

Prince William County, Virginia

FY 2006 Fiscal Plan



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Information about the FY 2006 Fiscal Plan is available online at
<http://www.pwcgov.org/budget>

In addition, for information about the adopted budget you may contact the Office of Executive Management/
Budget and Analysis Office at (703) 792-6720 from 8:00 a.m. to 5:00 p.m. Monday - Friday or visit the office at
McCoart Building, 1 County Complex Court, Suite 200, Prince William, Virginia 22192

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Assistant County Executive

Melissa S. Peacor

Assistant County Executive

Susan Roltsch

Budget Director

David L. Tyeryar

Budget Technical Manager

Ed Strickhouser

Budget and Analysis Staff

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Dale R. Cooke

Rodney H. Follin

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Susan A. Sablinski

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
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**Prince William County
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**Special Performance Measures Recognition
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For the Fiscal Year Beginning

July 1, 2004

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President

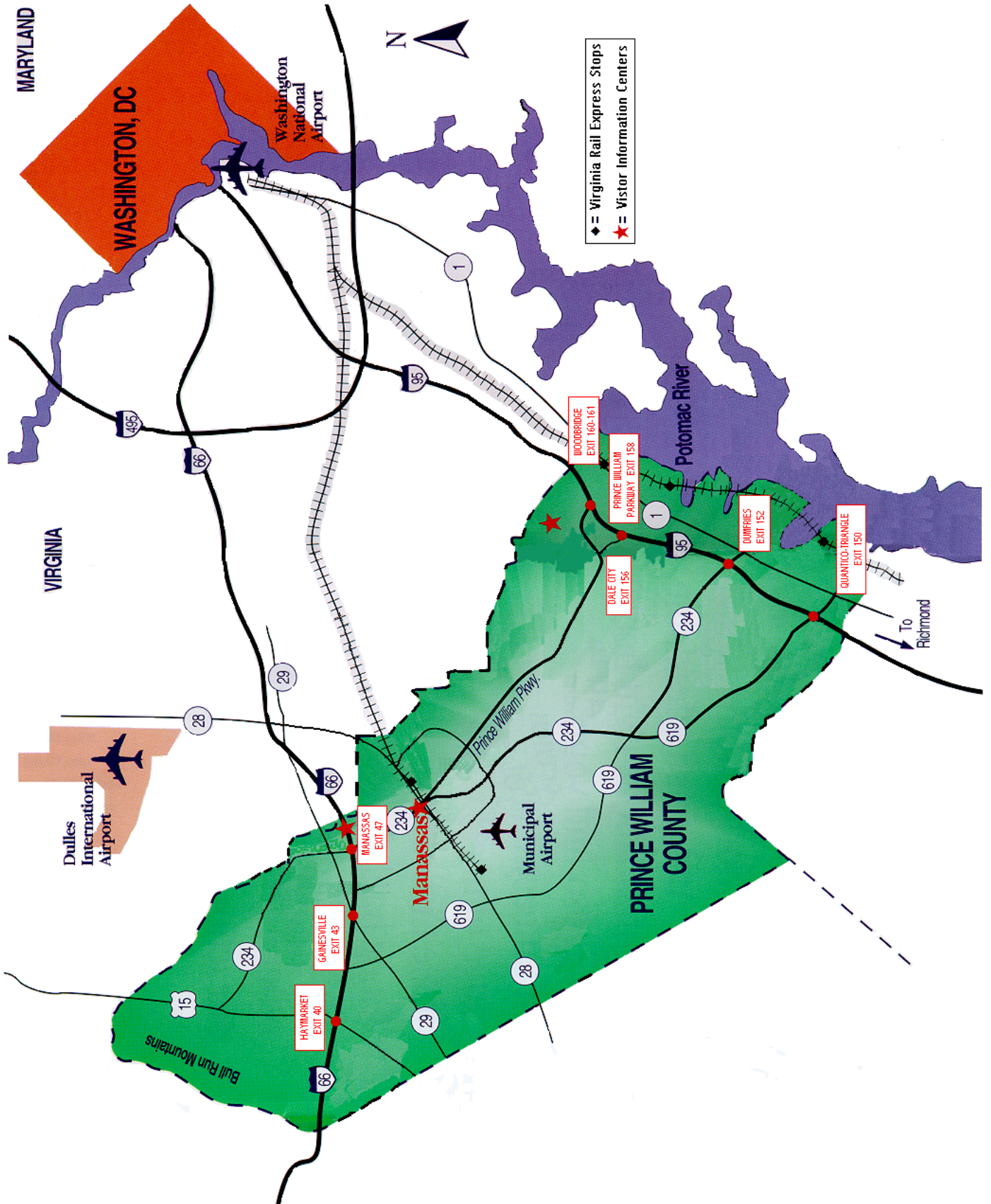
Handwritten signature of Jeffrey R. Enow in cursive.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Prince William County, Virginia for its annual budget for the fiscal year beginning July 1, 2004. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.





History

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.

In 1730, the Dumfries area was prominent in the County and may have been the location of an official Tobacco Inspection Station due to its close proximity to the Potomac River. This is important because the Potomac River was a major regional route used to export tobacco to England, which was profitable for the southern colonial regions. The Tobacco Inspection law, passed in Virginia in 1730, required all exported tobacco shipments to bear an inspection certificate. Dumfries officially became a town in 1749 and in 1763 it reached an economic milestone by exporting more tobacco tonnage than the colony of New York.

