792-4620



Frank J. Principi
Woodbridge District
(703) 792-4646



John T. Stirrup, Jr.
Gainesville District
(703) 792-6195

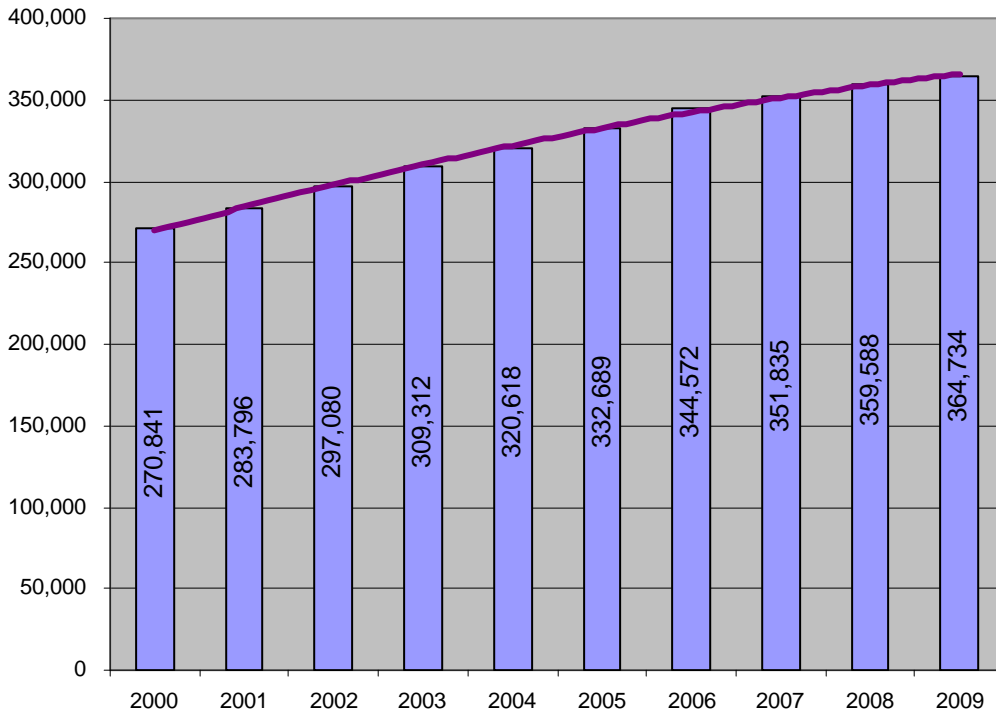
For more information, visit the County's website:

