

2010

County of Prince William, Virginia



Popular Annual Financial Report

For the year ended June 30, 2010

www.pwcgov.org





COUNTY OF PRINCE WILLIAM, VIRGINIA

Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2010

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, 2010.

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, 2010 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 financial information related to the County School Board, Park Authority, and the Adult Detention Center, and focusing solely on the finances of the primary govern-

ment 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,

Melissa S. Peacor
County Executive

Steven A. Solomon
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, 2009



President
Jeffrey J. Case
Executive Director

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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 next election for the Board of County Supervisors will take place on **November 1, 2011**.

The **Board of County Supervisors** usually meet at 2 p.m. on the first, second and third Tuesdays of each month, with meetings also at 7:30 p.m. on the first and third Tuesdays. Please visit the County website at <http://www.pwccgov.org> for the official meeting calendar, as well as access to video archives of Board meetings.

Meet your Board of County Supervisors



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



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



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



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



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



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



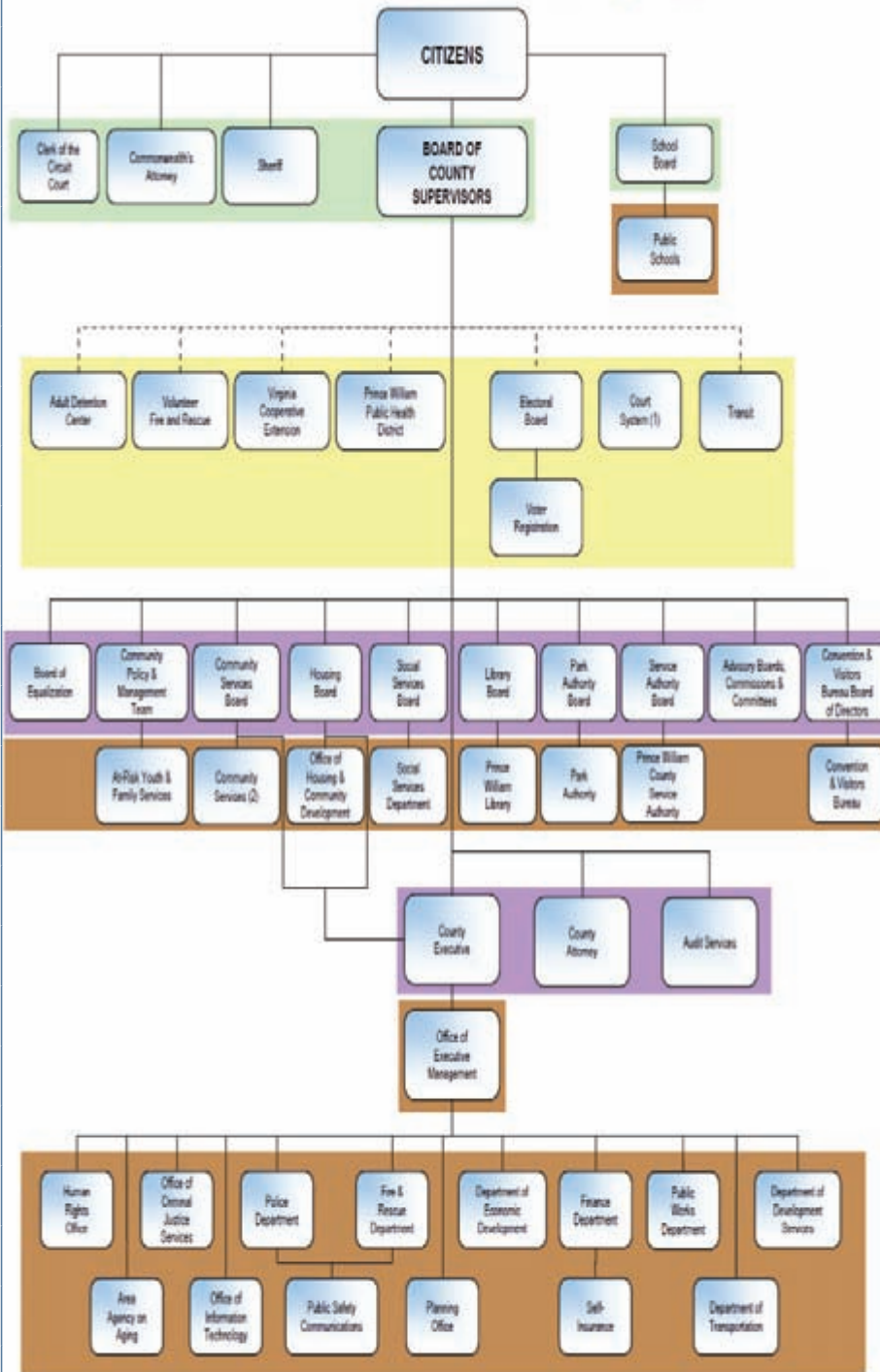
Frank J. Principi
Woodbridge District
(703) 792-4646