Economic and political displeasure with the British government reached the breaking point for Prince William colonists in 1773. Pro-Colony groups such as The Prince William Resolvers voiced their protest against the erosion of colonial liberties. As England had ordered all colonial governors to cease granting lands, except to veterans of the French and Indian War, further financial strains were wrought against the colonies through taxation, including the infamous Tea Act and Stamp Act. In 1774, under ever mounting pressure, the Virginia Convention adopted resolves against the importation of British goods and the importation of slaves. The Virginia Convention also required each county to form a volunteer company of cavalry or infantry. Prince William already formed a volunteer unit the year before. The Independent Company of Prince William, under the leadership of Captains William Grayson and Philip Richard Francis Lee, was a volunteer unit comprised of 40 plus infantrymen. Many troops from the Independent Company of Prince William joined others from around the state to form two [State] regiments sanctioned by the third Virginia Convention in 1775. After the start of the Revolutionary War, the remaining troops of the "Company" became known as The Prince William District Battalion in 1776. Later in June of that year, Captain Grayson was appointed Assistant Secretary to General George Washington.

The war ended and news of the ratification of The Treaty of Paris between the United States and Great Britain reached Virginia on February 3, 1784. Remaining Prince William County soldiers from the Virginia regiments returned home to their families. Although there was heavy troop movement through the County from all sides, it escaped the massive destruction leveled against Richmond. The County wasn't as fortunate, however, during the Civil War.

Before the Civil War, the population of Prince William County reached 11,000 and the African American population was 43.4 percent. Many African Americans in Virginia at this time were free from slavery and indentured servitude. Virginia legislators passed a law in 1782 permitting the freeing of slaves, however, colonies further south did not participate in similar legislation. Haymarket emerged as a large population center in 1799, with Occoquan following in 1804 and Brentsville in 1822. The County thrived through the early and mid 1800's. The railroad era began in Virginia around 1811 and in 1851 the railroad reached Manassas. Manassas Junction brought a new form of shipping and travel to the area. It also became a crucial stratagem for cutting off supplies to either side throughout the War. The first threat to the railroad junction was the Battle at Blackburn's Ford after Virginia seceded from the Union in 1861. Although the Battle at Blackburn's Ford was short lived, it was a prelude to the First Manassas Battle three days later. First Manassas at Bull Run was the first major land battle of Union and Confederate Armies in Virginia after the Confederate takeover of Fort Sumter in South Carolina. Thomas J. Jackson earned his now very famous nickname "Stonewall" Jackson towards the end of this battle. The Union objective was to seize the Manassas Junction Railroad.

Many lesser-known principal battles were also fought in the County; they include Cockpit Point, Manassas Station, Chapman's Mill, and Bristoe Station. Cockpit Point, a stretch of shoreline along the Occoquan River, is where the Confederate army formed a blockade at the Potomac River to cut off supplies to Washington. The Battle at Manassas Station was a Confederate victory where the Union supply depot at Manassas Junction was destroyed. The skirmish near Chapman's Mill ensured another Union defeat at the Second Battle of Bull Run; a swift Union retreat allowed two Confederate battalions to join together. This single inconsequential action virtually ensured the Union Army defeat during the Second Battle at Bull Run. The last principal battle fought in Prince William County was at Bristoe Station in 1863. A Confederate corps happened upon a retreating Union army at Bristoe Station and attacked. Other Union soldiers in the area countered the small corps and captured the Confederate battery of artillery.

Manassas became a town in 1873. Later, in 1892, Manassas became the County Seat for Prince William. Rebuilding the area to its former glory was almost an impossible task for locals. Grand manors and local businesses blighted during the War were replaced by modern inventions and post war architecture. The railroad was reconstructed and expanded westward. Education became more important and schools sprung up - almost overnight. Ironically, a former Union Army Officer, George Carr Round, relocated to Manassas and helped to build its first public school. He later served on the Town Council and was a member of the Virginia General Assembly. Many schools and colleges sprung up in the County to include The Manassas Industrial School for Colored Youth and Eastern College. The Manassas Industrial School for Colored Youth was founded by Jennie Dean in 1894. The purpose of the school was to improve the moral and intellectual condition of the youth placed under its care.

Eastern College attracted students from over 22 states and 2 foreign countries. Eastern was transformed into a military academy and later closed in 1935. Other academies and military schools opened in the area in the early 1900's. The ultimate military training academy of a sort was founded on a peninsula southwest of the Town of Occoquan, on the Quantico River in 1917. The Quantico Marine Base became an official training facility for the Navy before World War I, and was one of the first Marine training centers not housed on a Naval base. The Town of Quantico, surrounded by the training center, was incorporated in 1927.

After two World Wars and the incorporation of the Cities of Manassas and Manassas Park in 1975, present day Prince William County is a thriving and diverse community. The County



has a population of 336,820 people (as of June 2004) and boasts a median household income of \$82,926 as indicated by the Census Bureau's 2003 American Community Survey. This is the third highest out of nation's counties with populations of 250,000 or more. It is also a "young" County with 30.0% of its population below eighteen years of age as of 2003. Prince William County was the birthplace or home of many notable personalities including George Mason II, Henry Lee III (the father of General Robert E. Lee), William Grayson, John Ballendine, Parson Mason Locke Weems, Benita Fitzgerald-Brown, The Chinn Family, Simon Kenton, Jennie Dean, James Robinson, Wilmer McLean, and many more. From pre-colonial times to modern day, Prince William County is a very interesting place to live. It is full of history. And now as the County enters the 21st Century, the promise of a bright future is all hers.