<http://www.pwcgov.org>



County Growth

Population History

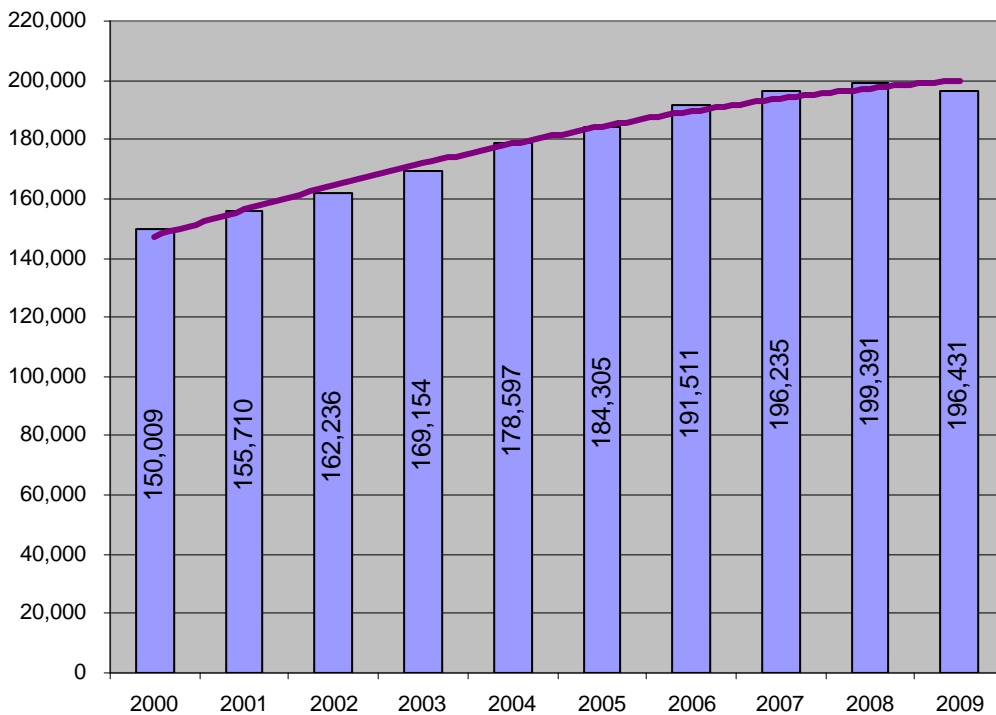


The County continues to grow, but the rate of growth has been slowing over the past four years, as seen in the chart to the left.

The County's population has increased from 271,000 ten years ago to 365,000 today. This reflects an average annual growth rate of 3.4% during the last decade, and 2.3% over the last five years.

At these rates, the County's population could exceed 400,000 between 2011 and 2012.

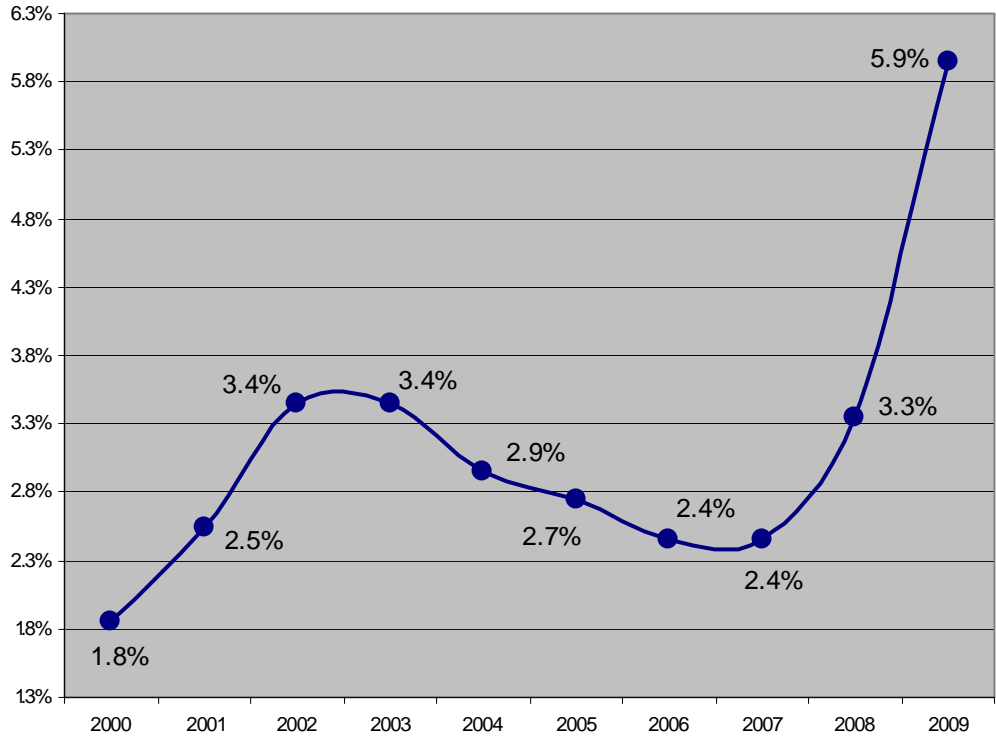
Employment History



As the County's population continues to grow, the economy is continually expanding as well. Over the last ten years, the employed portion of the Civilian Labor Force, as reported by the Virginia Employment Commission, has risen from 150,000 to 196,000 – an average annual growth rate of 3.0% over the last ten years. However, due to an increase in the unemployment rate in the County (discussed on the next page), the number of employed in the County has decreased for the first time in the last ten years, down 3,000 or 1.5% from the prior year.

