

HISTORY



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.

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.



Prince William County's Original Seal

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



Old Bennett School

and attacked. Other Union soldiers in the area countered the small corps and captured the Confederate battery of artillery. The Confederacy fell in January of 1865.

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 334,263 people and boasts a median household income of \$77,678 as indicated by the Census Bureau's 2004 American Community Survey (2004 ACS). This is the seventh 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 the 2004 ACS. 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 which continues 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 power 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.



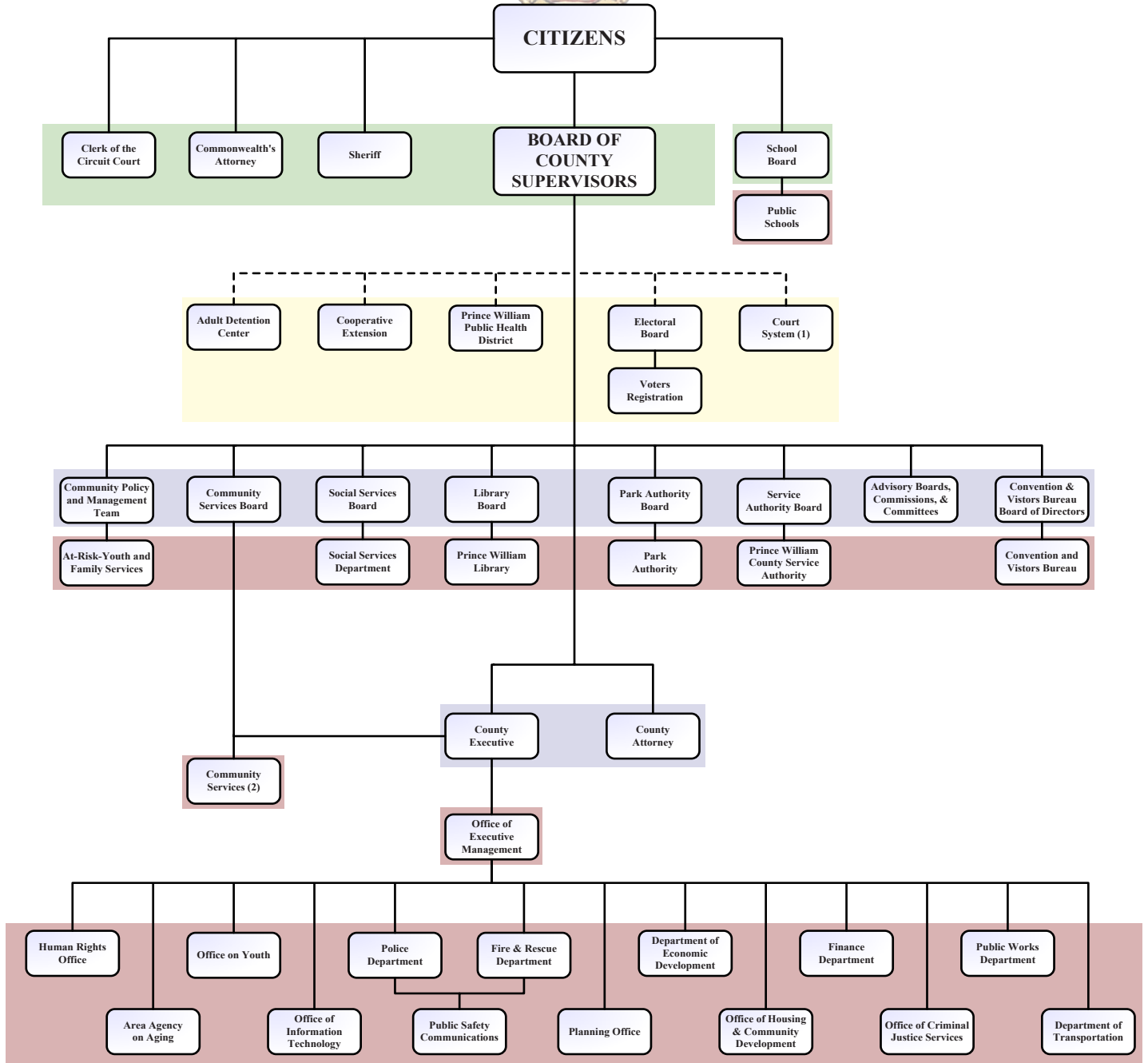
275th Anniversary

Prince William County is celebrating its 275th anniversary during 2006. This year long celebration honors the richness and history of our past and the promise of our future. For more information, please visit the Prince William County government's Web site at: www.pwcgov.org/birthday.