Regional Perspective

Prince William County is located in Northern Virginia, approximately 30 miles southwest of Washington, D.C. The County encompasses an area of 348 square miles, 18.8% of which is federally owned land.

Prince William's location in Metropolitan Washington, D.C. and the availability of excellent transportation in the region is a catalyst for growth in the County, continuing to provide numerous economic advantages. Interstate 95 and U.S. Highway 1 connect the County with Washington, D. C. to the north and Richmond, Virginia to the south. Interstate 66 connects the western portion of the County with Washington, D.C. to the east and Interstate 81 to the west. The Route 234 Bypass links Interstate 66 in the west with 7,000 acres designated for industrial and commercial growth. Prince William Parkway includes a new interchange on Interstate 95 and prime development locations through the eastern portion of the County.

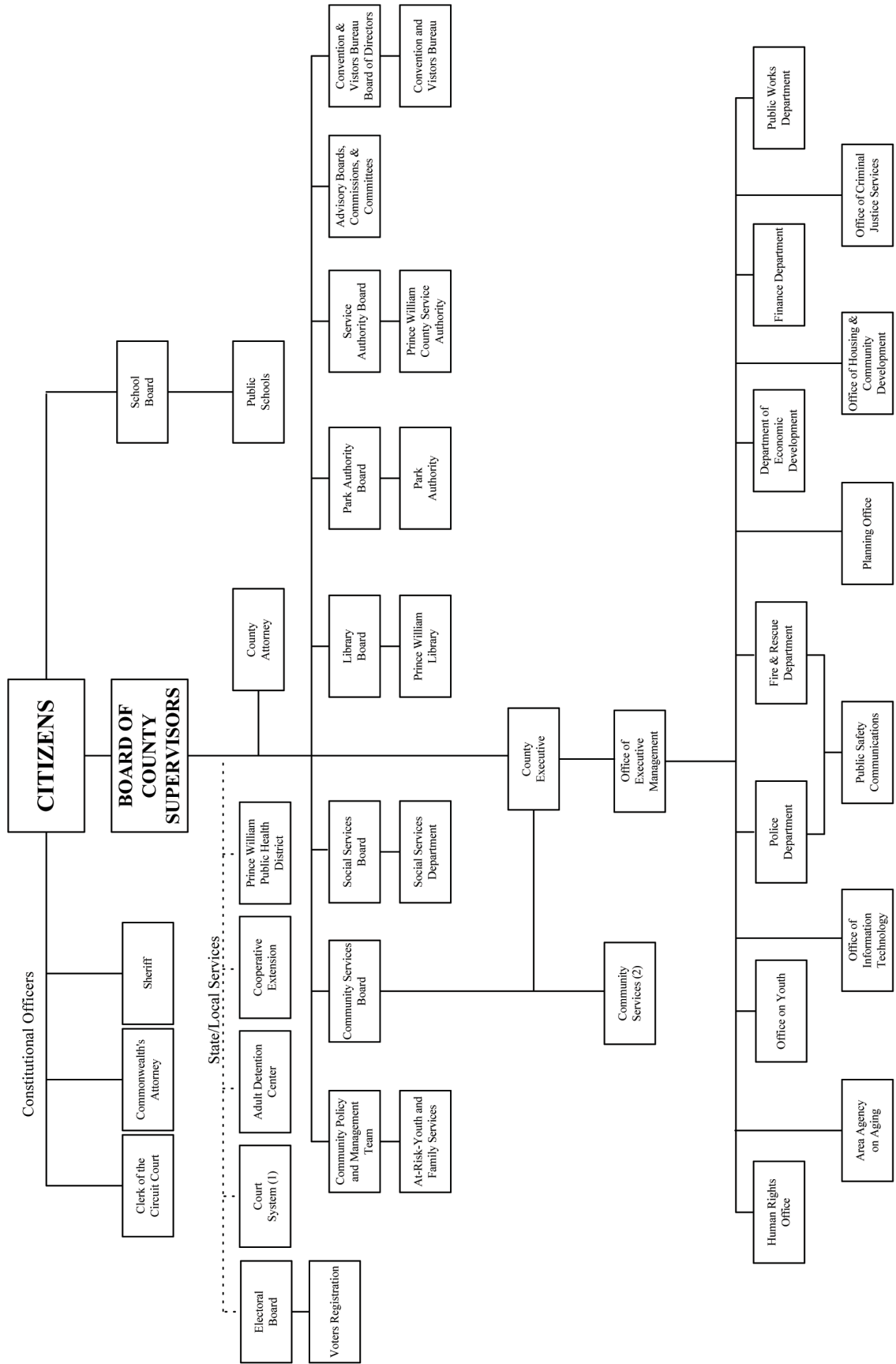
The County has a number of freight and passenger rail service alternatives available to its citizens and businesses. CSX and Norfolk Southern Railway provide freight service to the County. Amtrak passenger trains provide inter-city service to points up and down the Eastern seaboard from stations in the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

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

Local Government

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

Prince William County Government Organizational Chart



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

July 1, 2005



Mr. Chairman and Members of the Board:

On behalf of Prince William County government staff, I am pleased to deliver the FY 2006 Prince William County Fiscal Plan and the FY 2006-2010 Five-Year Budget Plan. In legal terms, this document fulfills statutory requirements and my administrative responsibilities under the County Executive form of government. In fiscal terms, the budget structurally positions the County to maintain its AAA bond rating – a rating given to less than 1% of jurisdictions in the country. In policy terms, this budget and Five-Year Budget Plan implements the Board of County Supervisor’s direction to:

- Implement the County’s Strategic Goals – Community Development, Economic Development, Education, Human Services, Public Safety and Transportation;
- Implement County/School revenue agreement, including retain additional State money for education with the Schools and earmark increased Recordation Tax Revenue for roads;
- Hold average residential tax bill increase to not more than 5.9%; and
- Implement the County’s Comprehensive Plan Levels of Service.

