



PRINCE WILLIAM
COUNTY

Revenue & Expenditures **REPORT**

2nd Quarter
FY 2025

Published 2/14/2025

PRINCE WILLIAM COUNTY

2nd Quarter FY 2025 Revenues

Section 2.09 of the *Principles of Sound Financial Management* requires a quarterly report on the status of General Fund revenues, expenditures, budget, projections, and trends to be provided to the Board of County Supervisors (BOCS) within forty-five (45) days of the end of each quarter with the exception of the 4th quarter report. A preliminary 4th quarter report shall be provided within ninety (90) days of the end of the quarter.

As of the second quarter, general revenues are on a trajectory to produce an estimated surplus of \$12.7 million versus the FY 2025 Adopted Budget by June 30, 2025.

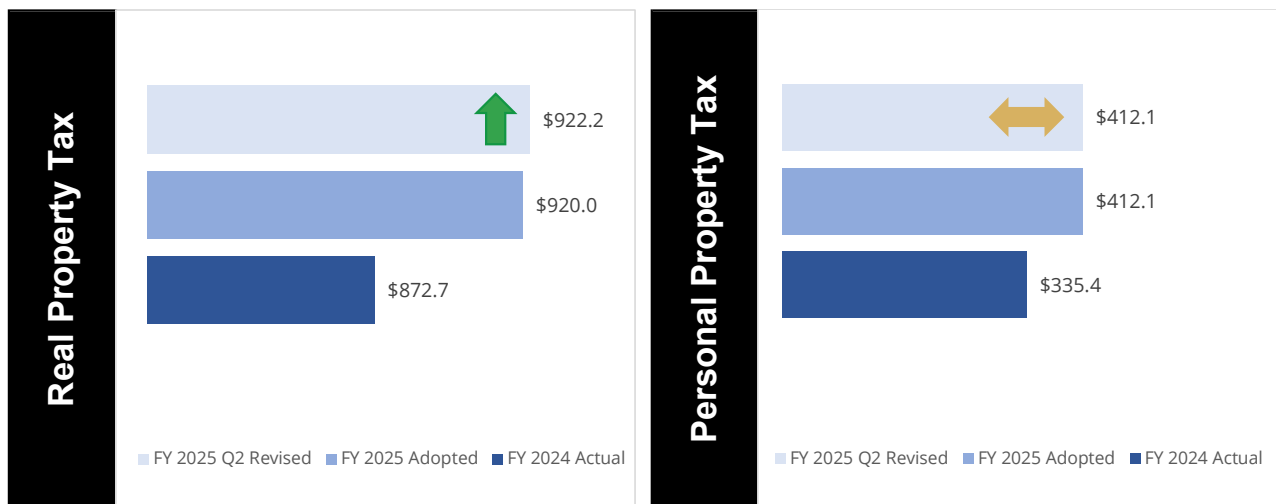
General Revenue Sources	Prior Year FY 2024	Current Year FY 2025				
	Year-End	Adopted Forecast	Q1 Revised	Q2 Revised	\$ Change Q2/ Adopted	% Change Q2/ Adopted
Real Property Tax	\$872,688,927	\$919,979,000	\$919,979,000	\$922,193,730	\$2,214,730	0.24%
Personal Property Tax	335,371,025	412,050,000	412,050,000	412,050,000	0	0.00%
Motor Vehicle License Tax	12,610,447	13,000,000	13,000,000	13,000,000	0	0.00%
Local Sales Tax	95,654,382	96,000,000	96,000,000	100,000,000	4,000,000	4.17%
Food and Beverage Tax	44,953,500	42,000,000	42,000,000	42,000,000	0	0.00%
Consumer Utility Tax	14,658,210	15,500,000	15,500,000	15,500,000	0	0.00%
Communications Sales and Use Tax	11,272,071	12,100,000	12,100,000	12,100,000	0	0.00%
BPOL Tax	38,921,579	35,675,000	35,675,000	35,675,000	0	0.00%
Investment Income	33,381,349	25,480,000	25,480,000	32,000,000	6,520,000	25.59%
All Other Revenue	17,435,128	20,095,000	20,095,000	20,095,000	0	0.00%
TOTAL GENERAL REVENUES	\$1,476,946,618	\$1,591,879,000	\$1,591,879,000	\$ 1,604,613,730	\$ 12,734,730	0.8%

Revenues At-A-Glance

Highlights from the FY 2025 Adopted Budget are as follows:

Real Property Tax revenue collected to date suggests this revenue stream is on course to modestly exceed the FY 2025 adopted forecast of \$920.0 million by \$2.2 million. While revenue received is higher than anticipated at this time, real estate tax relief, exonerations and lawsuit reserves, key components that influence net property tax proceeds, are being closely monitored to determine if future adjustments are warranted.

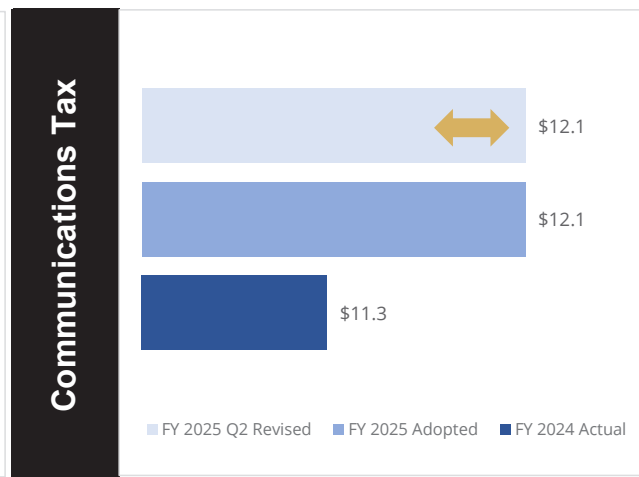
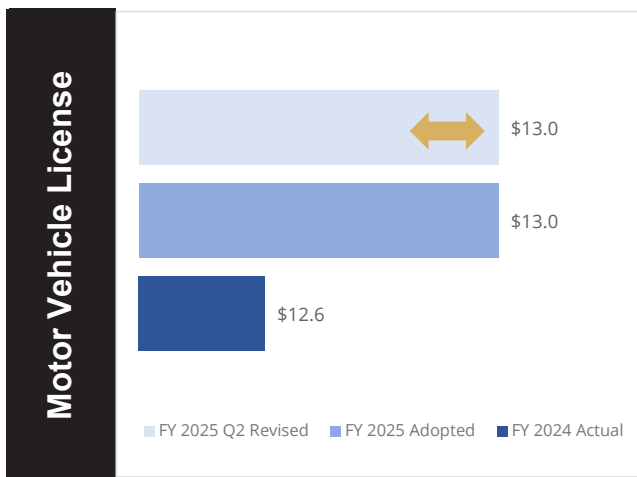
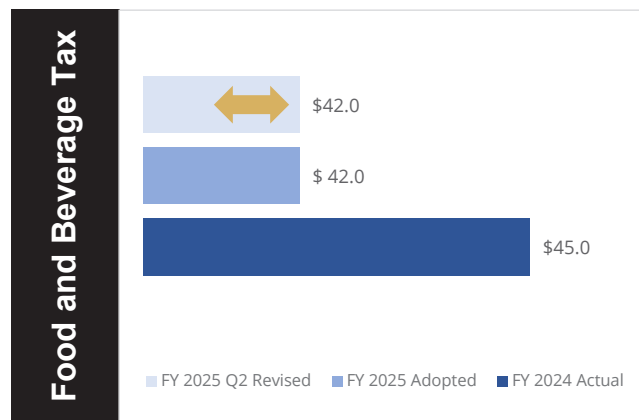
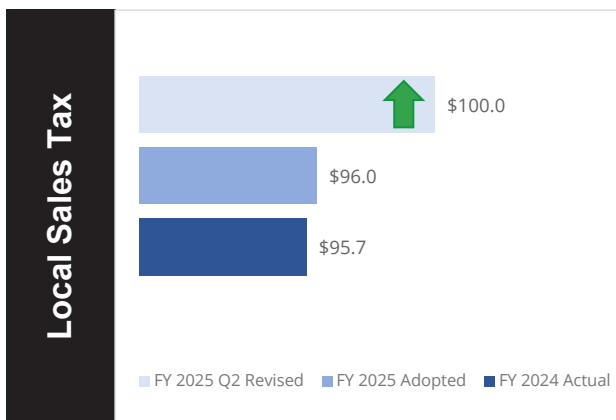
Personal Property Tax is forecast to generate FY 2025 revenue of \$412.1 million. While an extension of the personal property tax deadline for vehicles to December 5, 2024, precludes revisions at this time, personal property tax will be evaluated as of fiscal 2025 third quarter to determine if an adjustment to the forecast is necessary. As of early February, uncollected vehicle tax receipts represented approximately 16% of total billings, down from 25% at the end of December. On September 10, 2024, the Board of County Supervisors unanimously voted to extend the payment deadline by 60 days to offer residents a measure of temporary relief amid vehicle valuations that continue to be elevated coupled with the declining percentage of tax relief allocated under the Personal Property Tax Relief Act (PPTRA).