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

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.

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
- (3) Dotted lines are state and local services not directly accountable to the Board of County Supervisors.

Legend:



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 leadership 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. Audit Services works for the Board to ensure that County human and financial resources, property, and other assets are used effectively, efficiently, economically, ethically and equitably.

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.

Your County– Past...



Prince William

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.

THEN...



Original Seal of Prince William County

... AND NOW

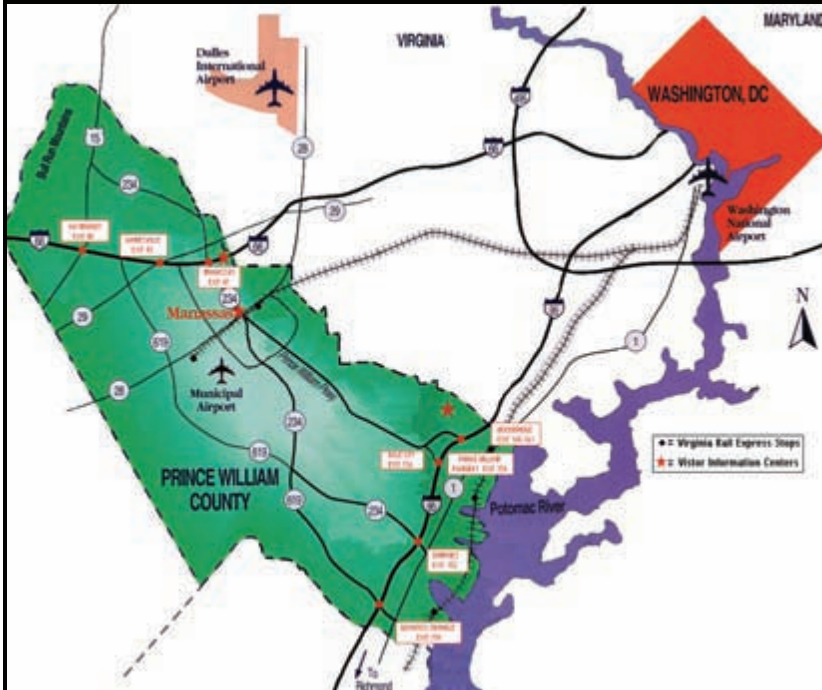


Present day Seal of Prince William County

... and Present...

“ 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 technology and business leader for the 21st century.”

Prince William County Strategic Plan Vision Statement



DID YOU KNOW?

The County seal commemorates the most important cash crop during the colonial period. It depicts a hand holding scales evenly balanced over a stalk of tobacco.