Economic Trends

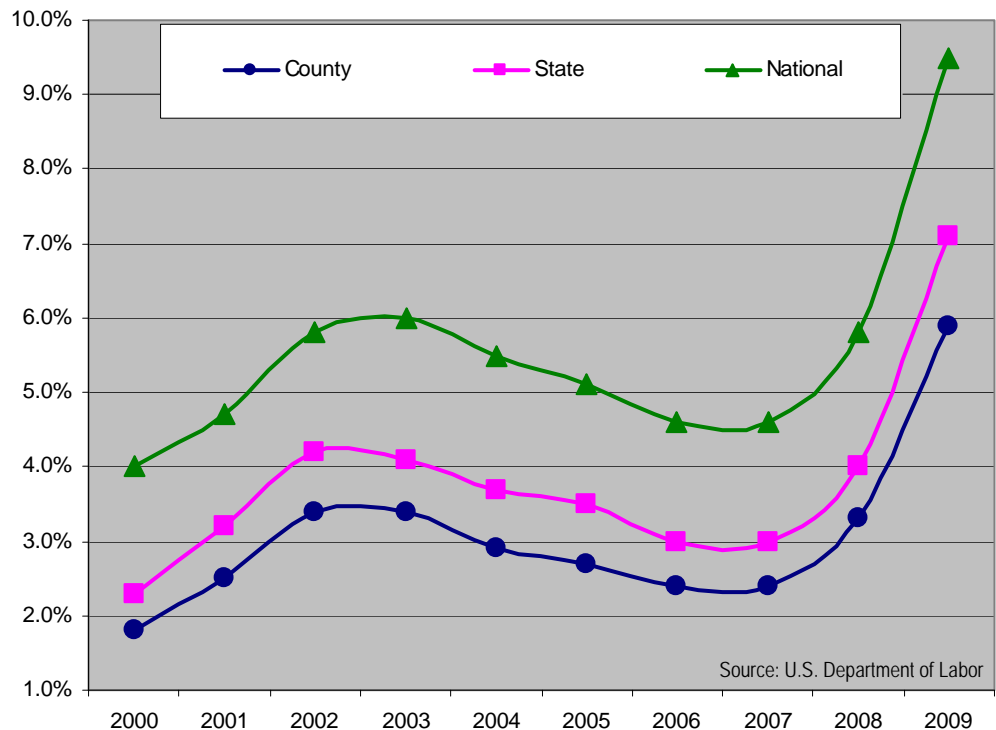
County Average Unemployment Rates



Throughout the past decade, the County's unemployment rate patterns have mirrored the State and the U.S. rate trends. However, the County's rates have been at consistently lower levels.

The County's rate of unemployment continued on an upward trend to 5.9% of the Civilian Labor Force of 209,000 as of June 2009, according to the Virginia Employment Commission. The County's current rate of unemployment is more than double the average rate for the previous nine years, and reflects a troubled economy.