Did you know?

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





Legend

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

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, 2006

Mr. Chairman and Members of the Board:

On behalf of Prince William County government staff, I am pleased to deliver the Prince William County FY 2007 Fiscal Plan and the FY 2007 - 2011 Five - Year Budget Plan. The Fiscal Plan implements the Board of County Supervisors' policy guidance and works to achieve the community's Vision and Strategic Goals.

The Board of County Supervisors set forth a Vision in its Strategic Plan that 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."

In order to achieve this vision, the Board has adopted six Strategic Goals. These include:

- Community Development
- Economic Development
- Education, Human Services
- Public Safety
- Transportation

Subsequent to its adoption, the Board prioritized these goals making Education, Transportation and Public Safety the top priorities. The FY 2007 Fiscal Plan and Five-Year Budget Plan works with the community to Build a Premier Community as called for in the Strategic Vision Statement.

In addition to policy guidance, the Board of County Supervisors established fiscal guidance. In policy terms, this adopted budget and associated Five-Year Budget Plan implements the Board of County Supervisor's direction to:

- Implement County/School revenue agreement
- Continue to earmark increased Recordation Tax Revenue for roads
- Hold average residential tax bill increases to not more than 5.9%

In fiscal terms, the budget also structurally positions the County to maintain its AAA bond rating - a rating earned by less than 1% of jurisdictions in the country.

The County government organization has also adopted a Vision Statement that supports the achievement of the Strategic Plan and the community's Strategic Goals. As employees, our 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

After several years of record price gains and strong sales volume, the local real estate market has entered a transition phase. Transaction volume is off substantially from the prior year although prices are stable. The market currently has a record amount of homes for sale which is preventing any notable price appreciation. In conjunction with the slowing homes market, retail sales in the County are growing at a slower pace than previous years but remain healthy.

Population swelled by 16,800 citizens over the past year, a 4.7% increase. This strong population growth coupled

with healthy job growth should bode well for the County going forward, though the slowing housing market may dampen population growth rates over the next year or two. The County's extremely low unemployment rate (slightly over 2%) is a testament to the overall health of the area's economy.

Building a Premier Community - Implementing Board Fiscal Guidance

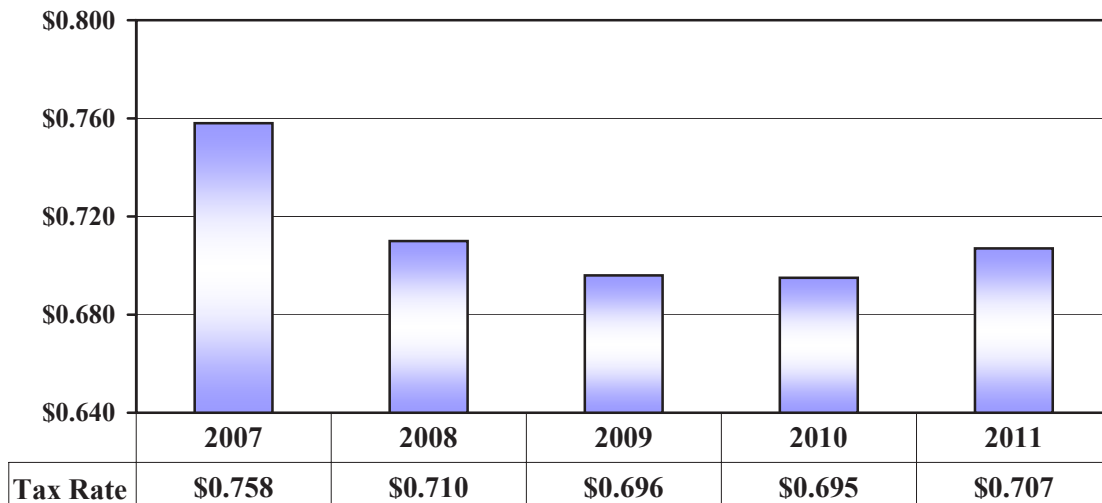
As values of homes and people's investment in the community have continued to increase, the Board of County Supervisors has been very diligent in looking at the impact this has on the average homeowner's tax bill. Over the past several years, the Board has been balancing the demand for additional services with the community's ability to pay for those services. Before the specific initiatives of the FY 2007 Fiscal Plan are discussed, we would like to reiterate 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, that is discussed later, the Tax Rate Reduction Plan has become the guiding principle in developing County fiscal plans.