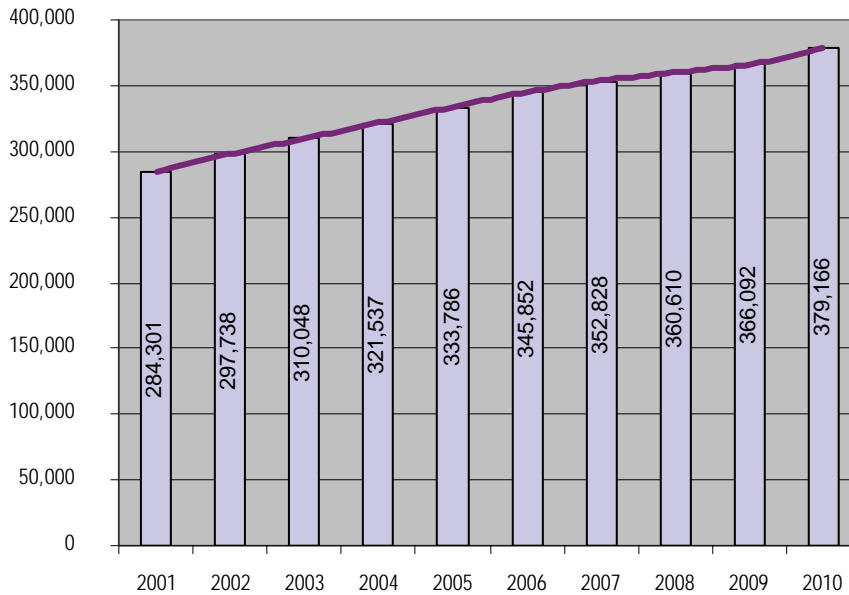
Present day Prince William County is a thriving and diverse community, encompassing an area of 348 square miles (222,615 acres), 18.8% of which is federally owned land.

Per the US Census Bureau's Annual Estimates of the Resident Population for Counties in Virginia (April 1, 2000 – July 2009), the County has an estimated population of 379,166 people and boasts a median household income of \$89,785 as indicated by the Census Bureau's 2009 American Community Survey. This is an

indication of the relative wealth of the Prince William County as the county is included as one of the top twenty counties in the nation for household median income. From colonial times to modern day, Prince William County is a dynamic, growing, and evolving community.

County Population Statistics

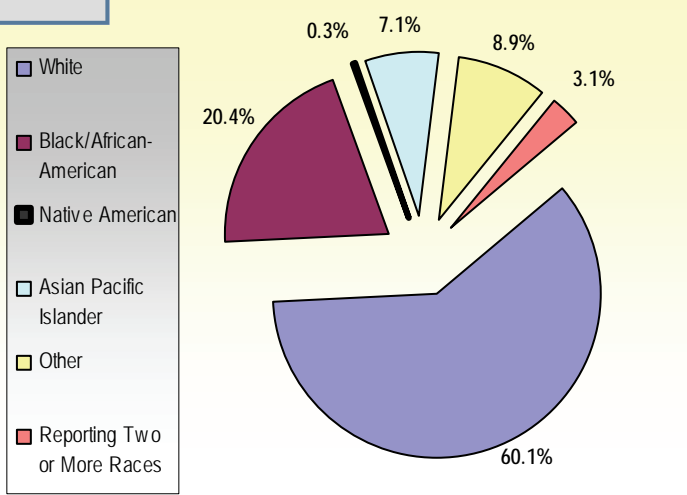
Source: US Census Bureau, Population Division; Table 1: Annual Estimates of Resident Populations for Counties of Virginia: April 1, 2000-July 1, 2009.



The County's population has grown at an average annual growth rate of 3.3% during the last decade, and 1.9% over the last five years and is expected to continue to grow at a steady pace. At these rates, the County's population could exceed 400,000 between 2012 and 2013.

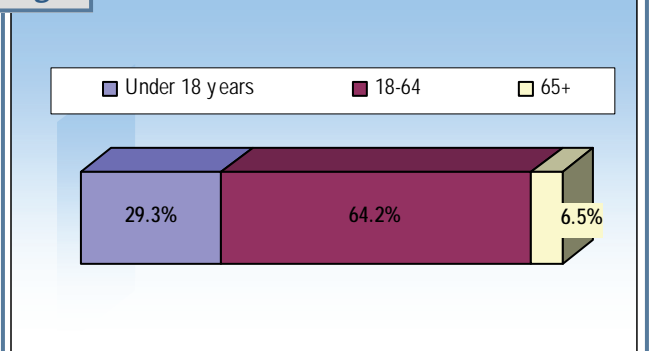
The County boasts a dynamic and diverse community, as well. Our population is relatively young with only 6.5% over the age of 65 and nearly one third under the age of eighteen. Racially, county residents come from all backgrounds and ethnicities and from many foreign countries. Our community places

Race



a high value on education as 46% of adults in the county have earned undergraduate, graduate, and/or associates degrees and another 23% have some college level education.