The vision set out by the Board of County Supervisors in its Strategic Plan states:

“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.”

The County government has also adopted an organizational vision statement that supports the achievement of the Strategic

Plan vision statement and the community’s Strategic Goals. This vision states:

“Prince William County Government is an organization where elected leaders, staff and citizens work together to make our community the best. We, as employees, pledge to do the right thing for the customer and the community every time. We, as a learning organization, commit to provide the necessary support and opportunities for each employee to honor this pledge.”

Economic Outlook

The FY 2006-2010 Five-Year Budget Plan is supported by a healthy local economy and by sound financial management policies put into place by the Board of County Supervisors. Throughout last year, Prince William County achieved many successes:

- In October, the County was awarded the coveted AAA bond rating. This designation recognizes years of effort towards excellent financial management, sustained economic development successes and substantial improvements in the quality of life. This bond rating will result in the County’s ability to borrow funds for capital projects at lower rates.
- Prince William County had the fourth highest job growth among large counties in the United States, according to preliminary data from the U.S. Department of Labor. This translates into an 8.5% job growth rate as compared with a 3.6% state job growth rate and a 3.1% national job growth rate.
- The growth in jobs and economic activity was also seen in strong wage growth in the County. United States Census data shows that Prince William County had the third highest median household income of all counties over 250,000 population in the United States.
- Prince William continues to be a place where businesses and homeowners want to invest their money. In the recent Economic Development Quarterly Report, the County announced that economic development prospect activity peaked at 80 during the first quarter of 2005.
- The volume of real estate transactions and the average sales price rose to record levels. Like our fellow Northern Virginia jurisdictions, the value of our housing continues to grow substantially. Although the average value of existing homes in Fairfax, Arlington, Alexandria, and Loudoun are significantly

more than Prince William, our assessment growth has paralleled theirs, see *Figure 1: History of Average Existing Residential Values*.

For many in Prince William, their home is their biggest investment and this investment continues to grow in value achieving the Strategic Plan goal of providing a positive reward for homeowners' investment.

Population swelled by 15,250 citizens over the past year and this population growth coupled with the strong real estate market resulted in higher than expected retail sales. Looking ahead, the County's housing market remains robust, even as interest rates continue to increase. While it is difficult to expect a repeat of 2004, we expect job growth and employment in the County to remain strong.

County/School Revenue Agreement

The FY 2006 adopted budget continues the long and successful partnership between the Board of County Supervisors and the School Board by implementing the County/School Revenue Sharing Agreement. The revenue sharing agreement which is adopted by the Board of County Supervisors and the School Board establishes the split of General Revenues, with the Schools receiving 56.75% and the County receiving 43.25%. For FY 06, the revenue agreement was modified to specify that any additional State money for education would stay with the Schools and increased recordation tax revenue would stay with

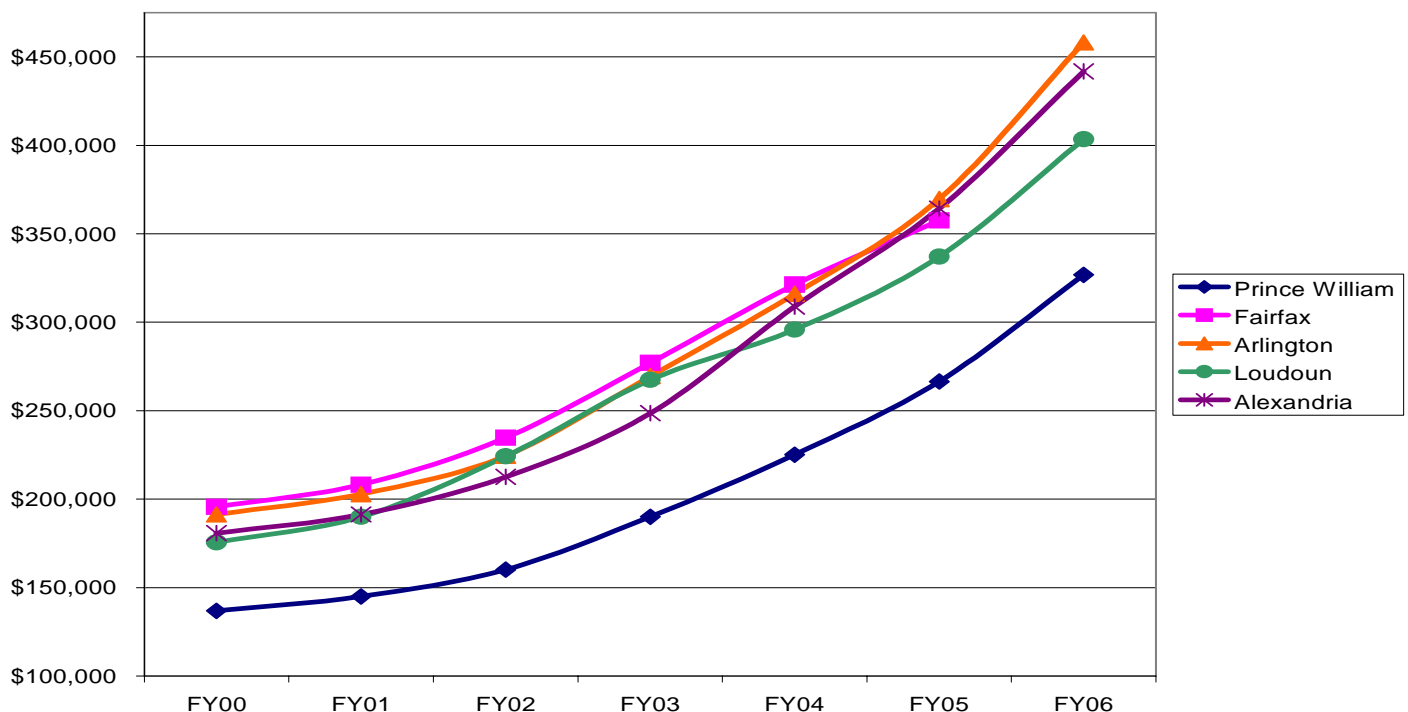
the County and be earmarked for roads. This agreement is the backbone of the Five-Year Plan; it has allowed the County government and the Schools to plan their fiscal and capital programs on a five-year basis. This plan was the recipient of a Virginia Municipal League Achievement Award in 2003.