National, State & County Average Unemployment Rates



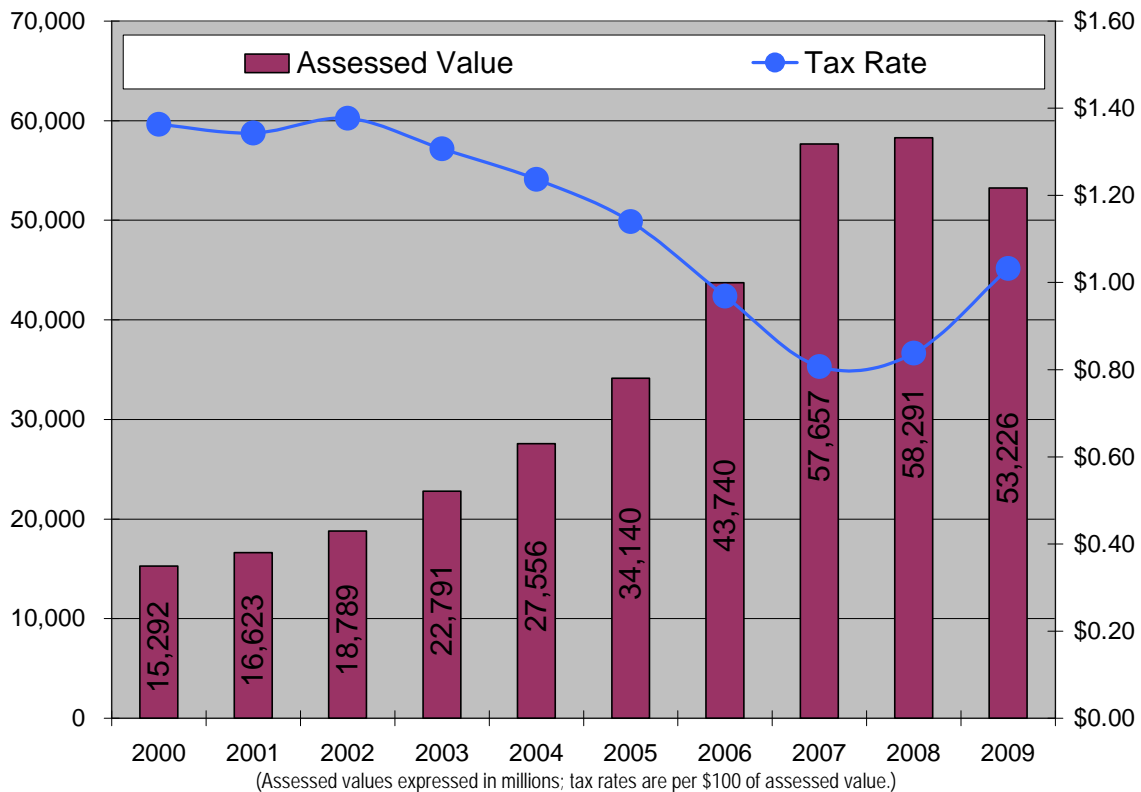
The County, State, and National unemployment rates all reached their ten-year peak in 2009, with rates of 5.9%, 7.1%, and 9.5%, respectively.

Though these unemployment rate increases are troubling, they also indicate that the State and the County have been at least somewhat insulated from some of the adverse effects of a struggling national economy.

The data also indicates that as the County's population has grown over the last decade, employment opportunities have also grown, and the vast majority of County residents have been able to find employment.

Real Estate Data

In addition to the growth in population and employment, the values of real estate in Prince William County have risen dramatically during the last decade. During the period of extensive growth between 2002 and 2007, the Board sought to lessen the impact of rising real estate assessments on its citizens by reducing the real estate tax rate, as the following graphic depicts. However, the January, 2008 real estate assessments (2009 as pictured below) saw declining values of nearly 9% from the previous year. In order to keep revenues at a level sufficient to support continuing services, the Board responded to these declines with an increase in the County's real estate tax rate, which rose from \$0.84 to \$1.03 per \$100 of assessed value; however, despite this rate increase, the average tax bill for County homeowners did not increase. Since the real estate tax accounts for over half of all County revenues, this rate increase, though partially offset by lower assessments, is the primary factor contributing to the overall increase in revenues during 2009.



Principal Real Estate Tax Payers

(Assessed values expressed in millions)

Tax Payer	Assessed Value
Virginia Electric & Power Company	\$ 712
Potomac Mills Operating Co., LLC	483
Northern Virginia Electric Co-op	270
Verizon South, Inc.	160
Dominion Country Club, LP	130
WNH Limited Partnership	114
Deutsche Bank National Trust Company	109
Stellar Chatsworth, LLC	108
Brookfield Morris, LLC	106
Washington Gas Light Company	99
Total	\$ 2,291

Key Tax Rates

(Tax rates per \$100 of assessed value)

Property Type	Tax Rate
Countywide Real Estate Tax Levies	\$1.0322
<i>Personal Property</i>	
-General Class	\$3.7000
-Heavy Equipment & Machinery	\$3.7000
-Computer Equipment	\$1.2500
-Mining & Manufacturing Tools	\$2.0000
-Mobile Homes	\$0.9700
-Research & Development	\$1.0000

Financial Activities

Definition

The Statement of Financial Activities, otherwise known as an "Income Statement", provides details about the sources and uses of money for County business during a particular year.

This statement is presented on a non-GAAP basis. GAAP basis financial statements are available as part of the County's CAFR, and can be obtained by contacting the County.