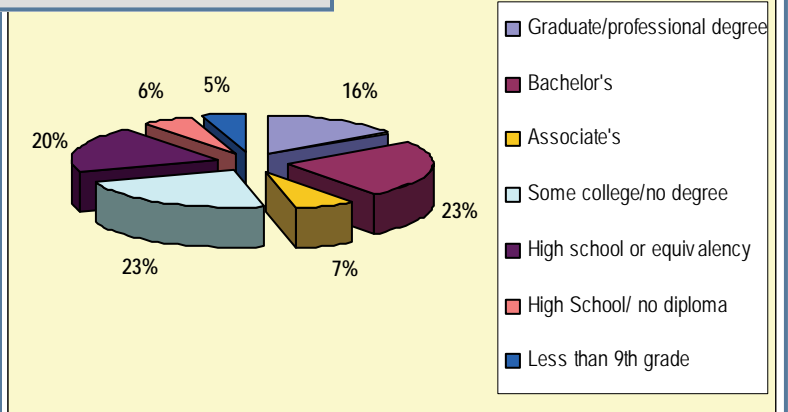
Age



Ethnicity

Hispanic Origin (any race)	18.7%
Non-Hispanic Origin (any race)	81.3%

Educational Attainment



Sources: Us Bureau of the Census, 2009 American Community Survey

Note: Hispanic population is an ethnic designation, not a race designation. Persons of Hispanic origin may be of any race.

Economic Outlook and Trends

Prince William County's economic outlook is challenging in the short term with modest but cautionary expectations of improvement in the long term. The housing downturn has rippled through the national, regional and local economies. Likewise, continued challenges can be expected in revenues from commercial properties, business licenses and sales taxes. County services, however, will still be needed and expected, and in some cases these needs are at levels equal to or higher than in boom times. Providing these services in an environment of diminished resources is a challenge that will test the County over the next few years.

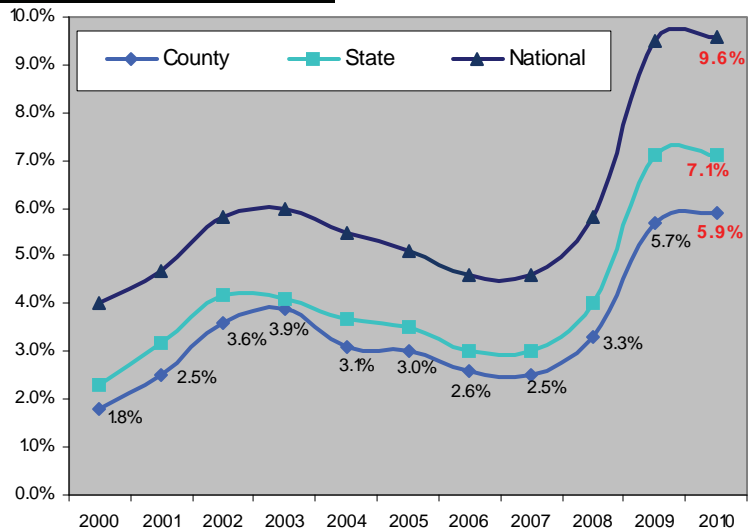
The County is well-placed for moderate growth in the future. Prince William County, as part of the Washington D.C. Metropolitan area and the Northern Virginia economy in particular, has shown remarkable resilience during the ups and downs of the normal business cycle. Federal Government spending and related job production have, in the past, provided a continuous stimulation to the local economy and largely insulated area jurisdictions from even the severest of downturns.

National, State, and County Employment Data

The County's unemployment rate patterns have mirrored the State and the U.S. rate trends, however the County's rates have been consistently lower. In 2010, the County, State, and National unemployment rates all reached their ten-year peak as indicated in the illustration on the right.

The County's unemployment rate continued on an upward trend to 5.9% of the Civilian Labor Force of 214,000 as of June 2010, according to the Virginia Employment Commission.