PWC Tax Reduction Initiatives

As values of homes have continued to increase, the BOCS has been diligent in looking at the impact this has on the average homeowner's tax bill. Before discussing the specific initiatives within the FY 2006 Fiscal Plan, we would like to reflect on one of the County's financial and policy successes, the Tax Reduction Plan. Along with the revenue sharing agreement between the County and the School System, the Tax Rate Reduction Plan has become a guiding principle in developing County fiscal plans.

In October 2004, the County updated its revenue sharing agreement with the schools and directed that the average residential real estate tax bill not increase by more than 5.9%. The proposed budget presented a tax rate of \$0.924 to meet this direction but through the course of the budget process, the Board of Supervisors was able to reduce the tax rate further to \$0.91 cents per \$100 of assessed value. This resulted in the average tax bill increase of only \$128 or \$10.66 per month. Through their actions in reducing the tax rate, the Board of Supervisors offset 86.5% of the impact of increased assessments.

Figure 1: History of Average Existing Residential Values



Since 2000, the Board of County Supervisors has reduced the tax rate by 45 cents, 33.1% from \$1.36 to \$0.91, see *Figure 2: Adopted Tax Rates by Fiscal Year*. The adopted Five-Year Plan continues the tax rate reductions with proposed expenditures based on these reduced tax rates, see *Figure 3: Proposed Tax Rates by Fiscal Year*.

* Amounts do not include Fire Levy or Gypsy Moth rates in the tax bill calculation.

FY 2006 - 2010 Budget Initiatives

Implementing the County's Strategic Goals

Education

Education is one of the Board's 2004-2008 Strategic Goals and an area of continued high importance to citizens. Over the years, the Board of Supervisors has demonstrated a strong commitment to quality public schools in Prince William County. In FY 2006, the Superintendent's budget accommodates a student membership increase of 3,360 (a 27% increase in students in five years), the construction of two new elementary schools, additions to two more elementary schools and major school renewal and maintenance projects. The budget also includes funding for full day kindergarten for all students in Title I schools. The school budget funds a salary step increase for all teachers of 3%, a 3% salary scale adjustment and increases in retirement and health insurance contributions. The Schools will also add another step at the top of the salary scale to improve competitiveness with surrounding jurisdictions.

The Schools Five-Year Budget Plan continues to focus resources on the most critical school needs including accommodating a student membership increase of 12,238, construction of eleven new schools, full funding for all scheduled