Dollar amounts expressed in millions

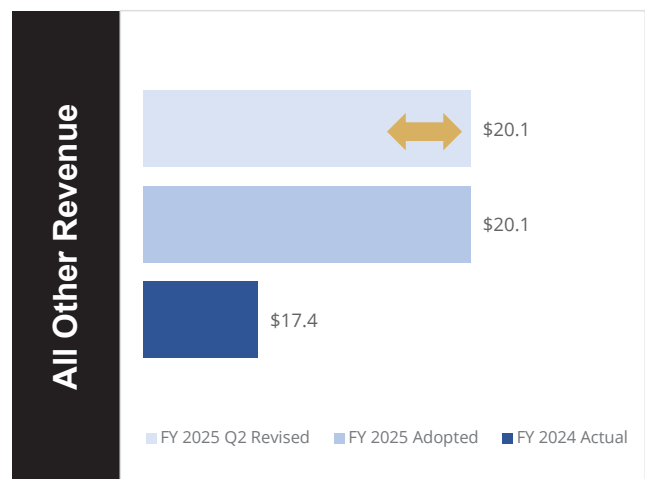
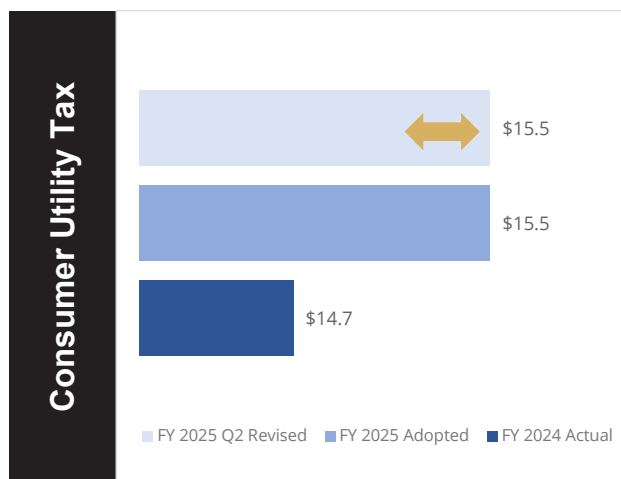
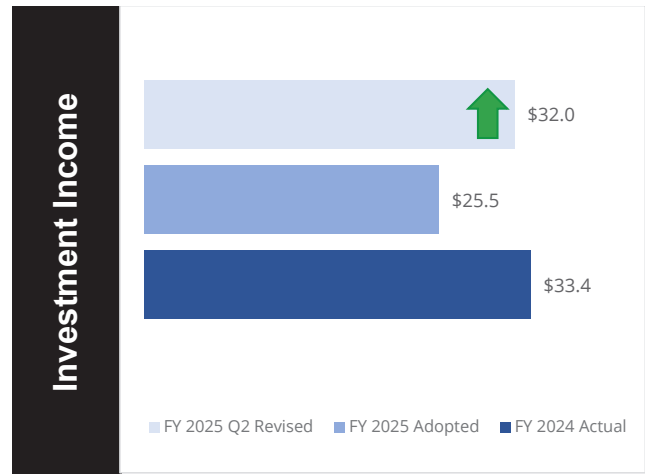
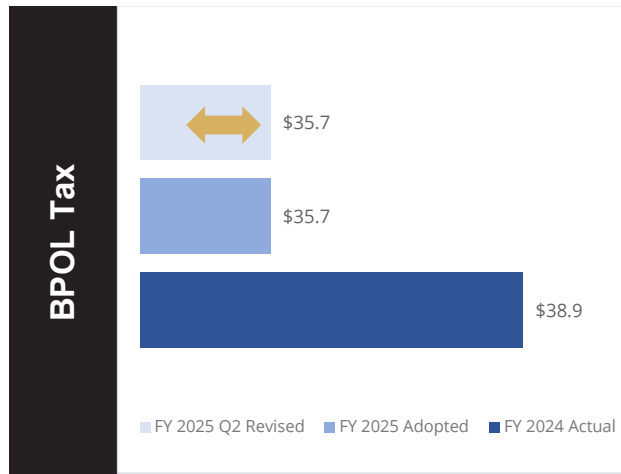
Local Sales Tax collected through the first half of FY 2025 indicates this revenue stream is on pace to exceed the FY 2025 adopted forecast of \$96.0 million. After exhibiting softness over the first half of 2024, consumption of goods accelerated in the second half of the year, leading to a reemergence of inflationary pressure within goods producing sectors. But despite cost-of-living challenges confronting many households, consumers' ability to continue spending has been buoyed by existing strength within the regional labor market, coupled with nominal wages and personal income that remain above pre-pandemic levels. Staff are of the opinion the dynamics driving receipts are supportive of raising the FY 2025 Local Sales Tax projection to \$100.0 million.

Food and Beverage Tax collections through the first half of FY 2025 suggest this revenue source is on course to meet the adopted forecast of \$42.0 million. The backdrop propelling receipts is akin to Local Sales Tax – consistent spending behavior sustained by existing strength within the regional labor market, firm level of nominal wages and personal income and stubborn inflationary pressure within the services sector. Furthermore, resources provided to the County's Tax Administration Division for collection enforcement are anticipated to yield additional revenue.



Dollar amounts expressed in millions

Investment Income received through the first half of FY 2025 is on track to exceed the adopted forecast of \$25.5 million. Signs that progress on inflation has stalled over the past several months, while economic growth has remained sturdy, have led the bond market to price in a shallower path of interest rate cuts than originally anticipated in early December. The current macroeconomic environment is expected to support returns on cash/cash equivalent investments over the near-term, the primary driver of investment income to date. Staff are of the opinion prevailing conditions that are driving investment earnings supports raising the FY 2025 Investment Income forecast to \$32.0 million.