- **Tax Trigger Plan** - In April 1999, the Board of County Supervisors adopted a Tax Trigger Plan with the goal of reducing the County's real estate tax rate by eight cents over ten years. Under that plan, general revenue increases that exceeded the County's revenue forecast and were not accompanied by additional costs, provided a trigger to reduce the real estate tax

rate. The tax reduction goal established in 1999 was met and exceeded, as the actual County real estate tax rate declined \$0.29 in six years, from an FY 00 rate of \$1.36 to an FY 05 rate of \$1.07. This tax trigger plan also provided increased funds for needed capital spending for roads, schools, and public safety facilities and allowed County and School salaries to become more competitive within the region. However, given the continued growth in the value of real estate in Prince William, the Board's original tax trigger plan was not providing the tax rate relief that the Board and citizens desired.

- **Revised Real Estate Tax Rate Policy** - In October 2004, the Board of County Supervisors updated its previous tax reduction plan by agreeing that additional State money for education remain with the Schools, that increases in recordation tax remain with the County to be invested in improving County roads, and directing that a real estate tax rate be set that results in average real estate tax bills increasing by not more than 5.9% when compared with the prior year's average tax bill. This fiscal guidance was reaffirmed in fall 2005 and this adopted budget implements this budget guidance.
- **Success in Real Estate Tax Rate Reduction** - County revenues have benefited from a healthy local economy and the increasing value of our residential and commercial tax base. The County's real estate revenues totaled approximately \$392.7 million in FY 06. These revenues are estimated to be \$431.8 million

Figure 1: Projected Tax Rates



in FY 07 - a 10.0% increase. Strong revenue growth over the past several years has allowed the County to surpass its original tax trigger goal of reducing the tax rate by eight cents over ten years. The result is a tax rate reduction of 44.3% or \$.602 from \$1.36 per \$100 of assessed value in FY 00 to \$0.758 adopted in FY 07. The Five-Year Plan calls for tax rate reductions to continue to \$0.710 by FY 08 and to \$0.695 by FY 10. This equals a total of \$.665 in ten years - greatly surpassing the original goal of eight cents in 10 years.

The expenditure recommendations in this Five-Year Plan are based on these reduced tax rates in **Figure 1: Projected Tax Rates**.

- **County Real Estate Tax Bills** - Because of the decrease in the tax rate, the average tax bill will increase by \$172 in FY 06 or by an average of \$14 per month. Without the tax rate reduction in this budget, tax bills would have increased by \$759. This is a savings to the average taxpayer of \$587.

When the Board of County Supervisors began its tax rate reduction plan, County tax bills were on par with the rest of Northern Virginia - below Fairfax, Alexandria, and Loudoun and slightly above Arlington. That has reversed dramatically as Prince William County is one of very few jurisdictions in the Commonwealth of Virginia to commit so much of its increased revenue growth as a way to cut the real estate tax rate and reduce the growth in homeowners' and businesses' tax bills. The data shows that with the FY 07 adopted budget, Prince William County currently has the lowest tax bills and has had the lowest percentage growth in those tax bills.

Building A Premier Community - County/School Revenue Agreement

The revenue sharing agreement 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%. In 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.

Building A Premier Community - FY 2007 - 2011 Budget Initiatives

Education

Education is one of the Board's Strategic Goals and one of the areas that citizens said was most important in our 2003 Citizen Survey. Over the years, the Board of Supervisors has demonstrated a strong commitment to quality public schools in Prince William County.