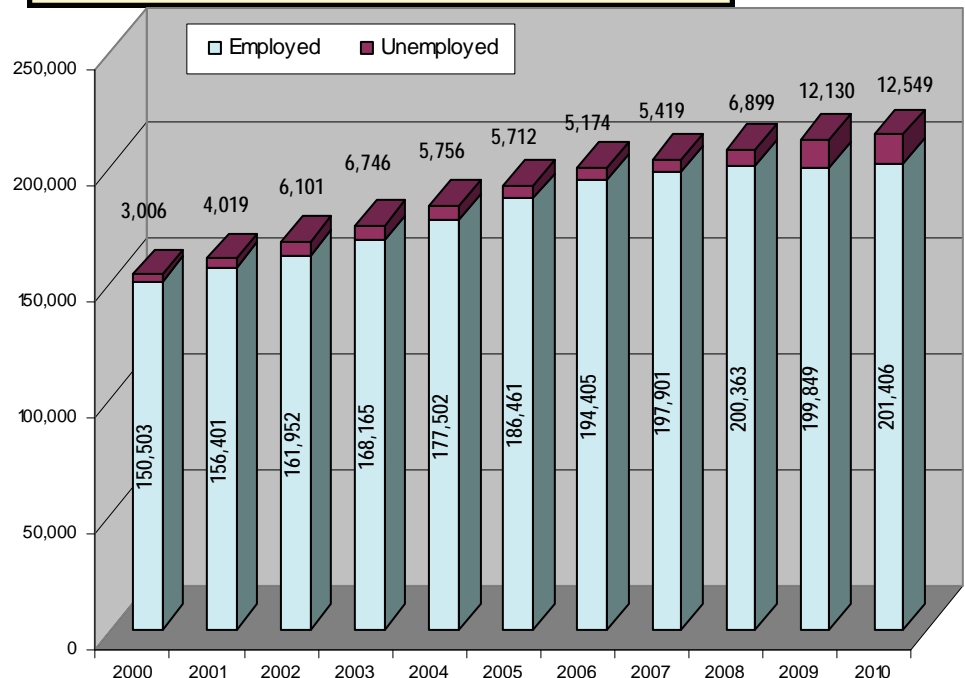
These unemployment rate increases are troubling and are indicative of a struggling economy. The data also reveals that the State and the County have been somewhat insulated from some of the adverse effects of a struggling national economy.



Employed vs. Unemployed Persons in Prince William

The graph to the right shows the portion of the Civilian Labor Force in Prince William County attributed to both employed and unemployed individuals in the county per the Virginia Employment Commission.

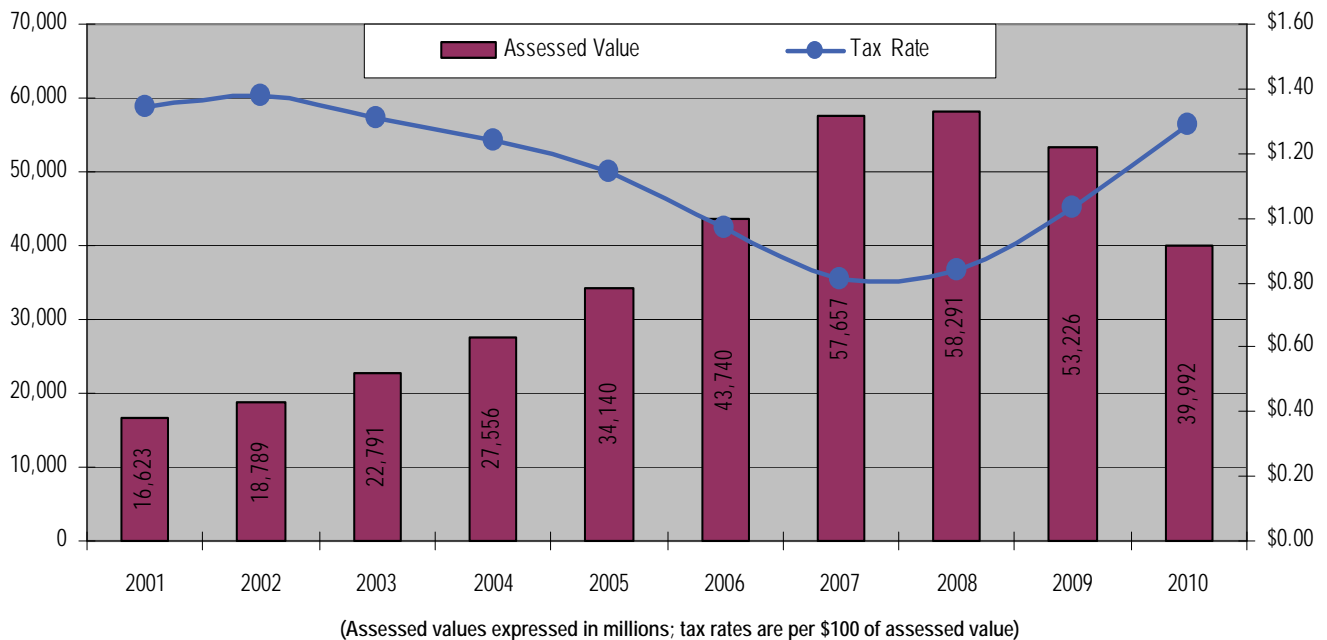
As the County's population has grown over the last decade, the total civilian work force has grown accordingly from 154,000 to 214,000—an average growth rate of 3.0%. The vast majority of County residents are employed. However, due to economic conditions, the portion of unemployed persons has increased to 5.9%.