Dollar amounts expressed in millions

Looking Ahead

Economy At-A-Glance

Indicator	Prior Qtr 09/30/2024	Prior Year 12/31/2023	Current ¹ 12/31/2024	Short-Term Outlook					Notes
General									
Consumer Price Index (CPI)	2.4%	3.4%	2.9%	●	●	●	●	●	Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	3.1%	3.4%	2.3%	●	●	●	●	●	Measures the final market price for goods and services produced within the U.S.
Federal Funds Rate	4.83%	5.33%	4.33%	●	●	●	●	●	Target interest rate set by the Federal Open Market Committee (FOMC). Establishes baseline lending rates and short term rates of return.
S&P 500 Index	5,762	4,770	5,882	●	●	●	●	●	Considered the best single gauge of large-cap U.S. equities. The index contains 500 leading companies and captures approximately 80% of available market capitalization.
Unemployment Rate									
National	4.1%	3.7%	4.1%	●	●	●	●	●	Tracks the number of unemployed persons as a percentage of the total U.S. labor force.
Virginia	2.9% (R)	3.0%	3.0% (P)	●	●	●	●	●	Tracks the number of unemployed persons as a percentage of the total VA labor force.
Prince William County	2.9%	2.6%	2.4% (P)	●	●	●	●	●	Tracks the number of unemployed persons as a percentage of the total PWC labor force.
Average Weekly Wages ²									
National	\$1,550	\$1,332	\$1,390	●	●	●	●	●	Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.
Virginia	\$1,554	\$1,371	\$1,436	●	●	●	●	●	Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.
Prince William County	\$1,227	\$1,151	\$1,197	●	●	●	●	●	Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.
Employment Establishments ³									
Virginia	318,255	357,131	319,920	●	●	●	●	●	Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.
Region	83,911	96,689	97,518	●	●	●	●	●	Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.
Prince William County	10,558	11,738	10,637	●	●	●	●	●	Tracks the total number of physical locations where business, services, or industrial operations are performed in Prince William County.
Revenue									
Retail Sales: National	0.4%	0.6%	0.4%	●	●	●	●	●	Retail sales tracks the resale of new and used goods to the general public for personal or household consumption.
Sales and Use Tax: Virginia	1.5%	-1.3%	1.6%	●	●	●	●	●	Tracks the percentage of state collections for sales and use tax.
Sales and Use Tax: Prince William County	7.8%	1.6%	4.8%	●	●	●	●	●	Tracks the percentage of collections for sales and use tax in Prince William County. Current sales tax rate is 6.0%.
Revenue Collections: Virginia	9.9%	7.1%	6.7%	●	●	●	●	●	Approximately 88% of Virginia's revenue consists of net individual income tax and sales tax.
Vehicles									
National Automobile Sales (units in millions)	15.6	15.5	15.8	●	●	●	●	●	Tracks the total number of year-to-date light-vehicle sales in the U.S. on a Seasonally Adjusted Annual Rate basis.
Real Estate Market: Prince William County									
Median Sold Price	\$550,000	\$526,000	\$565,000	●	●	●	●	●	Reflects the median sold price for a home.
Closed Sales	402	319	427	●	●	●	●	●	Reflects the number of closed home sales.
Average Days on Market	18	22	25	●	●	●	●	●	Reflects the average time a home is on the market from listing to closing.
Ratio of Homes on the Market to Homes Sold	1.29	0.90	0.65	●	●	●	●	●	A ratio > 1 suggests supply of homes on the market exceeds current demand. A ratio < 1 suggests supply of homes on the market is below current demand.
Occupancy Permits Issued	203	252	179	●	●	●	●	●	Establishes that a property is suitable for habitation after meeting the requirements of the Uniformed Statewide Building Code.
Building Permits Issued	121	147	281	●	●	●	●	●	Tracks the number of new building permits issued for residential dwellings.
Commercial Vacancy Rate	3.4%	3.5%	3.1%	●	●	●	●	●	Tracks the percentage of vacant store front property by square feet.

¹ Reflects data available as of the date displayed
² Average Weekly Wages lags current and prior period by 2 quarters
³ Employment Establishments lags current and prior period by 2 quarters



National, State, and Local Trends

National Since taking office on January 20, the Trump administration's flurry of executive orders and policy initiatives have gripped markets and the future of the U.S economy with a palpable level of uncertainty. The outlook for the nation and global partners will likely depend on the extent to which President Trump pursues tariffs, immigration and the reconfiguration of the Federal Government. Given the fluid nature of developments over the early days of the Trump presidency, quantifying the potential economic impact amounts to little more than guesswork. William Dudley, former president of the New York Federal Reserve, suggests if at least a ten percent tariff is imposed on aggregate imports, inflation could increase 0.25% - 0.50% over the next year as importers pass on costs. When assessing the fallout from the Biden administration's clampdown on border crossings, baby boomer retirements and a high labor participation rate among prime-age workers, "modest deportations could hold the annual increase in the labor supply to less than 0.5%." The implication points to a "maximum real GDP growth rate of just 1.5% to 2.5%." Dudley intimates the various factors in play may portend a challenging economic climate for 2025. "Expect higher inflation, elevated interest rates, slower growth and more volatility as markets and the Fed struggle to adjust to Trump's pronouncements and actions. In short, prepare for turbulence ahead."

While the scale of fiscal plans remains unknown, the Federal Reserve has rightfully retained a neutral stance amid ambiguous signals emanating from the president's administration. With recent data pointing to an economy that, although slowing, has remained relatively firm, the Federal Reserve chose to maintain the target range of the Federal Funds rate at 4.25% - 4.50%. The decision announced on January 29 was widely anticipated after policymakers previously delivered interest rate cuts totaling 100 basis points over three consecutive meetings. The revised statement issued following the meeting reflected mixed sentiment. The description of the labor market improved to "the unemployment rate has stabilized at a low level" from "the unemployment rate has moved up but remains low." In contrast, the outlook for inflation was downgraded from "inflation has made progress toward the committee's 2 percent objective" to "Inflation remains somewhat elevated." The post meeting press conference saw Chairman Powell peppered with questions about how tariffs and immigration may impact the economic outlook. Powell delicately maneuvered through policies seen by many economists as inflationary, indicating additional information was necessary before a reasonable assessment can be formulated. In the opinion of Bloomberg Economics, "the future rate path depends entirely on the job market and inflation - and the Fed has no crystal ball. Ultimately, we see core inflation ending the year lower and unemployment higher than the Fed anticipates - which suggests the Fed will cut by more than the 50 bps they projected in the December dot plot."

Consumer Price Index (CPI) Despite an increase in headline inflation, December's CPI report provided a degree of encouraging news regarding the trajectory of core inflation. But as the post-pandemic period has repeatedly demonstrated, a single data point does not foreshadow a future trend. While slowly moderating, services sector inflation remains nearly two and a half percentage points above policymakers' 2.0% goal. And with specific categories remaining stubbornly high, such as transportation services and shelter, the pace of future progress may be uneven unless further weakening in economic activity takes hold. Headline CPI for December increased 0.4% versus 0.3% the prior month. Measured year-over-year, inflation rose 2.9% compared to 2.7% in November. Energy prices added 0.17% percentage points to headline inflation, propelled by increases in gasoline prices of 4.4% and natural gas costs of 2.4%. Core inflation, which excludes food and energy and is scrutinized to assess signs of progress, slowed to 0.2% in December versus 0.3% the prior month. The year-over-year pace fell to 3.2% after stalling at 3.3% since September. Core goods prices decelerated to 0.1% after rising 0.3% in November. A slowdown in prices for new and used vehicles of 0.4% and 1.2%, respectively, were key drivers behind the softer core goods reading in December. Core services remained at 0.3% in December versus the prior month. The shelter component continued to underpin core services inflation, holding steady at 0.3% month-over-month. Carrying an index weight equal to approximately one-third of overall CPI, the shelter category (includes rental housing costs) is a significant driver of not only services inflation but the entire CPI basket. The largest upward price movement within the services sector was public

transportation, rising 2.7% compared to 0.0% in November. Overall, transportation services' inflation rose sharply in December to 0.5% from 0.0% the prior month.

Gross Domestic Product (GDP) While U.S. economic growth slipped below the pace established over the prior two quarters, aspects of the report issued by the Bureau of Economic Analysis exemplified the notion of what some market pundits have referred to as U.S. exceptionalism. Despite inventories representing a drag on overall growth, a swell in consumer demand demonstrated Americans still have the capacity to underpin economic expansion. The lingering question is whether the fourth quarter surge in personal consumption is sustainable over the coming months or was simply an attempt to front-run the impact of tariffs. Adjusted for inflation, the Bureau of Economic Analysis's advance estimate of GDP showed the U.S. economy grew at a 2.3% annualized pace during the quarter, slightly below the consensus estimate of 2.6% and the third quarter mark of 3.1%. Final sales to domestic purchasers, which exclude inventories and trade and is a key metric utilized to assess trends in consumption behavior, increased 3.1% versus 3.7% the previous quarter. Personal consumption rose 4.2% from 3.7% the prior quarter, led predominantly by expenditures on durable goods such as motor vehicles and parts and recreational goods. And while services spending rose 3.1% compared to 2.8% the prior quarter, outlays were primarily concentrated in the health care sector. Partially offsetting the gain in not only personal consumption but residential investment as well, was a decrease in business investment of -2.2%. The decline was driven almost exclusively by a drop of -7.8% in equipment purchases. In a note, Bloomberg Economics framed the outlook for economic growth - "Demand from consumers surprised to the upside in 2024. Taken together with the surge in business sentiment, that could lead the economy to grow more than expected this year. Still, plenty of uncertainties remain - including tariffs, inflation, immigration, monetary policy and fiscal austerity."