The Schools also face issues that they must address including:



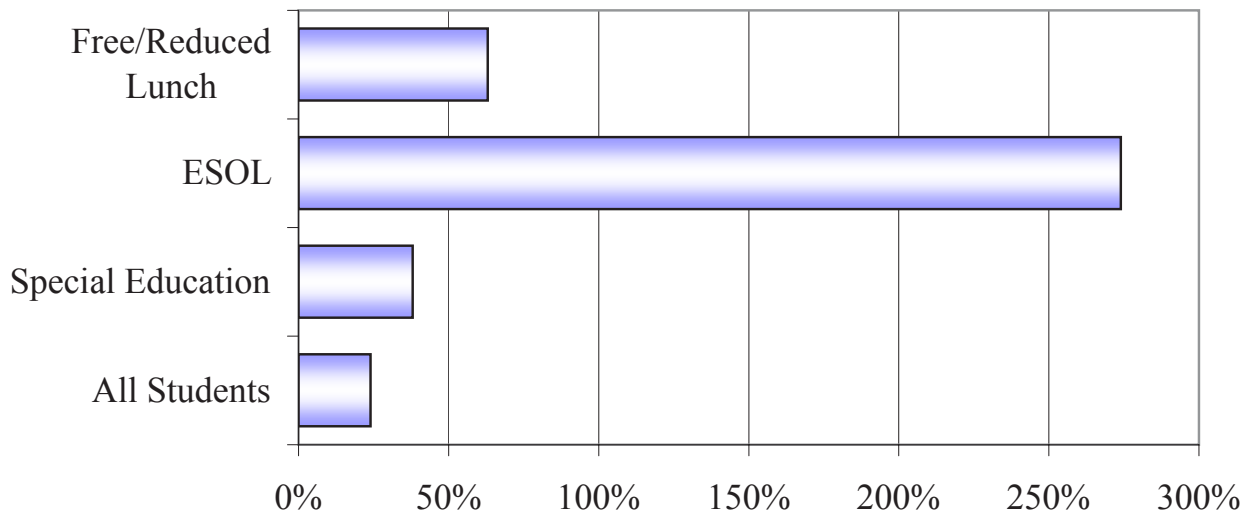
- A significant growth in student membership (see **Figure 2: PWC Schools Student Membership Growth**)
- Continued increase in students who speak English as a second language
- Special education students and economically disadvantaged students
- The need to remain competitive in teacher salaries
- The need for major maintenance and renewal
- The goal to expand to full-day kindergarten
- Technology needs.

In FY 07, the Superintendent's adopted budget accommodates a student membership increase of 2,191 (a 24% increase in students in five years), the opening of three new schools - two elementary and a middle school, closes the last of the "open concept" schools, and continues scheduled repair and renewal projects. The School's adopted budget funds salary increases for all teachers of 3% - 6% salary scale adjustment and 3% step increases, plus an additional 3.3% average increase for teachers in their first three years of teaching; and increases in retirement and health insurance contributions.

The School's Five - Year Budget Plan continues to focus resources on the most critical school needs including:

- Accommodating a student membership increase of 8,100

Figure 2: PWC Schools Student Membership Growth (past five years)



- Construction of eight new schools
- Full funding for all scheduled repair and renewal projects
- Expansion of full day kindergarten
- Implementation of the I-Net

Public Safety

Public Safety continues to be one of the Board’s primary Strategic Goals. This adopted budget addresses many of the Board and community’s concerns including:

- Putting career staff in new and existing fire stations
- Addressing community maintenance issues
- Accommodating the growing incarcerated adult population
- Homeland security and emergency preparedness
- Improving fire and emergency medical response time



In FY 07, we continue the public safety staffing plans by adding 24 sworn police officers and five civilians to the Police Department; and in the Fire and Rescue Department, adding 8.5 positions to complete the twenty-four hour Advanced

Life Support staffing at the River Oaks Fire and Rescue Station, 21 staff to implement a twenty-four hour heavy rescue squad at the Gainesville Fire and Rescue Station, and continued firefighter safety staffing. The Police and Fire staffing plans are restored to full strength in FY 07 after having been reduced one time in FY 06 to provide funding capacity for the Recruitment and Retention Initiative. The Five - Year Plan staff additions for Police and Fire are 145 and 154, respectively.