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 graphic below depicts. However, the January, 2008 real estate assessments (2009 as pictured below) saw declining values of nearly 9% from the previous year. Real estate assessments continued to decline in January 2009 (2010 as pictured below) nearly 25% 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 \$1.03 to \$1.29 per \$100 of assessed value. Despite the increase in the real estate tax rate, the average tax bill for County homeowners increased approximately 2% from the previous year.

Assessed Real Estate Value v. Real Estate Tax Rate



Principal Real Estate Payers

(Assessed values expressed in millions)

Tax Payer	Assessed Value
VA Electric & Power Company	\$ 668
Potomac Mills Operating Co., LLC	459
Northern Virginia Electric Co-op	249
Verizon South, Inc.	141
WNH Limited Partnership	96
Washington Gas Light Company	93
Stellar Chatsworth LLC	93
Dominion Country Club, LP	89
Lee Carolina LLC	85
Kir Smoketown Station LP	84
	<u>\$ 2,057</u>

Key Tax Rates

(Tax rates per \$100 of assessed value)

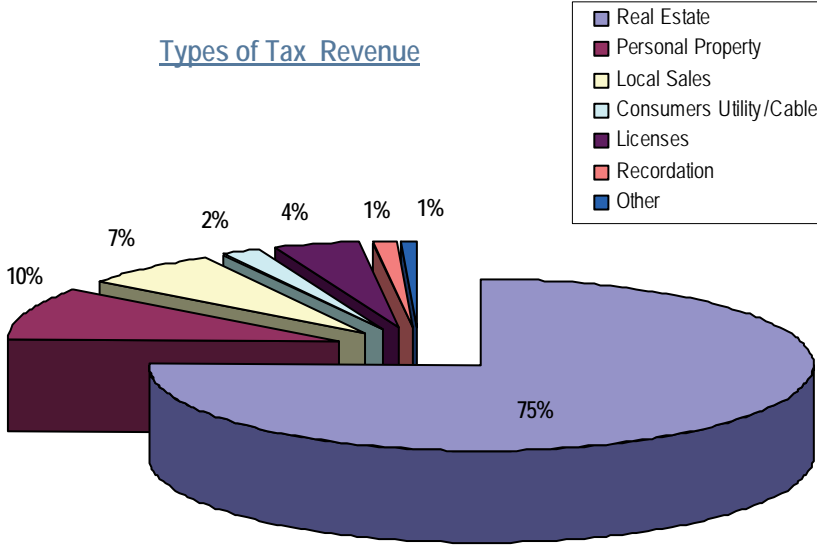
Property Type	Tax Rate
Countywide Real Estate Tax Levies	\$1.2891
<i>Personal Property</i>	
-General Class	\$3.7000
-Heavy Equipment & Machinery	\$3.7000
-Computer Equipment	\$1.2500
-Mining & Manufacturing Tools	\$2.0000
-Mobile Homes	\$1.2120
-Research & Development	\$1.0000

Financial Activities

This section on the of financial activities of Prince William County provides details about the sources and uses of money for County business during fiscal year 2010. It 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 visiting the County's website or contacting the county directly.