Figure 2: Adopted Tax Rates by Fiscal Year

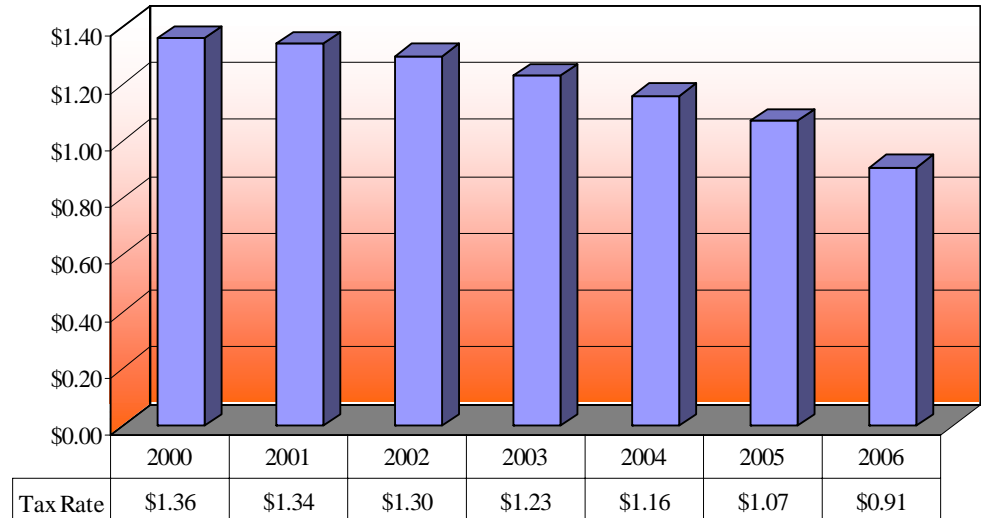
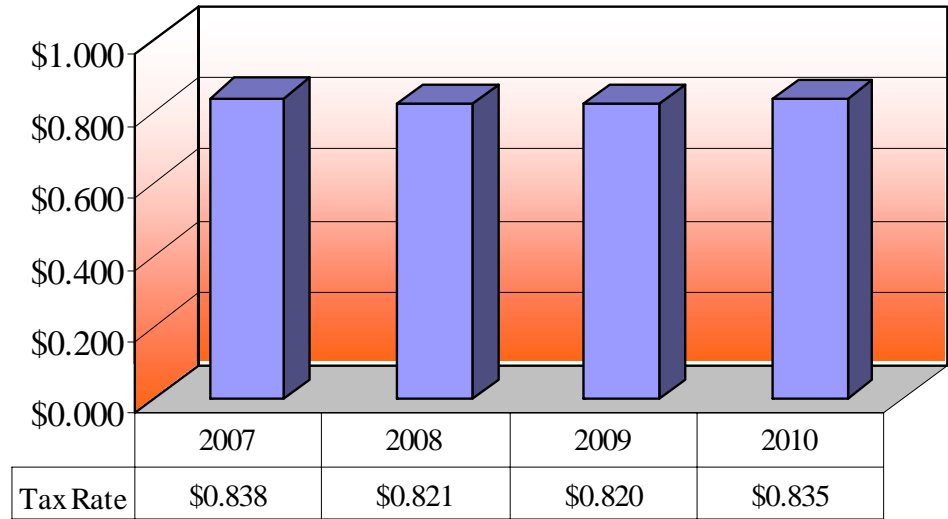


Figure 3: Proposed Tax Rates by Fiscal Year



repair and renewal projects, renewals and enclosures for all open schools and increased funding for major maintenance items. All schools will be fully accredited based on spring 2006 SOL tests and all teachers must be fully certified and endorsed as of June 2006.

Public Safety

Public Safety continues to be one of the Board's Strategic Goals. This budget addresses many of the Board and community's concerns including: recruitment and retention of sworn personnel; responding to gang crimes; homeland security and emergency preparedness; and improvements to fire and emergency medical response.

In FY 2005, Police and Fire and Rescue experienced a marked increase in voluntary resignations from County service. These resignations are due in part to market pressures; there is a substantial increase in hiring by Federal Homeland Security agencies and by private-sector companies that cater to homeland security issues. Coupled with incentive pay and benefits offered by other jurisdictions and major planned hirings by those jurisdictions – the County is facing an uphill battle in recruiting and retaining quality sworn employees.

To address these issues the Board adopted a Recruitment and Retention Initiative for Police and Fire and Rescue personnel. The components of this package include: recruitment bonus, signing bonus, retention supplement, tuition reimbursement and a language stipend for Spanish speaking employees. In addition, included in the budget is increased supplemental pay for certified ALS providers. This initiative will provide an hourly wage supplement to certified providers and is modeled after a program begun recently in Fairfax County. With both of these initiatives, we are striving to remain competitive in the market - which is consistent with the Board's compensation policy.

In FY 2006, we continue to implement public safety staffing plans by adding ten sworn police officers and eight civilians to the Police Department and, in the Fire and Rescue Department, adding ten positions to provide daytime staffing at the River Oaks Fire and Rescue Station, two Code Compliance Inspectors in Fire Marshal's Office and continued firefighter safety staffing. The staffing efforts continue through the FY 06-10 Five-Year Plan adding 100 sworn Police Officers and 24 Police civilians as well as 96 uniform and 10 civilian Fire and Rescue personnel.

Crowding at the Adult Detention Center (ADC) continues to be an issue. During the past year, the facility was over its rated capacity every day. Funding to deal with this expanding detention center population is included in the form of additional staff, medical expenses, farm outs (paying other facilities to house our prisoners) and day-to-day operating expenses. The capital projects to expand the ADC and the Judicial Center continue as planned. The staff associated with the opening of the expanded ADC is included in the Five-Year Plan. Funding to design, plan and construct the expansion of the Public Safety Training Center, the Central District Police Station and the second expansion of the ADC are included in the Five-Year Plan.

Transportation

The Strategic Plan focus groups indicate that roads are the number one concern of Prince William County residents. This is reinforced by a declining citizen satisfaction rate which shows that in 2004 only 45.7% of citizens were satisfied with the ease of getting around the County. The County has 476 of non-interstate lane miles of roads below LOS D - that includes 176 miles of existing roads and 300 miles of new, needed roads. At

an estimated cost of \$3 million per mile in today's dollars, that totals approximately \$1.5 billion in needed road construction.