Crowding at the Adult Detention Center (ADC) continues as an issue. During the past year, the facility was over its rated capacity every day. Funding to deal with this constantly expanding adult 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. In addition to the costs associated with managing the growing ADC population, two other programs are funded that are expected to ease the crowding at the ADC.

The first is the expansion of Drug Offended Recovery Services (DORS) program. Inmates that successfully complete the DORS program are re-incarcerated at half the rate of those not participating in the program (35% as compared with 65%).

The other initiative to help manage the growing ADC population is an Intensive Pre-Trial Supervision similar to the County’s very successful Juvenile Intensive Supervision program. The Intensive Supervision program is expected to reduce the ADC’s average daily population by a minimum

of ten inmates. Both of these alternative programs are critical to the managing the crowding at the ADC, when one considers the cost to farm out inmates when the ADC is at capacity.

The capital project to expand the ADC, after experiencing a delay, is again fully funded with construction expected to start in Summer 2006 and opening scheduled for Summer 2008. The staff associated with the opening of the expanded ADC is included in the Five-Year plan. Funding to design, plan and construct the first expansion of the Public Safety Training Center is also proposed in the Five-Year Plan.

Transportation

The 2004-2008 Strategic Plan focus groups indicated that roads are the number one concern of Prince William County residents. This is further evidenced by a declining citizen satisfaction rate which shows that in 2005 only 38% of citizens were satisfied with the ease of getting around the County. Because transportation and roads are the number one concern of County residents, we have formed the County’s first Department of Transportation. This department, formerly part of Public Works, will be responsible for transportation planning, traffic engineering, managing the County’s \$576 million road construction program, site plan review, site inspection, street light improvements, County/State Revenue Sharing program and the County’s new Transportation and Road Improvement Program (TRIP). TRIP is a program designed to bring small scale transportation improvements to the residents of Prince William County faster and cheaper than the existing County/State partnership.

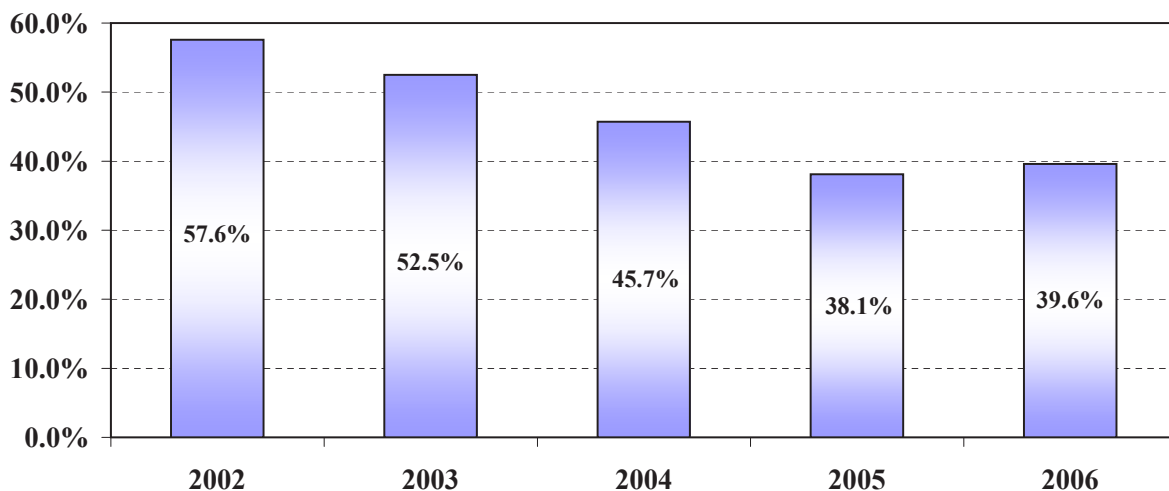
In FY 07, we improve transportation by funding expansions of OmniRide and OmniLink bus service, continuing construction on the 1998 and 2002 Road Bond Referenda projects approved by the voters, and introducing projects for the next two road bond referenda - \$300 million scheduled for November 2006 and \$250 million scheduled for November 2010. In addition recordation tax will fund debt service on Linton Hall Road and \$22 million in bonds will be issued through the Virginia Resources Authority for the completion of Spriggs Road, thus fulfilling our obligations from the 1998 road bond referendum. The FY 07 budget contains \$4.2 million in cash funding for County road projects and \$18.9 million in debt service for road bond projects. This significant investment - both people and money - in transportation is proposed 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 added a new Community Development goal. Among the Board and community’s main concerns in this area are:

- The Potomac Communities corridor
- Neighborhood services/community maintenance
- Historic preservation
- Parks and recreation
- Environmental protection and preservation

Figure 3: Citizens Satisfied with Ease of Getting Around Prince William County



The adopted budget greatly expands our commitment to neighborhood services/community maintenance by establishing the County's Neighborhood Service Division of Public Works. This new division will not only provide additional property code enforcement for areas of the County with high incidences of non-compliance, but will also link the efforts of the County for neighborhood coordination, litter pick up, zoning ordinance enforcement and preventing neighborhood deterioration. The efforts of Public Works in neighborhood services will be supplemented by staff additions in the Police Department and the County Attorney's Office. In FY 07, we add 8.5 FTEs including the Neighborhood Services Division Chief, two additional inspectors, a Litter Crew Supervisor to create an additional litter crew, two intake technicians to free-up inspector time and improve customer service, an additional Police Officer for inoperative vehicles, and a public safety technician. Over the course of the Five-Year Budget Plan we add 26 staff in Public Works, Police and County Attorney, nearly doubling the number of staff devoted to this issue.

The Board's commitment to preserving our historic assets is continued through the addition of preservation staff at our historic sites including Rippon Lodge, Brentsville Courthouse, Ben Lomond Manor House and our latest acquisition - Bristow Station Battlefield Historical Park. Not only do we preserve historic properties in place, but we also preserve our community's historical treasures by incorporating them into other community amenities like our libraries. Both of the new libraries, Montclair and Gainesville, incorporate historic preservation components. The restoration of the Barnes House will be incorporated into the Montclair project and the Bushy House will be restored as part of the Gainesville facility.

An area of renewed focus in this budget is Storm Water Management. As development in the County has continued to grow so has the demand for storm water management programs. The fee for stormwater management has not increased significantly since it was established yet citizen requests for service have grown substantially. In order to improve customer service and address the increased stormwater facilities in the County, this budget includes a fee increase of \$5.60 that results in enhancements that will:

- Add 50 miles of stream assessment per year
- Restore three streams per year

- Expand our storm water capital program by ten projects per year
- Maintain residential bio-retention facilities
- Complete 30 additional drainage projects per year
- Apply best management practices (BMP) to all new projects and retrofit nine existing facilities with BMP
- Provide additional funding to our community partners that help with this effort

For parks and recreation, the budget recommends funding for continued maintenance and the renovation of Pfitzner Stadium, compensation increases for staff, increased capital maintenance funds, continued funding for technology improvements begun in FY 05, increased funding for risk mitigation projects, and debt service and operating expenses for the park referendum (\$27 Million) scheduled for November 2006.

In the Five-Year Budget 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 09. George Mason University will provide all operating costs through fundraising.

Economic Development

Prince William County has had extraordinary success over the past four years in implementing its Economic Development goal. In the current Strategic Plan, the Board and community's main concerns are continuing to attract targeted businesses, expanding existing businesses



Rendering of the Performing Arts Center



Rendering of the McCoart Government Center/
Development Services Building

and improving the County's permitting process. Towards that end, this budget makes improvements to:

- Reduce wait times at the new Development Services Building slated to open in Fall 2006
- Increase the number of site inspectors
- Improve training in building development for staff to obtain and retain certification
- Establish a code academy
- Continue to contract-out plan review to address the peaks in workload
- 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:

- Increases funding 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
- Increases services for the elderly

Over the past year, the Board and the community has heard information regarding the necessary continuum of residential services needed for our mentally ill citizens. This continuum includes: crisis stabilization, supported/supervised living and intensive mental health group homes. Currently, the County has only one of these in place - supported living group homes. In FY 07 we will use additional state money to open a four-bed crisis stabilization residence. This state money was awarded to the region and Prince William's proposal received unanimous approval for funding by the region. This privatized crisis stabilization home should open some time this spring at no cost to the County. A new initiative in the adopted Five-Year Budget Plan is the funding of a Mental Health Intensive Group Home beginning in FY 08. With the funding of the Five-Year Plan the County will have the continuum of mental health residential services needed by its citizens.