Labor Market On the heels of relatively firm employment data in November, December's employment report suggests the labor market may be steadying after sending early warnings of deterioration during the second half of 2024. The net employment decline of -8,000 jobs for October and November could be interpreted as a positive development given job losses reflected in previous net two-month periods have been significantly higher. Following a gain of 212,000 in November, nonfarm payrolls for December increased 256,000, above the consensus estimate of 165,000. The unemployment rate edged lower to 4.1% in December from 4.2% the prior month. The labor force grew by 243,000 workers while the labor force participation rate was unchanged at 62.5% in December from the previous month. Services' employment expanded when measured not only by the number of jobs added (231k), but on a sector level basis as well. Employment gains were led by Health Care and Social Assistance (70k), Leisure and Hospitality (43k), Retail Trade (43k), and Professional and Business Services (28k). Outside the services industry, the sector that registered the highest number of job losses was Manufacturing (-13k). Bloomberg Economics framed the December employment report with the following observation - "December's payroll print was robust across the board. It's an encouraging sign of improvement in the labor market - and likely signals that conditions there are stabilizing. Still, we wouldn't conclude with any confidence that the labor market is heating up again."

Retail Sales Supported, in part, by an increase in disposable personal income, retail sales grew at a healthy pace during December. According to Bloomberg, "December data show consumers continuing to spend on goods while keeping discretionary services spending modest. Looking forward, we're expecting spending momentum to remain generally solid in the first few months of the year." The U.S. Census Bureau reported retail sales for December increased 0.4%, preceded by a 0.8% gain the previous month. But despite relatively strong vehicle sales, a slowdown in categories such as building materials and garden equipment dragged down overall sales. Additional details from the December report revealed sales excluding vehicles and gasoline rose 0.3%, slightly higher than the prior month's mark of 0.3%. Control-group sales, (excludes food services, auto dealers, building-material stores, and gasoline stations) a potential barometer for underlying spending trends, rose higher than anticipated to 0.7% versus 0.4% in November. Food services & drinking places, a proxy for services spending, declined -0.3% in December as opposed to a 0.1% gain the previous month. While December's result may be an outlier, the category will bare monitoring to gauge whether consumers have the financial durability to consistently engage in discretionary spending. Notwithstanding cost-of-living challenges for countless

Americans, consumer resilience has been an essential catalyst of economic growth over the past couple years. And if the Conference Board's December consumer-sentiment index represents a reasonable indication of future spending behavior, more consumers are planning to buy big-ticket items over the next six months. The question is whether the potential for buoyant personal consumption over the near-term is an attempt to front-run looming tariffs or the mark of durable consumer health.

Automobile Industry The National Automobile Dealers Association (NADA) reported new light-vehicle sales of 15.8 million units in 2024, an increase of 2.2% versus 2023. New-light vehicle sales during the final quarter of 2024 rose 7.7% compared to the same period one year prior and were notably robust following the November Presidential election. Factors cited behind the fourth quarter surge in sales included lower financing costs, higher vehicle manufacturer incentives and additional supply of new automobiles. J.D. Power projects average incentive spending per unit to total \$3,442 for December, an increase of \$809 compared to one year prior, while new light-vehicle inventory on the ground and in transit was 2.8 million units, an increase of 21% from December 2023. New light-vehicle production is forecast to slow in 2025, which, according to NADA, will keep available inventory slightly under 3.0 million units throughout most of the year. NADA's new light-vehicle sales forecast for 2025 is 16.2 million units, an increase of 2.0% versus the previous year.

State The Secretary of Finance's December revenue report noted the Commonwealth's general fund revenues are tracking \$892.1 million (6.7%) higher through the first half of FY 2025 versus the same period one year prior. When compared to the Governor's proposed FY 2025 budget, year-to-date general fund revenues are up \$43.1 million (0.3%). The primary drivers of revenue growth have been an increase in individual income tax collections and sales and use tax receipts. Individual income tax withholding (57% of general fund revenues) rose \$526.6 million (6.6%) through December compared to one year prior, while sales tax collections (16% of general fund revenues) over the first six months of the current fiscal year increased \$38.9 million (1.6%). "The strength of Virginia's economy is evident in the consistent revenue growth we have achieved year-over-year through the first half of Fiscal Year 2025," said Governor Glenn Youngkin. "We are committed to the pro-business policies that have led to record job creation and historic levels of investment. The strong revenue and projected \$2.1 billion surplus further supports the case for tax relief, especially from the hated car tax."

Virginia's seasonally adjusted unemployment rate rose slightly during the quarter to 3.0% in December from 2.9% in September. The Virginia Employment Commission's December report disclosed an increase in Virginia's labor force of 2,502 workers to 4,581,450. The number of unemployed residents decreased by 247 to 136,810, while the number of employed Virginians increased 2,749 to 4,444,640. The Commission reported employment rose in four of eleven major categories in December versus the prior month. The sectors that realized job gains were Education and Health Services (5,300), Leisure and Hospitality (4,700), Government (1,500) and Information (1,200). Within the seven categories that declined, sectors that recorded job losses included Financial Activities (-1,600), Construction (-1,500), Professional and Business Services (-1,300), Trade, Transportation and Utilities (-1,300) and Manufacturing (-1,200).

Local When measured by the level of unemployment, Prince William County's labor market profile exhibited positive momentum in the latter portion of the quarter as the preliminary unemployment rate fell to 2.4% in December from 2.8% the prior month. Data published by the Bureau of Labor Statistics indicated the labor force decreased modestly to 256,074 from 256,507 and the number of employed residents rose by 657 in December versus the previous month. The total number of unemployed citizens decreased by 1,090 during December from the prior month. While the availability of granular data to assess the health of the County's job market at a sector level is limited, a leading indicator that can be utilized to measure labor market conditions are initial claims for unemployment insurance. For the period spanning October through December, average initial claims per month decreased to 440 versus a per month average of 457 from July through September. Considering the trajectory of claims throughout the quarter, a reasonable conclusion can be made that evidence of broad-based labor market weakness has remained subdued.

Prince William County Real Estate Market

Residential Sales Activity The following highlights are based on Metropolitan Regional Information Systems (MRIS) data for the quarters ended December 2024 and December 2023.

Category	Dec 2024	Dec 2023	Increase/(Decrease)
Median Sold Price	\$565,000	\$526,000	7.4%
Units Sold	427	319	33.9%
Active Listings	276	287	(3.8%)
Average Days on Market	25	22	13.6%
New Listings	191	229	(16.6%)

After falling to a 2024 low of approximately 6.08% in late September, the average 30-year mortgage rate has risen sharply as stubborn inflationary pressure, and sturdy economic growth, has led the market to price in a shallow path of interest rate cuts by the Federal Reserve in the near-term. The current backdrop further exacerbates persistent housing affordability challenges that show no signs of immediate relief for homebuyers. At the time of this writing, Freddie Mac's Primary Mortgage Survey indicated the average 30-year fixed rate mortgage stood at 6.95%. "The 30-year fixed-rate has hovered between 6% and 7% for most of the last two and a half years," said Freddie Mac. "Driven by these higher rates and a persistent supply shortage, affordability hurdles still exist for many homebuyers and a significant number of them remain on the sidelines." Virginia Realtors monthly Flash Survey indicated the organization's Buyer Activity Index increased to 38 in December from 32 the prior month. Approximately 16% of realtors assessed buyer activity in their local market as "high" or "very high", while roughly 40% rated buyer activity as "low" or "very low". An estimated 40% of realtors cited a shortfall of "housing in their local market was a significant issue for their clients", and 21% referenced mortgage rates "were the main reason their clients were unable to purchase a home in December." A separate index produced by Virginia Realtors that measures realtors' opinions about market performance three months forward increased to 60 in December versus 52 in November. Approximately 33% of survey participants thought buyer activity over the next three months would be higher in their respective markets, while 14% indicated buyer activity would decline.