(Amounts expressed in thousands)

	2009	2008
Revenues Received		
Taxes	\$746,395	\$687,347
Charges for Services	31,741	35,562
Fines & Forfeitures	2,759	2,664
From Use of Money & Property	27,655	36,609
Permits, Fees & Licenses	11,374	13,607
Intergovernmental Revenue	167,205	153,282
Other	45,076	43,130
Total Revenues Received	\$1,032,205	\$972,201
Services Rendered		
General Government Administration	\$38,888	\$40,417
Judicial Administration	18,941	19,260
Public Safety	209,692	194,468
Public Works	124,349	94,042
Health & Welfare	75,017	75,112
Education	434,797	403,396
Parks, Recreational & Cultural	35,707	37,291
Community Development	48,980	45,474
Proprietary Activities	12,423	15,164
Interest on Long-Term Debt	41,868	41,526
Total Services Rendered	\$1,040,662	\$966,150
Services Rendered (Over)/Under Revenues Received*	\$(8,457)	\$6,051

Revenue Descriptions

Taxes consist of monies collected from a variety of different sources including Real Estate Tax, Personal Property Tax, etc.

Charges for Services are made up of fees collected from the public for services rendered (e.g. court costs, etc.)

Fines & Forfeitures are amounts collected by the County for various violations of local ordinances and regulations (e.g. parking tickets, etc.)

From Use of Money & Property describes amounts earned by the County from investment of funds.

Permits, Fees & Licenses are amounts collected by the County for various permits and licenses (e.g. building permits, dog licenses, etc.).

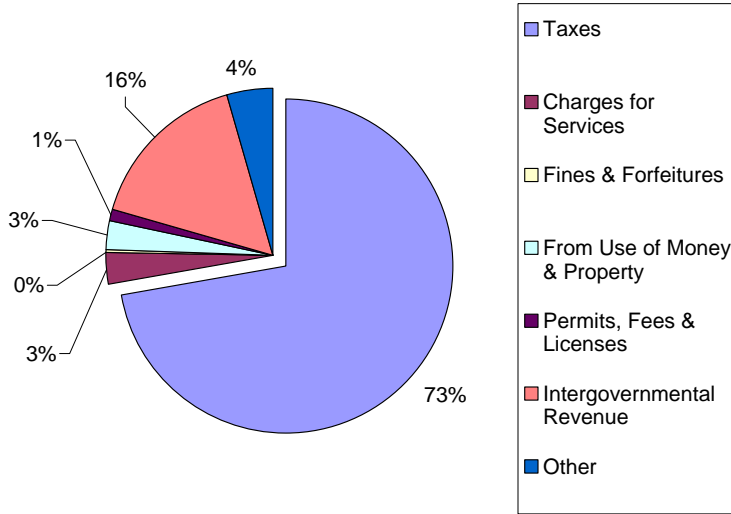
Intergovernmental Revenue refers to amounts received through grants from other governments (e.g. State and Federal monies).

Other revenues are amounts received from other sources, such as donations, and other miscellaneous sources of funds.

*Results of Government Operations

During 2009, the costs of public safety, education, and public works increased significantly from the prior year. These increases were partially covered by an increase in taxes collected and higher intergovernmental revenue compared to the prior year. However, declines in other key revenue categories from the prior year contributed to overall cost of services in excess of revenues received. The cost of services rendered were less than total revenues received during 2008 as a result of cost-cutting measures enacted in response to the decline in the County's real estate market.