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

Building a Capable and Committed Organization

In order to achieve the community's Strategic Goals, the County must have a strong administrative and financial management core and a quality workforce. The FY 07 budget provides additional funding in the Finance Department to comply with the state's PPTRA (Personal Property) legislation, increases in our audit fees, increases to the PWC Self-Insurance Group for liability and worker's compensation insurance and additional staff for financial monitoring and reporting compliance.

In technology, there are several issues facing us including emergency management and replacement of the County's legacy systems. The County devotes much time and energy to prepare for a natural or man-made emergency should they occur in the County. In undertaking our own preparation and in helping New Orleans deal with its crisis, we have learned that it is important to co-locate the necessary functions at our Emergency Operations Center. Although we have renovated our center in the Owens Building, the existing space will not accommodate all of the personnel who are activated in the event of an emergency. Therefore, we are expanding our central

Emergency Operations Center to include fully outfitted space in the McCoart Building adjacent to our existing center in the Owens Building. Second, we are funding a disaster recovery center at the Western District Police Station. In the event that something would cause our main center to be inoperable we could relocate to this backup site 15 miles away on the western side of the County.

Last year, the Board asked staff for additional information about the County's Technology Investment Plan. The County has nearly \$80 million invested in various technology systems and until now has not had a systematic approach to funding technology replacement. The Technology Investment Plan (TIP) is a multi-year plan to fund and replace our most critical technology needs, such as:

- 800Mhz
- Computer Aided Dispatch (CAD)
- Police and Fire Records Management Systems (RMS)
- Core business systems (Accounting, Budgeting, Human Resource Management, Payroll)
- eGovernment systems

To address the replacement of these most essential systems to the day-to-day functioning of County government, we have set aside \$37.4 million over the next five years. We must be prepared to replace these systems in the future by setting aside funds today.

Attract and Retain Quality Employees

In the FY 2007-2011 Five - Year Plan, we maintain our progress toward attracting and retaining quality County employees. As of the FY 05 budget, 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. While our market research indicates that 97% of all County positions have competitive salaries and we are seeing enormous increases in the number of applications for County employment, we also see an increase in the overall turnover - 14.2% - in County government including an increase in voluntary resignations. In FY 07, we achieve Board policy through a 3.0% 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 5.7% increase in salary in FY 07. The Five - Year Plan includes a 3.0% market adjustment for each year FY 08 - 11, plus pay for performance in all years. The adopted budget funds increases:

- In employee health and dental insurance
- Group life insurance
- Increases the contribution to the Virginia Retirement System (VRS)

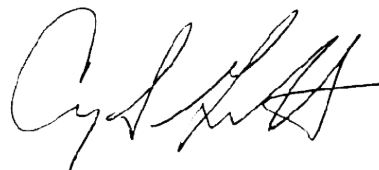
The County pays both the employer and the employee share of the VRS contribution. One of the more recent success stories in the area of attraction and retention, is last year's proposal to implement a Police and Fire Recruitment and Retention Program. This program has resulted in lower turnover rates in both agencies. We are indexing this program to increase at the same rate as the market pay plan adjustment of 3%.

Conclusion

The adopted General Fund Budget totals \$857.3 million, including the school transfer. This is an increase of 12.0% over FY 06. The total County General Fund budget excluding schools is \$456.2 million, a 12.7% increase over FY 06. The transfer to the Schools is \$401.0 million, an increase of 11.3%. We believe this adopted budget 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.

In closing, let me thank the Board of County Supervisors, the Budget Office and agency staff for their tireless efforts to produce this budget and to ensure that its initiatives are in keeping with the Board's and community's policies and direction. We are confident that this adopted budget and Five-Year Plan address many of the Board's and the community's priorities.