Commercial Sector For the quarter ended December 2024, Costar Realty Group (Costar) reported the County's commercial inventory included 56.7 million square feet (sq. ft.) of space in 2,276 properties with 1.8 million sq. ft. of vacant space. The vacancy rate was 3.1% compared to 3.3% at the end of the prior quarter. Highlights from Virginia Realtors Q4 2024 statewide commercial real estate report are as follows:

- Office: "Headwinds remain in Virginia's office market as 2024 came to a close. Construction remains at historic lows and vacancy is still elevated. Net absorption was positive this quarter, but is likely to be short lived with anticipated federal job cuts and office space rightsizing continuing in the private sector. Rents have been stable, with upward pressure on Class A space."
- Retail: "Bolstered by continued resilience of consumer spending, demand for retail space is robust. Positive net absorption resumed to close out 2024 statewide, and rent levels continue to climb in most metro regions in Virginia. Overall vacancy levels remain tight and the new construction pipeline continues to drift downward."
- Industrial: "Virginia's industrial market ended 2024 in a strong position. The construction pipeline continues to grow and vacancy levels remain low. Net absorption is still positive and rents are climbing, signaling strong demand in the market."

PRINCE WILLIAM COUNTY

2nd Quarter FY 2025 Expenditures

General Information

The Board of County Supervisors (BOCS) adopted the ***Principles of Sound Financial Management***; the County government's guiding financial policies. The Principles require that the BOCS receive a quarterly general fund revenue and expenditure update within 45 days of the end of each quarter.

The County's fiscal year runs from July 1 to June 30. The BOCS adopted an FY 2025 general fund budget of \$1.8 billion.

- \$911 million adopted School transfer, in accordance with the County-Schools revenue sharing agreement.
- \$898 million adopted County government general fund budget, including transfers.

In accordance with State Code, the County cannot exceed the annual legal appropriation. As a result, the County general fund budget will always have a year-end surplus.

County agencies may have revenue sources other than local taxes that support the general fund expenditure budget. These include charges for services, federal and state revenue, court fines, and fees.

Second Quarter Summary

1. ***General Fund Reporting*** – This report includes only unrestricted general fund expenditures. It does not include restricted funds within the general fund such as recordation tax designated for mobility, transient occupancy tax mandated for tourism, cable franchise capital grant, proffers, grants, or criminal forfeitures.
2. ***Revised FY 2025 Budget*** – As of December 31, 2024, the revised County government unrestricted general fund budget, excluding transfers, was \$852.3 million.

- 3. **Second Quarter General Fund Expenditures** – As of December 31, 2024, 51.15% of the expenditure budget was spent. Excluding Non-Departmental and Debt Service, which are not indicators of direct County agency operations and have a disproportionate share of expenditures through the second quarter, agencies spent 48.68% of the operating expenditure budget.

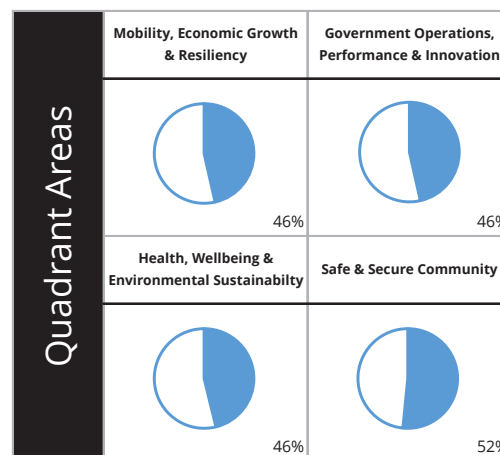
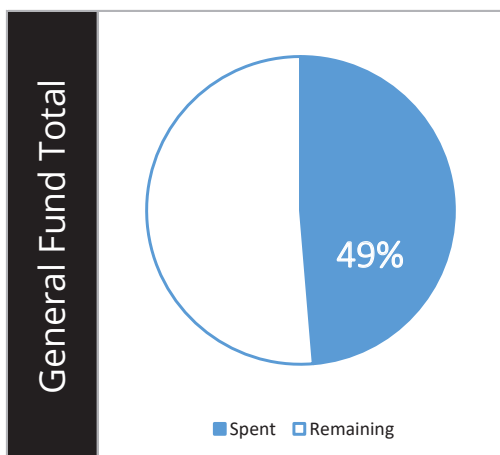
Percent of Budget Spent (Including Debt Service & Non-Departmental)	Percent of Budget Spent (Excluding Debt Service & Non-Departmental)
51.15%	48.68%

- 4. **Pay Periods per Quarter** – The number of pay periods varies by quarter. Notably, the second quarter included an extra two-week pay period.
- 5. **Information Technology Charges** – Information technology costs for the entire fiscal year were billed to County agencies in the first half of the year. Therefore, Internal Services expenditures are higher than normally anticipated, as well as overall general fund expenditures. After excluding Non-Departmental and Debt Service and adjusting for information technology costs billed for the entire fiscal year, agencies spent 46.75% of the operating expenditure budget.

Percent of Budget Spent (Excluding Debt Service, Non-Departmental, & Internal Services)
46.75%

Current projections indicate 97.0% of the County government’s general fund expenditure budget will be expended by year-end. Projected expenditure savings at the end of the fiscal year are estimated at approximately \$25 million.

- 6. **Agency Revenue Shortfall** – **General fund agency revenue is projected to be \$5 million below budget.** The projected agency revenue shortfall primarily occurs in Community Services deferred revenue projections and Area Agency on Aging reimbursements from the Commonwealth and federal government.
- 7. **Agency Variances** – Notable variances are reported based on the ‘Spent %’ column on the following pages. Encumbrances are not included in the agency detailed tables and charts.




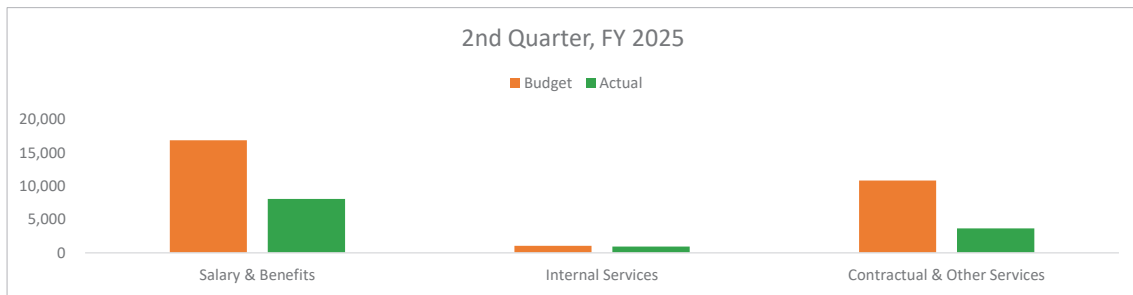
Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

- Development Services
- Economic Development & Tourism
- Planning
- Public Works
- Transportation

Quadrant Area	Spending Category	Budget	Actual	Spent %
Mobility, Economic Growth & Resiliency	Salary & Benefits	16,844.10	8,073.83	
	Internal Services	1,048.73	946.18	
	Contractual & Other Services	10,834.16	3,650.24	
	Reserves & Contingencies	(5,207.20)	(1,745.19)	
	23,519.79	10,925.06	46.45%	




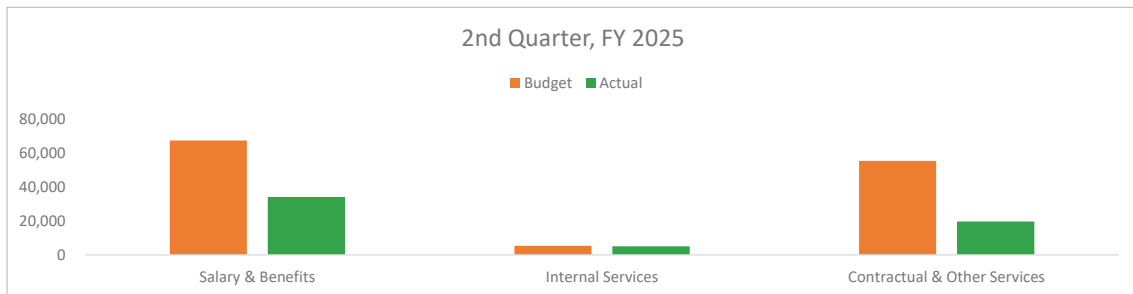
Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