Analysis of Revenues

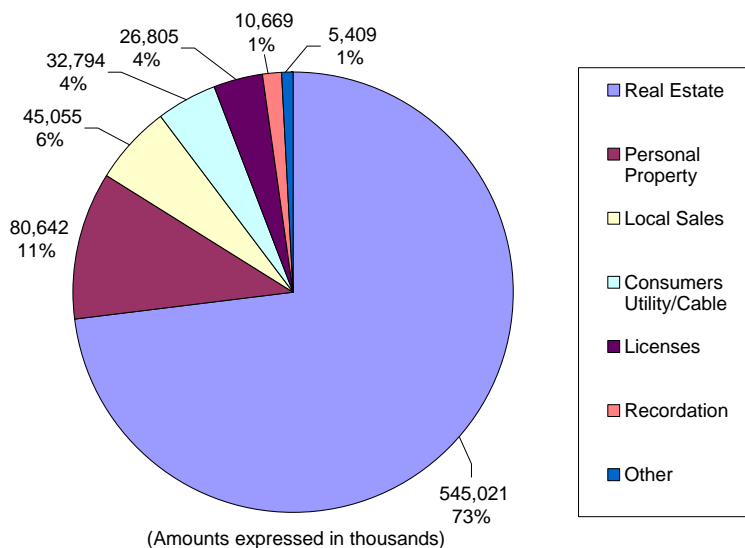


Total Revenue

As seen in the Financial Activities Statement on page 8, taxes provide the greatest portion of the County's revenues at 73%.

Intergovernmental Revenue is second, contributing 16% of the County's revenue.

No other single source contributes more than 5% of the total revenues of the County.



Tax Revenue

Real Estate Taxes represent the largest portion of total tax revenues at 73%.

Personal Property Taxes provide 11% of total tax revenues, while the Local Sales Tax portion is 6%.

No other tax category contributes more than 5% of total tax revenues to the County.

Description of Services Rendered

General Government Administration refers to the costs of conducting the legislative, financial, and election activities of the County.

Public Safety expenditures include amounts paid in support of County law enforcement and traffic control, fire and rescue services, correction and detention, and protective inspections other than those related to health or fire.

Judicial Administration costs are those amounts expended to support the courts, including the costs of the Office of the Clerk of the Circuit Court, as well as the Office of the Sheriff and the Commonwealth's Attorney.

Public Works expenses are the costs of maintenance and repairs of existing transportation facilities, sanitation and waste removal, and maintenance of general buildings and grounds throughout the County.

Description of Services Rendered (continued)

Health & Welfare costs are those related to the local health department and include costs related to mental health and mental retardation programs as well as those for substance abuse. Also included in these costs are local expenditures for welfare and social services.

Parks, Recreational & Cultural refers to the costs of maintenance and operation of parks and other participant recreation facilities, historical landmarks and other facilities of a cultural nature, as well as the maintenance and operation of libraries throughout the County.

Education costs are expenditures for the maintenance and operation of the educational function of the County.

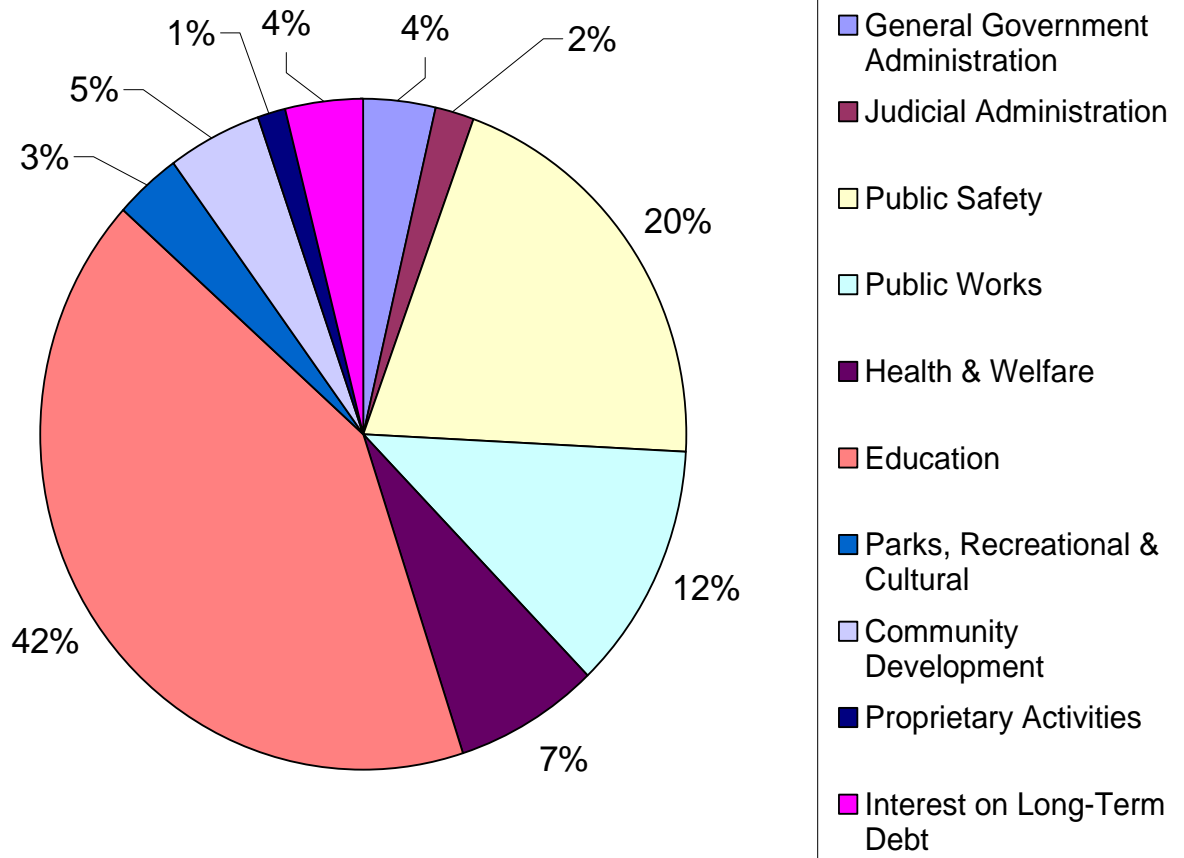
Community Development costs include expenditures related to long and short range planning for physical, social, economic, and environmental issues.