Analysis and Description of Revenues

Types of Tax Revenue



Taxes provide the greatest portion of the County's Revenue, providing \$676,796, or nearly 70% of total revenues received in fiscal year 2010. The graph on the left depicts the types and portions of tax revenue received. Real estate and personal property taxes represent the largest portions of total tax revenues combining for about 85% of total tax revenues.

The second largest source of the County's revenues, is **Intergovernmental Revenue**. The County received \$190,089 in fiscal year 2010, or 20% of total revenues. **Taxes** and **Intergovernmental Revenue** comprise nearly 89% of total County Revenues.

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

Revenue Descriptions

- Monies collected from a variety of different sources, including Real Estate Tax. Personal Property Taxes, etc.
- Fees collected from the public for services rendered (e.g. court costs, etc.).
- Amounts collected for various violations of local ordinances and regulations (e.g. parking tickets, etc.)
- Amounts earned from investment of funds.
- Amounts collected for various permits and licenses (e.g. building permits, dog licenses, etc.)
- Amounts received through grants from the state of Virginia and the Federal governments.
- Amounts received from other sources, such as donations, and other miscellaneous sources of funds.

Revenues Received

(amounts expressed in thousands)

	2010	2009
Taxes	\$ 676,796	\$ 746,395
Charges for Services	30,058	31,741
Fines & Forfeitures	2,866	2,759
From Use of Money & Property	32,621	27,655
Permits, Fees & Licenses	10,617	11,374
Intergovernmental Revenue	190,089	167,205
Other	34,517	45,076
Total Revenues Received	\$ 977,564	\$ 1,032,205

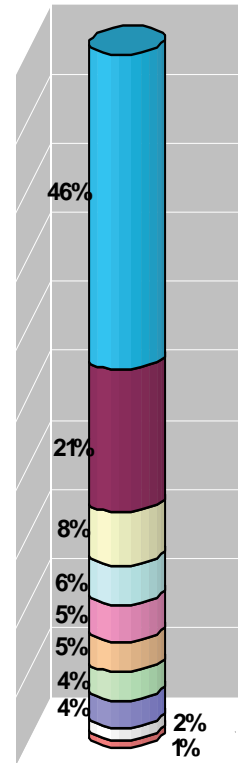
Analysis of Services Rendered

Revenues received by Prince William County are used for the purpose and benefit of our community and its citizens. Spending decisions are made in order to achieve the outcomes of the Prince William County Comprehensive and Strategic Plans. The chart below provides an analysis of Prince William County's spending in fiscal year 2010 for services rendered to all citizens.

County spending in most categories declined from prior year as the County adjusted to economic realities. **Education**, however continued to remain a priority, comprising 46% of spending in fiscal year 2010. The County continues to support the Prince William County Public School system in reaching the goal of providing our children with a World Class Education. **Public safety** and the **health and welfare** of all citizens are top priorities of the County and is reflected with 21% and 8% of County spending in these categories, respectively. The County strives to ensure that our community is a healthy and safe place to live, work and play.

(amounts expressed in thousands)	2010	2009
Education	\$ 440,443	\$ 434,797
Public Safety	197,928	209,692
Health & Welfare	74,268	75,017
Public Works	54,892	124,349
Community Development	49,524	48,980
Interest on Long-Term Debt	44,253	41,868
Parks, Recreational & Cultural	38,347	35,707
General Government Administration	36,727	38,888
Judicial Administration	17,471	18,941
Proprietary Activities	10,753	12,423
Total Services Rendered	\$ 964,606	\$ 1,040,662

County Costs by Services Rendered Category



Description of Services Rendered

Education operation and maintenance of the educational function (Prince William County Schools.)

Public Safety includes law enforcement, traffic control, fire and rescue services, correction and detention, and protective inspections.

Health & Welfare includes the local health department, mental health, mental retardation, and substance abuse programs, as well as welfare and social services.

Public Works includes maintenance and repairs of existing transportation facilities, sanitation and waste removal, and maintenance of the County's general buildings and grounds.

Community Development long and short range planning for physical, social, economic, and environmental issues.