- Board of County Supervisors
- County Attorney
- Elections
- Executive Management
- Facilities & Fleet Management
- Finance
- Human Resources
- Human Rights
- Management & Budget

Quadrant Area	Spending Category	Budget	Actual	Spent %
Government Operations, Performance & Innovation	Salary & Benefits	67,274.60	34,093.74	
	Internal Services	5,361.20	5,054.43	
	Contractual & Other Services	55,214.73	19,627.14	
	Reserves & Contingencies	(5,323.65)	(1,827.52)	
	122,526.87	56,947.79	46.48%	




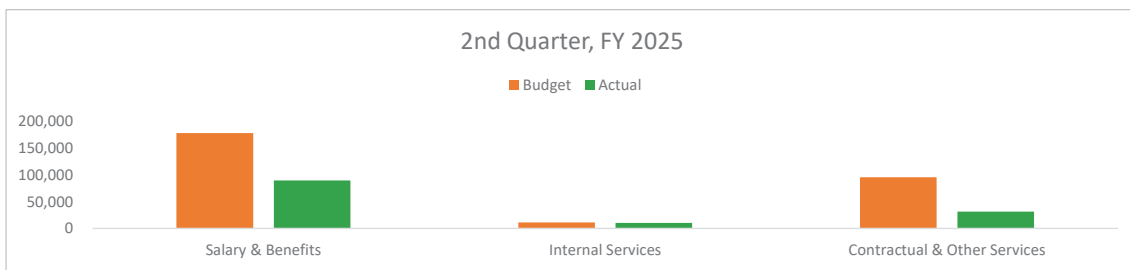
Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

- Aging
- Community Services
- Cooperative Extension Service
- Juvenile Court Service Unit
- Library
- Parks & Recreation
- Public Health
- Social Services
- Youth Services

Quadrant Area	Spending Category	Budget	Actual	Spent %
Health, Wellbeing & Environmental Sustainability	Salary & Benefits	177,943.01	89,748.37	
	Internal Services	11,008.37	10,113.55	
	Contractual & Other Services	95,669.54	31,239.29	
	Reserves & Contingencies	(846.91)	(79.15)	
		283,774.02	131,022.06	46.17%




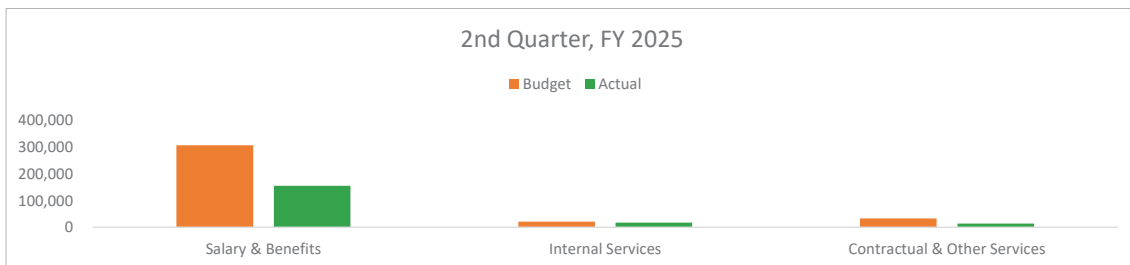
Safe & Secure Community Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies





- Circuit Clerk Court
- Circuit Court Judges
- Commonwealth's Attorney
- Criminal Justice Services
- Fire & Rescue
- General District Court
- Juvenile & Domestic Relations Court
- Magistrates
- Police
- Public Safety Communications
- Sheriff

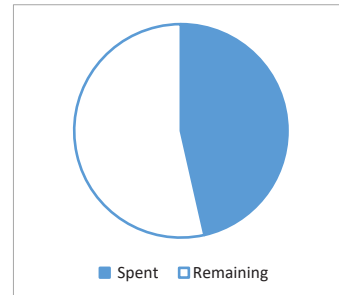
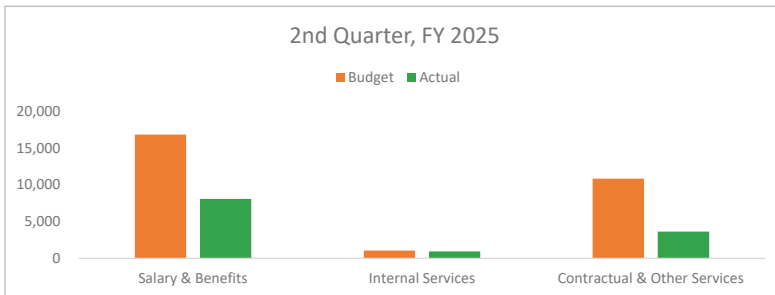
Quadrant Area	Spending Category	Budget	Actual	Spent %
Safe & Secure Community	Salary & Benefits	305,973.24	154,407.77	
	Internal Services	20,947.78	17,041.61	
	Contractual & Other Services	32,493.78	13,773.10	
	Reserves & Contingencies	(175.65)	0.00	
		359,239.15	185,222.48	51.56%



Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Economic Development & Tourism	Salary & Benefits	3,263.90	1,466.40	
	Internal Services	169.12	166.28	
	Contractual & Other Services	2,226.67	1,113.43	
	Reserves & Contingencies	(15.40)	0.00	
		5,644.29	2,746.10	
Planning	Salary & Benefits	2,637.11	1,039.18	
	Internal Services	205.78	204.01	
	Contractual & Other Services	2,517.53	850.76	
	Reserves & Contingencies	(8.06)	0.00	
		5,352.36	2,093.95	
Public Works	Salary & Benefits	4,596.09	2,249.84	
	Internal Services	332.71	237.19	
	Contractual & Other Services	2,510.21	508.21	
	Reserves & Contingencies	(218.61)	(93.74)	
		7,220.40	2,901.50	
Transportation	Salary & Benefits	6,240.81	3,317.60	
	Internal Services	333.62	331.21	
	Contractual & Other Services	3,573.58	1,177.84	
	Reserves & Contingencies	(4,965.13)	(1,651.45)	
		5,182.88	3,175.20	












Notable Variances

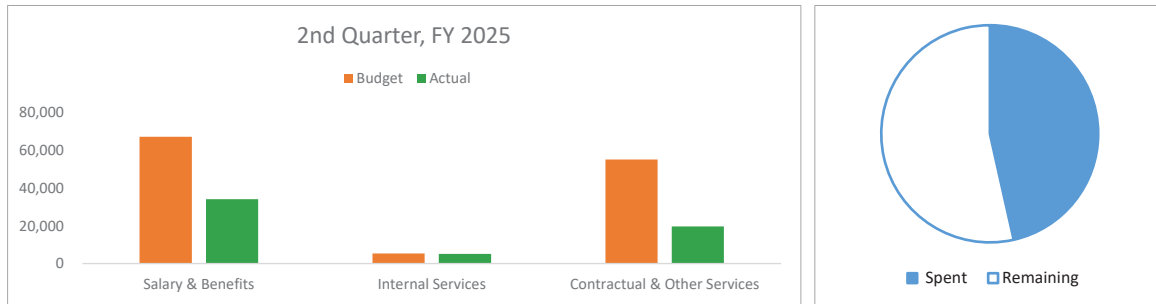
- Planning** - Their annual spending is not flat, they will spend the majority of their budget on professional services (vendor list is pending BOCS approval on March 3) and training/professional development in Q3 and Q4.
- Public Works** - After adjusting for \$0.5 million in encumbered funds within Contractual & Other Services, 48% of the budget has been spent or encumbered through the second quarter.
- Transportation** - Transportation cost recovery of \$0.5M for November & December 2025 has not yet been completed, this transaction is anticipated to result in a reduction of overall expenses to 52% in second quarter of FY25.

Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Board of County Supervisors	Salary & Benefits	4,495.27	1,991.00	
	Internal Services	374.57	366.52	
	Contractual & Other Services	2,653.15	795.93	
	Reserves & Contingencies	(12.90)	0.00	
	7,510.08	3,153.44	41.99%	
County Attorney	Salary & Benefits	5,408.13	2,701.27	
	Internal Services	298.54	298.47	
	Contractual & Other Services	1,472.96	337.50	
	Reserves & Contingencies	(181.85)	(49.33)	
	6,997.78	3,287.91	46.99%	
Elections	Salary & Benefits	2,645.65	1,619.59	
	Internal Services	271.28	268.80	
	Contractual & Other Services	1,508.39	1,168.82	
	Reserves & Contingencies	(14.08)	0.00	
	4,411.24	3,057.22	69.31%	
Executive Management	Salary & Benefits	8,464.22	4,309.63	
	Internal Services	376.36	349.75	
	Contractual & Other Services	1,437.46	18.67	
	Reserves & Contingencies	(257.49)	(124.68)	
	10,020.55	4,553.36	45.44%	
Facilities & Fleet Management	Salary & Benefits	13,943.67	7,155.79	
	Internal Services	1,427.50	1,178.99	
	Contractual & Other Services	40,412.73	15,726.24	
	Reserves & Contingencies	(3,847.44)	(744.51)	
	51,936.46	23,316.51	44.89%	
Finance	Salary & Benefits	23,265.45	11,989.10	
	Internal Services	1,908.80	1,887.75	
	Contractual & Other Services	5,890.91	1,359.12	
	Reserves & Contingencies	(311.87)	(201.78)	
	30,753.28	15,034.19	48.89%	
Human Resources	Salary & Benefits	5,858.91	2,805.07	
	Internal Services	543.96	543.96	
	Contractual & Other Services	1,683.23	196.18	
	Reserves & Contingencies	(696.61)	(707.21)	
	7,389.49	2,838.00	38.41%	
Human Rights Office	Salary & Benefits	918.08	424.66	
	Internal Services	46.01	46.01	
	Contractual & Other Services	72.70	15.47	
	Reserves & Contingencies	(0.69)	0.00	
	1,036.10	486.14	46.92%	
Management & Budget	Salary & Benefits	2,275.23	1,097.63	
	Internal Services	114.18	114.18	
	Contractual & Other Services	83.20	9.21	
	Reserves & Contingencies	(0.72)	0.00	
	2,471.89	1,221.02	49.40%	

Government Operations, Performance & Innovation Quadrant *(Continued)*












Notable Variances

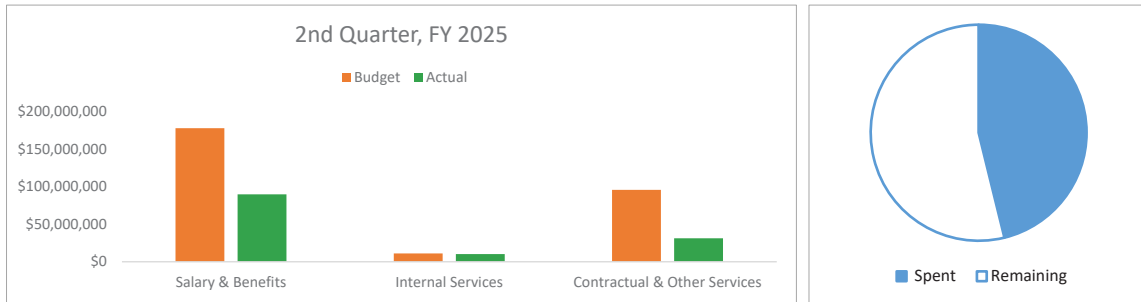
- Elections** - Contractual and purchases of goods & services were elevated during the second quarter due to the 2024 Presidential Election.
- Human Resources** - Contractual & Other Services funding is for \$387K of compensation studies (4 total) that will not be billed until later in the year. Salary and benefit costs for designated Human Resources positions were charged for the entire fiscal year to the medical internal service fund, thereby reducing overall expenses in the second quarter.

Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Aging	Salary & Benefits	4,449.37	2,333.86	
	Internal Services	265.12	242.89	
	Contractual & Other Services	4,917.46	3,209.17	
	Reserves & Contingencies	(47.66)	0.00	
	9,584.29	5,785.92	60.37%	
Community Services	Salary & Benefits	60,770.05	30,720.07	
	Internal Services	2,668.94	2,567.10	
	Contractual & Other Services	32,945.85	4,157.90	
	Reserves & Contingencies	(158.98)	0.00	
	96,225.86	37,445.07	38.91%	
Cooperative Extension Service	Salary & Benefits	1,229.94	539.90	
	Internal Services	143.69	143.61	
	Contractual & Other Services	208.94	13.45	
	Reserves & Contingencies	(0.43)	0.00	
	1,582.13	696.95	44.05%	
Library	Salary & Benefits	20,573.21	9,621.01	
	Internal Services	1,756.94	1,728.50	
	Contractual & Other Services	3,760.34	1,828.10	
	Reserves & Contingencies	(30.76)	0.00	
	26,059.73	13,177.61	50.57%	
Juvenile Court Service Unit	Salary & Benefits	757.40	164.81	
	Internal Services	24.65	24.92	
	Contractual & Other Services	91.15	21.98	
	Reserves & Contingencies	(4.01)	0.00	
	869.19	211.71	24.36%	
Parks & Recreation	Salary & Benefits	32,537.78	15,874.89	
	Internal Services	3,301.89	2,612.45	
	Contractual & Other Services	13,453.77	5,103.28	
	Reserves & Contingencies	(242.15)	(79.15)	
	49,051.29	23,511.48	47.93%	
Public Health	Salary & Benefits	1,885.61	1,946.98	
	Internal Services	60.56	55.02	
	Contractual & Other Services	3,105.82	1,481.21	
	Reserves & Contingencies	(30.97)	0.00	
	5,021.03	3,483.21	69.37%	
Social Services	Salary & Benefits	45,715.92	24,097.45	
	Internal Services	2,233.64	2,194.15	
	Contractual & Other Services	36,067.50	14,879.90	
	Reserves & Contingencies	(324.60)	0.00	
	83,692.46	41,171.50	49.19%	
Youth Services	Salary & Benefits	10,023.74	4,449.40	
	Internal Services	552.95	544.92	
	Contractual & Other Services	1,118.72	544.29	
	Reserves & Contingencies	(7.36)	0.00	
	11,688.05	5,538.60	47.39%	

Health, Wellbeing & Environmental Sustainability Quadrant (Continued)











Notable Variances

- Aging** - Expenditures are elevated due to full year costs associated with Birmingham Green (\$2.4 million) paid at the beginning of the year.
- Community Services** - The large sum of encumbrances is associated with the operational start-up projects for the local Crisis Receiving Center and Regional Crisis Service, which will be billed later in the year once the Contractor Connections begins to onboard staff for the CRC opening. The remaining encumbered funds are primarily for developmental disabilities and early intervention services. Additionally, billing from contractor Connections for the Crisis Intervention Team and Assessment (CITAC) Program has been delayed.
- Juvenile Court Service Unit** - Salaries and Benefits is underspent due to local salary supplement 2nd quarter payment being processed after the quarter was over. Contractual & Other Services are underspent due to a \$42K in encumbrances that are not being captured in the quarter.
- Public Health** - Public Health's budget is overspent due to the payment of the 3rd quarter local agreement and local salary supplement before the 3rd quarter officially began.