Proprietary Activities refer to the costs associated with operating the County Landfill, Innovation @ Prince William, and the County's Internal Service Funds.

Interest on Long-Term Debt represents the costs of long-term borrowings to the County.

Analysis of Services Rendered

The graphic below illustrates the portion of the total cost of services rendered that each category provides. Notable among these are the costs of Education at 42%, Public Safety at 20%, and Public Works at 12%. No other single category of services contributed more than 10% to the overall total for the County.



Financial Position

Definition

The Statement of Financial Position, otherwise known as a "Balance Sheet", provides information about the resources and obligations of the County at the end of the year.

This statement is presented on a non-GAAP basis. GAAP basis financial statements are available as part of the County's CAFR, and can be obtained by contacting the County.

(Amounts expressed in thousands)

	2009	2008
Financial Resources		
Cash & Investments	\$715,918	\$710,215
Receivables	71,490	69,202
Property & Equipment	351,827	338,727
Other Assets	14,739	14,620
Total Financial Resources	<u>\$1,153,974</u>	<u>\$1,132,764</u>
Financial Obligations		
Amounts Owed to Employees and Vendors	\$38,270	\$45,458
Short-term Debt	122,983	124,579
Long-term Debt	960,708	891,770
Other Liabilities	265,581	296,68
Total Financial Obligations	<u>\$1,387,542</u>	<u>\$1,357,875</u>
Financial Obligations in Excess of Financial Resources*	<u>\$(233,568)</u>	<u>\$(225,111)</u>

*Obligations in Excess of Resources

The obligations in excess of resources shown in the Statement of Financial Position above do not indicate that the County does not have the resources available to pay its obligations in the coming years. Rather, they indicate that the County has *long-term* commitments that are greater than currently available resources. These deficits are caused when the County takes on long-term debt related to major capital projects on behalf of the School Board, the Park Authority, and the Adult Detention Center. The related assets are owned and reported by these other entities on their financial statements. When the financial position of all of the entities are combined, financial obligations do not exceed financial resources.

Resources

Cash consists of monies held in County bank accounts which are available to pay for financial obligations and services rendered.

Investments are amounts placed in accounts earning higher returns, but not immediately needed to pay current expenses and obligations.

Receivables are amounts owed to the County from various sources which are expected to be collected.

Property & Equipment represents land, buildings, vehicles, equipment, and other items of high value owned by the County and expected to be used in the conduct of County business for more than one year.

Other Assets include items such as prepaid expenses, inventory, etc.