The Board's adopted Five-Year Plan makes significant improvements in transportation by funding expansions of OmniRide and OmniLink service, continuing construction on the 1998 and 2002 Road Bond Referendum projects approved by the voters and introducing "Progress Prince William" - a package of road improvements over the next fifteen years totaling \$1.6 billion. Under "Progress Prince William," the projects for the next road bond referendum (\$170 million) are scheduled for November 2006 and increased recordation tax available to the County provides cash for the completion of Linton Hall Road, thus fulfilling our obligations from the 1998 road bond referendum. The FY 2006 budget contains \$8.9 million in cash funding for Linton Hall Road and \$16.2 million in debt service for road bond projects. The goal of this significant investment into transportation is to improve citizen's satisfaction with getting around in the County.

Community Development

During the development of the 2004-2008 Strategic Plan, the Board of Supervisors indicated their desire to add a new Community Development Strategic Goal. Among the Board and community's main concerns in this area are: implementation of Potomac Communities, community maintenance, redevelopment of neighborhoods, historic preservation, parks and recreation and environmental protection and preservation.

In FY 2006, the Board's Potomac Communities goals are implemented through the addition of funds for planning area studies - one in Woodbridge and one in Dumfries. The budget also provides funds in community maintenance for additional property code enforcement for areas of the County with high incidences of non-compliance. The Board's commitment to preserving our historic assets is continued through the addition of site managers and historic interpreters at our historic sites including Rippon Lodge, Brentsville Courthouse and the Ben Lomond Manor House. For parks and recreation, the budget includes funding for continued renovation of Pfitzner Stadium, compensation increases for staff, increased capital maintenance funds, Sudley Park operating funds, continued funding for technology improvements begun in FY 05 and the next park referendum (\$20 Million) scheduled for November 2006. In the area of environmental protection, the FY 06 provides staff for erosion and sediment control and to ensure compliance with state and federal environmental regulations.

In the Five-Year Plan, we continue our strong financial commitment to the partnership for the Performing Arts Center at George Mason University. The goal of the Performing Arts Center is to educate, entertain and enrich the lives of the residents of the County, City and the surrounding region by

providing world class venues and resources. The County has agreed to help with the construction costs and our share of the debt service begins in FY 2009. George Mason University will provide all operating costs through its fundraising efforts.

Economic Development

Prince William County has had extraordinary success over the past four years in implementing its Economic Development Strategic Goal. In the current strategic plan, the Board and community's main concerns are continuing to attract targeted businesses, expand existing businesses and improve the County's permitting process. Towards that end, this budget includes improvements to:

- increase the number of site inspectors;
- improve training in building development for staff to obtain and retain certification;
- enhance homeowner education by producing videos to be aired on Channel 23;
- continue to contract-out plan review to address the peaks in workload; and
- add planning staff to improve turnaround time on plans and zoning reviews.

Human Services

We continue to see demand for services to help the elderly, the mentally retarded and mentally ill, those in need of medical services who have no insurance and those facing difficulty sustaining their families due to economic difficulties. This budget funds increases to community organizations, increases our funding for At-Risk Youth and Family Services, retains the Board's commitment to provide services to special education graduates who need community based services, increases hours of psychiatric care to the most vulnerable mentally ill clients, and increases services for the elderly.

Over the past several years, the community has been experiencing a significant demand for additional public health services. A report provided to the Board outlined the financial burden placed on the area's two hospitals by citizens receiving hospital services who are uninsured and do not qualify for Medicaid. Existing community health programs are at or beyond capacity in their efforts to provide primary care and prenatal care. As part of the Strategic Plan, the Board asked staff to make recommendations regarding this problem. The FY 2006 budget provides annual funding to participate in a Federally Qualified Community Health Center (CHC) which will provide services to 5,410 patients in the first year. Funding from the County will combine with Federal grants, various foundation grants, patient fees and other community support including anticipated contributions from the cities of Manassas and Manassas Park.

In the Five-Year Plan, annual funding increases are included for At-Risk Youth and Family Services, increased donations to community organizations, growing number of special education graduates, increased hours of in-home care for the elderly and continuing support for the community health center.

Backbone of Government

In order to achieve the community's Strategic Goals, the County must have a strong administrative and financial management core. The FY 2006 budget includes additional funding in the Finance Department to comply with the state's PPTRA (Personal Property) legislation, increases in audit fees, increases to the PWC Self-Insurance Group for liability and worker's compensation insurance, additional real estate appraisers, financial reporting compliance and risk management. In technology, we implement the recommendations of an outside auditor by including anti-spam and spyware protection for County computers, a Database Administrator for enterprise applications and an Information Security Officer to comply with federal HIPAA regulations. Also in technology, we fund increases for our successful e-government initiatives which facilitate citizen's access to government.

In FY 2005, the County's new cable television station, Channel 23, began airing Board of County Supervisors meetings. The goal of this channel is to respond to the citizen need for more information about the County and to educate through programming segments and public service announcements (PSA's). In June, the Channel 23 team won an Emmy Award for Best Public Service Announcement: Single Spot for the two-minute piece, "Death of An Innocent," about the dangers of drinking and driving. Channel 23 is an all government, all the time channel. The FY 06 budget includes a Videographer to create educational programming for this channel.

In the Five-Year Plan, we continue to implement the Information Technology Strategic Plan by allocating funding for technology replacement funds to upgrade and replace legacy systems and public safety technology. We prepare to replace these systems in the future by setting aside funds today.

Attract and Retain Quality Employees

In the FY 2006-2010 Five-Year Plan, we continue to attract and retain quality County employees. As of FY 05, the Board achieved its compensation policy to have County average starting salaries be equal to the average starting salaries of our comparison jurisdictions – Fairfax County, Arlington County and the City of Alexandria. We are seeing enormous increases in the number of applications received for County employment. However, we also saw an increase in the overall turnover in County government including an increase in voluntary resignations. In FY 06, we stay the course through a 3% market pay adjustment and funding for the pay for performance system.