Safe & Secure Community Quadrant Area

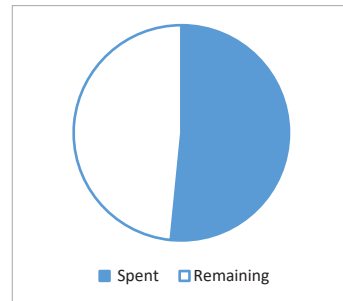
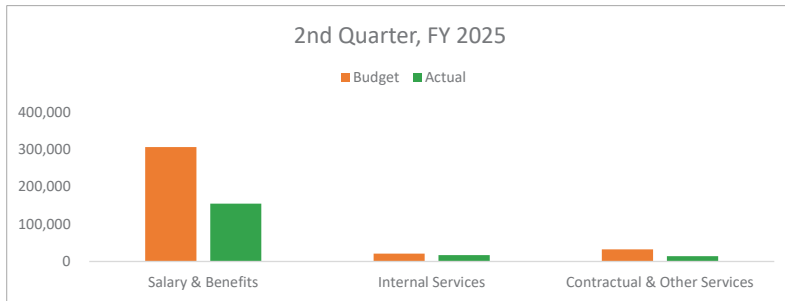
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Circuit Court Clerk	Salary & Benefits	5,384.54	2,731.98	
	Internal Services	255.21	255.21	
	Contractual & Other Services	722.59	272.88	
	Reserves & Contingencies	(3.74)	0.00	
	6,358.60	3,260.06	51.27%	
Circuit Court Judges	Salary & Benefits	1,841.83	900.98	
	Internal Services	91.63	73.50	
	Contractual & Other Services	101.51	52.89	
	Reserves & Contingencies	(0.94)	0.00	
	2,034.03	1,027.37	50.51%	
Commonwealth Attorney	Salary & Benefits	11,547.80	5,716.95	
	Internal Services	631.06	623.87	
	Contractual & Other Services	720.06	452.28	
	Reserves & Contingencies	(4.55)	0.00	
	12,894.37	6,793.09	52.68%	
Criminal Justice Services	Salary & Benefits	6,940.33	3,309.59	
	Internal Services	395.46	390.72	
	Contractual & Other Services	866.83	341.76	
	Reserves & Contingencies	(6.05)	0.00	
	8,196.57	4,042.07	49.31%	
Fire & Rescue	Salary & Benefits	120,648.25	61,637.53	
	Internal Services	5,574.50	4,730.06	
	Contractual & Other Services	10,737.58	4,187.42	
	Reserves & Contingencies	(53.06)	0.00	
	136,907.27	70,555.01	51.53%	
General District Court	Salary & Benefits	1,764.01	714.01	
	Internal Services	23.11	23.11	
	Contractual & Other Services	353.00	62.81	
	Reserves & Contingencies	(1.75)	0.00	
	2,138.36	799.93	37.41%	
Juvenile & Domestic Relations Ct	Salary & Benefits	641.87	254.14	
	Internal Services	32.92	32.92	
	Contractual & Other Services	113.20	45.52	
	Reserves & Contingencies	(0.66)	0.00	
	787.33	332.58	42.24%	
Magistrates	Salary & Benefits	88.73	44.37	
	Internal Services	20.13	20.13	
	Contractual & Other Services	10.39	2.29	
	Reserves & Contingencies	(0.08)	0.00	
	119.16	66.78	56.04%	

Safe & Secure Community Quadrant (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Police	Salary & Benefits	127,032.74	64,202.83	
	Internal Services	11,991.07	9,268.84	
	Contractual & Other Services	15,280.65	6,344.51	
	Reserves & Contingencies	(75.31)	0.00	
	154,229.16	79,816.17	51.75%	
Public Safety Communications	Salary & Benefits	14,073.53	6,756.25	
	Internal Services	577.46	565.73	
	Contractual & Other Services	2,423.81	1,429.94	
	Reserves & Contingencies	(21.25)	0.00	
	17,053.56	8,751.92	51.32%	
Sheriff	Salary & Benefits	16,009.61	8,139.15	
	Internal Services	1,355.24	1,057.54	
	Contractual & Other Services	1,164.16	580.81	
	Reserves & Contingencies	(8.27)	0.00	
	18,520.74	9,777.50	52.79%	




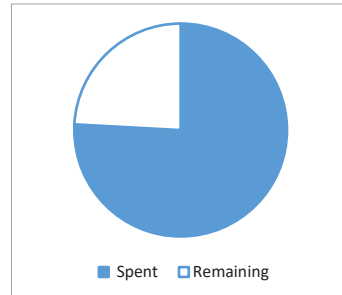
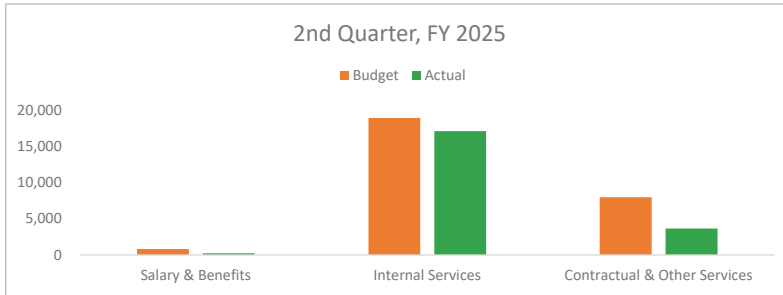
Notable Variances

- General District Court** - Salaries and Benefits is underspent due to County staff vacancies for the GDC, the Office of the Public Defender's (OPD) is underspent due to local salary supplement. Contractual & Other Services are underspent by \$106K for the OPD, this is a donation to the office to cover language services, this expected to be expended by the third quarter. The GDC's Contractual & Other Services is underspent do to \$43K in encumbrances that are not being captured in the quarter.
- Juvenile & Domestic Relations Court** - Salaries and Benefits is underspent due to County staff vacancies, the Court is currently fully staffed. The Court's Contractual & Other Services is underspent do to \$19K in encumbrances that are not being captured in the quarter.

Non-Departmental

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Non-Departmental	Salary & Benefits	802.50	238.40	
	Internal Services	0.00	0.00	
	Contractual & Other Services	7,963.76	3,650.45	
	Reserves & Contingencies	0.00	0.00	
		27,694.58	21,008.71	




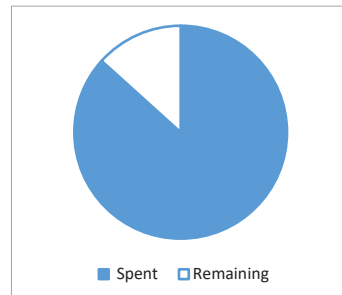
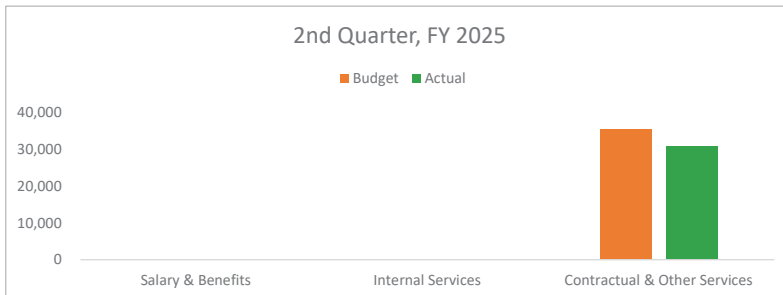
Notable Variances

1. **Non-Departmental** - The following payments were made during the first half of the fiscal year: Countywide Information Technology internal service costs (\$7.2M), Self-Insurance Workers Compensation (\$6.9M), Self-Insurance Casualty Pool (\$3.1M), Hylton Performing Arts Center Contribution (\$2.0M), Property and Miscellaneous Insurance Premiums (\$0.6M), and Northern Virginia Community College Contribution (\$0.6M).

Debt Service

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Debt Service	Salary & Benefits	0.00	0.00	
	Internal Services	0.00	0.00	
	Contractual & Other Services	35,520.40	30,790.41	
	Reserves & Contingencies	0.00	0.00	
		35,520.40	30,790.41	



Notable Variances

1. **Debt Service** - The majority of the County's debt service obligations are scheduled for payment in the first half of the fiscal year.



**PRINCE
WILLIAM**
— COUNTY

**Department of Finance
Office of Management and Budget**

1 County Complex Court
Prince William, VA 22192

www.pwcva.gov