Sincerely,



Craig S. Gerhart
County Executive

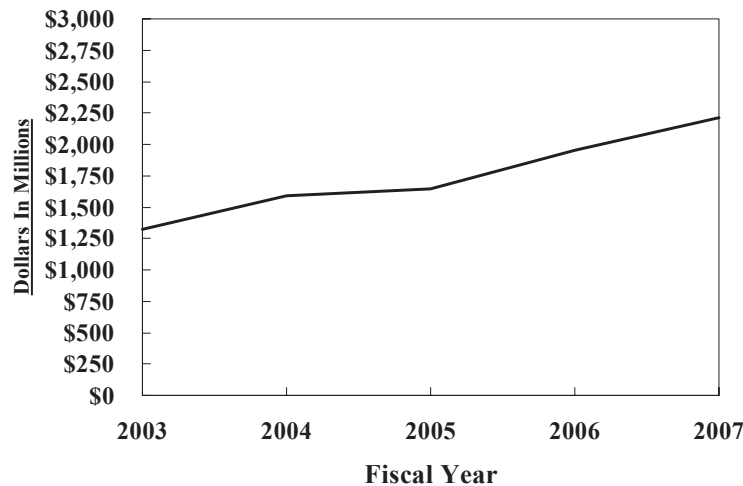
All Funds Expenditure Budget and General Fund Expenditures

The total FY 07 Adopted All Funds budget is \$2.214 billion as shown below. This is an increase of 13.53% over the FY 06 Adopted Total.

All Funds Expenditure Summary

Funding Area	FY 03 Adopted Budget	FY 04 Adopted Budget	FY 05 Adopted Budget	FY 06 Adopted Budget	FY 07 Adopted Budget	% Change 06 To 07 Adopted
General Fund	\$543,280,805	\$611,088,978	\$680,971,398	\$765,242,298	\$857,264,992	12.03%
Special Revenue Funds	\$46,915,767	\$54,829,767	\$58,757,625	\$64,400,922	\$70,579,876	9.59%
Capital Projects Fund	\$22,865,452	\$150,506,389	\$46,150,009	\$108,556,646	\$68,411,017	-36.98%
Enterprise Fund	\$11,435,011	\$15,736,850	\$12,549,017	\$21,508,732	\$14,412,172	-32.99%
Internal Service Funds	\$30,812,370	\$35,126,842	\$42,776,494	\$50,664,684	\$56,016,321	10.56%
Fire & Rescue Levy Funds	\$17,888,920	\$22,899,222	\$22,868,052	\$24,101,119	\$28,493,503	18.22%
Schools	\$648,588,281	\$702,633,508	\$781,208,676	\$915,516,154	\$1,118,696,340	22.19%
Total All Funds	\$1,321,786,606	\$1,592,821,556	\$1,645,281,271	\$1,949,990,555	\$2,213,874,221	13.53%

All Funds Expenditure Budget History



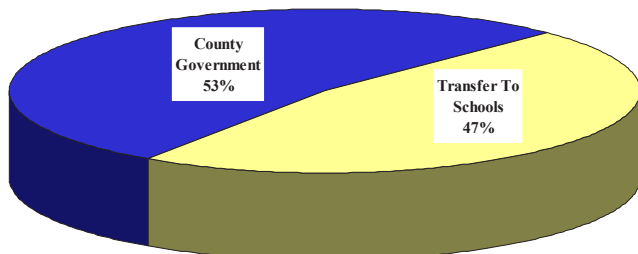
Note: All Years Adopted

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 06 and adopted for FY 07 for those two areas.

General Fund Expenditures

Funding Area	FY 06 Adopted	FY 07 Adopted	Dollar Change	Percent Change
County Government	\$404,904,680	\$456,244,136	\$51,339,456	12.68%
Transfer To Schools	\$360,337,618	\$401,020,856	\$40,683,238	11.29%
Total General Fund	\$765,242,298	\$857,264,992	\$92,022,694	12.03%

Fiscal Year 2007 Adopted General Fund Budget



Fiscal Year 2006 Adopted General Fund Budget