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

Parks, Recreational & Cultural maintenance and operation of parks, recreation facilities, historical landmarks, libraries, and other cultural facilities.

General Government Administration includes legislative, financial, and election activities.

Judicial Administration includes support of the court system, including the Office of the Clerk of the Circuit Court, the Office of the Sheriff and the Commonwealth's Attorney.

Proprietary Activities refer to the costs associated with operation of the County Landfill, Innovation Technology Park, and Internal Service Funds.

Financial Position

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 visiting the County's website or contacting the county directly.

(amounts expressed in thousands)	2010	2009
Financial Resources		
Cash	\$ 687,253	\$ 701,805
Investments	14,278	14,113
Receivables	68,229	71,490
Property & Equipment	366,199	351,827
Other Assets	14,144	14,739
Total Resources	\$ 1,150,103	\$ 1,153,974
Financial Obligations		
Amounts Owed to Employees and Vendors	\$ 32,441	\$ 38,270
Short-term Debt	134,918	122,983
Long-term Debt	978,692	960,708
Other Liabilities	219,667	265,581
Total Obligations	1,365,718	1,387,542
Financial Obligations in Excess of Financial Resources*	\$ (215,615)	\$ (233,568)

*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.

Aging

Area Agency on Aging	792-6400
Adult Protective Services	792-7500
After 5pm & Weekends	792-6500

Alcohol & Drug Abuse

Community Services Board	792-7700
Substance Abuse	792-7800
Emergency Services Program	792-7800

Ambulance

Emergency	911
Non-Emergency Information	792-6810

Animal Control

Animal Shelter	792-6465
Dog Tags	792-6465
After 5pm & Weekends	792-6500

Assessments

Personal Property Assessments	792-6710
Real Estate Assessments	792-6780
Tax Payer Services/ Tax Payments	792-6710

Child Abuse

Child Abuse & Neglect	792-4200
After 5pm & Weekends	792-6500

Courts

Circuit Court Judges Chambers	792-6010
Clerk of the Circuit Court	792-6015
General District Court	792-6141
Juvenile Court Services & Probation	792-6200
Juvenile & Domestic Relations	792-6160
Magistrates	792-7360

Courts- General District

Civil Cases	792-6145
Criminal Cases	792-6141
Traffic Fines	792-6111

Employment

Employment Opportunity Job-Line	792-4636
Human Resources	792-6640

Fire and Rescue

Emergency	911
Non-Emergency and Information	792-6810

Health

Manassas Office	792-6300
Woodbridge Office	792-7300

Human Rights

Human Rights Commission	792-4680
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Information

Citizen Information (Pre-recorded)	PWC-INFO
County Government Information Desk	792-4660

Information (cont'd)

Gypsy Moth & Mosquito Control Program	792-6279
Mapping	792-6840
Recycling	792-4670

Jail

Adult Detention Center	792-6420
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Library

Administration	792-6100
Bull Run (Manassas)	792-4500
Central Library (Manassas)	361-8211
Chinn Park Regional Library	792-4800
Potomac Library (Woodbridge)	494-8126

Licenses

Business	792-6710
Marriage	792-6040

Mental Health

Community Services Board (West)	792-7700
Community Services Board (East)	792-4900
Adult Protective Services	792-7500
Emergency Services Program	792-7800

Park Authority

Park Authority Main Office/ Information Line	792-7060
Chinn Aquatics Center - Info Line	730-1051

Permits and Inspections (Construction)

Information	792-6924
Inspection Requests	792-6970

Police

Emergency	911
Non-Emergency and Information	792-6500

Sanitation - Water, Sewer, Landfill

Prince William Service Authority	335-7900
Sanitary Landfill	792-5750

Schools

Prince William Public Schools	791-7200
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Social Services

Manassas Office	792-7500
Woodbridge Office	792-4300

Tourism

Convention and Visitors Bureau	396-7130
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Transportation

PWC Department of Transportation	792-6825
OmniRide commuter & local bus service	730-6664
OmniMatch Ride Share, Car Pool, Van Pool	730-6664
Virginia Railway Express (VRE)	684-1001
Virginia Department of Transportation	366-1900

Voter Registration

Voter Registration	792-6470
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