The market adjustment, combined with the County's continuing commitment to pay for performance, results in employees receiving on average approximately a 6.25% increase in salary in FY 06. The Five Year Plan includes a 2.5% market adjustment for each year FY 2007-2010, plus pay for performance in all years.

In order to improve overall employee benefits, this budget also includes an increased County contribution for employees' 401a – Money Purchase Plan from 1.25% to 1.50% of salary. This is the first increase in many years. The budget funds increases in employee health and dental insurance and increases the contribution to retiree health insurance. The retiree health insurance program was begun in the FY 05 budget and this increase makes us more competitive with other jurisdictions.

Conclusion

The General Fund Budget we adopted totals \$765.2 million, including the school transfer. This is an increase of 12.38% over FY 05. The total County General Fund budget excluding schools is \$404.9 million, a 14.03% increase over FY 05. The transfer to the Schools is \$360.3 million, an increase of 10.58%. The FY 06 Budget and 2006-2010 Five-Year Budget Plan implements the Board's policy direction and helps the County to achieve its vision to be a premier community - dynamic, diverse and a place where citizens and businesses grow and succeed together.

Sincerely,



Craig S. Gerhart
County Executive

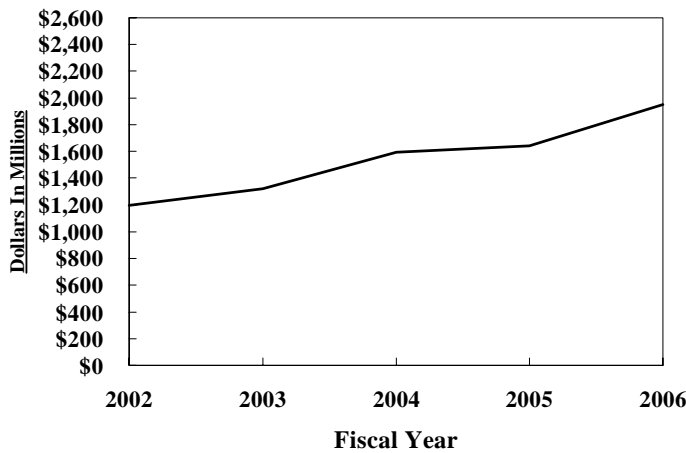
All Funds Expenditure Budget and General Fund Expenditures

The total FY 06 Adopted All Funds budget is \$1.950 billion as shown below. This is an increase of 18.52% over the FY 05 Adopted Total.

All Funds Expenditure Summary

Funding Area	FY 02 Adopted Budget	FY 03 Adopted Budget	FY 04 Adopted Budget	FY 05 Adopted Budget	FY 06 Adopted Budget	% Change 05 To 06 Adopted
General Fund	\$476,642,136	\$543,280,805	\$611,088,978	\$680,971,398	\$765,242,298	12.38%
Special Revenue Fund	\$31,492,820	\$46,915,767	\$54,829,767	\$58,757,625	\$64,400,922	9.60%
Capital Projects Fund	\$21,217,115	\$22,865,452	\$150,506,389	\$46,150,009	\$108,556,646	135.23%
Enterprise Fund	\$13,179,057	\$11,435,011	\$15,736,850	\$12,549,017	\$21,508,732	71.40%
Internal Service Fund	\$14,048,307	\$30,812,370	\$35,126,842	\$42,776,494	\$50,664,684	18.44%
Fire & Rescue Levy Fund	\$12,902,795	\$17,888,920	\$22,899,222	\$22,868,052	\$24,101,119	5.39%
Schools	\$628,399,368	\$648,588,281	\$702,633,508	\$781,208,676	\$915,516,154	17.19%
Total All Funds	\$1,197,881,598	\$1,321,786,606	\$1,592,821,556	\$1,645,281,271	\$1,949,990,555	18.52%

All Funds Expenditure Budget History



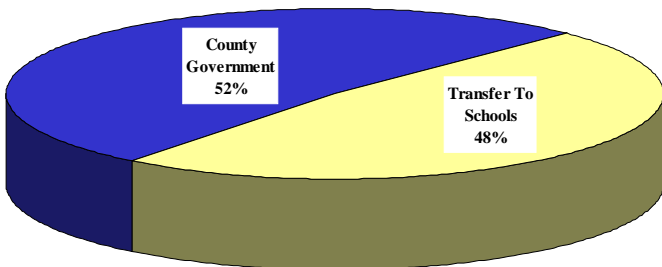
Note: All Years Adopted

The two major components of General Fund expenditures are the Prince William County Government and the local share of the Prince William County Schools System's budget. Shown below are the expenditure levels adopted for FY 05 and adopted for FY 06 for those two areas.

General Fund Expenditures

Funding Area	FY 05 Adopted	FY 06 Adopted	Dollar Change	Percent Change
County Government	\$355,098,509	\$404,904,680	\$49,806,171	14.03%
Transfer To Schools	\$325,872,889	\$360,337,618	\$34,464,729	10.58%
Total General Fund	\$680,971,398	\$765,242,298	\$84,270,900	12.38%

Fiscal Year 2005 Adopted General Fund Budget



Fiscal Year 2006 Adopted General Fund Budget