Obligations

Amounts Owed to Employees and Vendors are monies which the County is obligated to pay within the next year to employees and other companies who provide goods and services to the County.

Short-term Debt is the portion of the amounts borrowed by the County that is due within one year.

Long-term Debt is the portion of the amounts borrowed by the County that is due beyond one year.

Other Liabilities represent all obligations beyond those specifically listed, such as amounts due to other government units, deferred revenues, etc.

County Offices (all phone numbers listed on this page are in the 703 calling area unless otherwise indicated.)

Aging		Information (cont'd)	
Area Agency on Aging	792-6400	Landfill	792-5750
Adult Protective Services	792-7500	Mapping	792-6840
After 5pm & Weekends	792-6500	Park Authority	792-7275
Alcohol & Drug Abuse		Permits (Construction)	792-6924
Community Services Board	792-7700	Police (Non-Emergency)	792-6500
Emergency Services Program	792-7800	Recycling	792-4670
Ambulance		Jail	
Emergency	911	Adult Detention Center	792-6420
Non-Emergency Information	792-6810	Landfill	
Animal Control		Sanitary Landfill	792-5750
Animal Shelter	792-6465	Library	
After 5pm & Weekends	792-6500	Administration	792-6100
Assessments		Bull Run (Manassas)	792-4500
Personal Property Assessments	792-6710	Central Library (Manassas)	361-8211
Real Estate Assessments	792-6780	Chinn Park Regional Library	792-4800
Tax Payments	792-6710	Potomac Library (Woodbridge)	494-8126
Automobile Stickers (County Tags)		Licenses	
Taxpayer Services (Cashier's Office)	792-6710	Automobile County Sticker	792-6710
Child Abuse		Business	792-6710
Child Abuse & Neglect	792-7500	Marriage	792-6040
After 5pm & Weekends	792-6500	Magistrates	
Child Care		Magistrates	792-7360
School Age Care	792-6091	Mental Health	
Courts		Community Services Board (West)	792-7700
Circuit Court Judges Chambers	792-6010	Community Services Board (East)	792-4900
Clerk of the Circuit Court	792-6015	Adult Protective Services	792-7500
General District Court	792-6141	Emergency Services Program	792-7800
Traffic Fines Information (GDC)	792-6111	Substance Abuse	792-7800
Juvenile Court Services & Probation	792-6200	Park Authority	
Juvenile & Domestic Relations	792-6160	Park Authority Main Office	792-7060
Magistrates	792-7360	Park Authority Information Line	PWC-PARK
Customer Service		Chinn Aquatics Center - Info Line	730-1051
County Government Information Desk	792-4660	Permits and Inspections (Construction)	
Dog Tags		Information	792-6924
Animal Shelter	792-6465	Inspection Requests	792-6970
Employment		Police	
Employment Opportunity Job-Line	792-4636	Emergency	911
Human Resources	792-6640	Non-Emergency and Information	792-6500
Fire and Rescue		Sanitation - Sewer	
Emergency	911	Prince William Service Authority	335-7900
Non-Emergency and Information	792-6810	Schools	
General District Court		Prince William Public Schools	791-7200
Civil Cases	792-6145	Social Services	
Criminal Cases	792-6141	Manassas Office	792-7500
Traffic Fines	792-6111	Woodbridge Office	792-4300
Health		Tourism	
Manassas Office	792-6300	Convention and Visitors Bureau	396-7130
Woodbridge Office	792-7300	Transportation	
Human Rights		PWC Department of Transportation	792-6825
Human Rights Commission	792-4680	OmniRide commuter & local bus service	730-6664
Information		OmniMatch ride sharing	730-6664
Citizen Information (Pre-recorded)	PWC-INFO	Virginia Railway Express (VRE)	684-1001
County Government Information Desk	792-4660	Virginia Department of Transportation	366-1900
Car Pool, Omnibus, Van Pool, Ride Share	730-6664	Voter Registration	
VRE Railway Express Info Line	684-1001	Voter Registration	792-6470
Election and Voter Information	792-6470	Water	
Gypsy Moth & Mosquito Control Program	792-6279	Prince William Service Authority	335-7900

