



PRINCE WILLIAM
COUNTY

Revenue & Expenditures **REPORT**

3rd Quarter
FY 2025

Published 5/14/2025

PRINCE WILLIAM COUNTY

3rd 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 third quarter, general revenues are projected to generate an estimated surplus of \$10.1 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	Q3 Revised	\$ Change Q3/ Adopted	% Change Q3/ Adopted
Real Property Tax	\$872,688,927	\$919,979,000	\$919,979,000	\$922,193,000	\$915,586,000	(\$4,393,000)	-0.48%
Personal Property Tax	335,371,025	412,050,000	412,050,000	412,050,000	405,698,000	(6,352,000)	-1.54%
Motor Vehicle License Tax	12,610,447	13,000,000	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	100,000,000	4,000,000	4.17%
Food and Beverage Tax	44,953,500	42,000,000	42,000,000	42,000,000	44,000,000	2,000,000	4.76%
Consumer Utility Tax	14,658,210	15,500,000	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	12,100,000	0	0.00%
BPOL Tax	38,921,579	35,675,000	35,675,000	35,675,000	39,572,000	3,897,000	10.92%
Investment Income	33,381,349	25,480,000	25,480,000	32,000,000	37,000,000	11,520,000	45.21%
All Other Revenue	17,435,128	20,095,000	20,095,000	20,095,000	19,505,000	(590,000)	-2.94%
TOTAL GENERAL REVENUES	\$1,476,946,618	\$1,591,879,000	\$1,591,879,000	\$ 1,604,613,000	\$ 1,601,961,000	\$ 10,082,000	0.6%

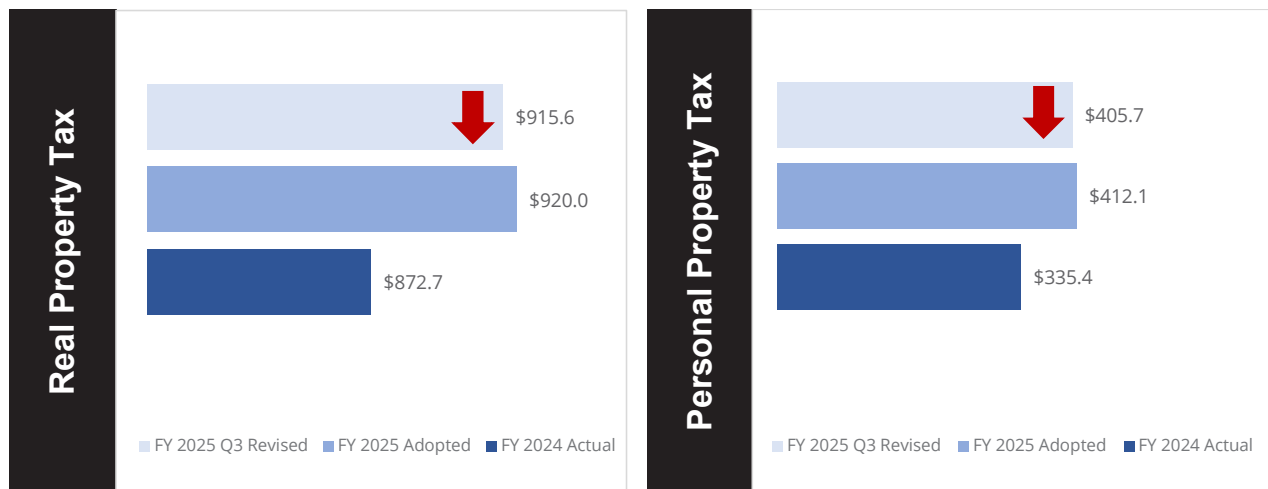
Revenues At-A-Glance

Highlights from the FY 2025 Adopted Budget are as follows:

Real Property Tax revenue collected and recorded on a net basis is projected to produce a shortfall of \$4.4 million versus the adopted forecast of \$920.0 million. While gross real estate tax receipts collected were consistent with the FY 2025 forecast, real estate tax relief, exonerations and lawsuit reserves are key components that influence net property tax proceeds.

Personal Property Tax collected and recorded to date is trailing the adopted forecast of \$412.1 million. As of early May, uncollected vehicle tax receipts represented approximately 8.4% of total billings, down from 16% at the end of December. With two months remaining in the fiscal year, staff are of the opinion vehicle personal property tax, the largest portion of the shortfall, and business tangibles are positioned to generate a modest increase in collections. Currently, personal property tax is projected to generate FY 2025 revenue of \$405.7 million, a \$6.4 million shortfall.

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 to date indicates this revenue stream is on course to meet the revised FY 2025 forecast of \$100.0 million. While the pace of collections has softened over the past couple months, a potential indication of souring consumer sentiment, the current level of spending reflects a stable but cautious consumer. Notwithstanding cost-of-living challenges confronting many households, spending has been buoyed by a stable regional labor market and steady nominal wage growth.

Food and Beverage Tax collections to date suggest this revenue source is on course to exceed the adopted forecast of \$42.0 million. The backdrop propelling receipts is akin to Local Sales Tax – consistent spending behavior sustained by a stable regional labor market and steady nominal wage growth. Additional factors include elevated, albeit gradually easing, services sector inflation and resources provided to the County's Tax Administration Division for collection enforcement as part of the FY 2024 budget. Staff are of the opinion the trajectory of receipts supports raising the FY 2025 Food and Beverage Tax forecast to \$44.0 million.

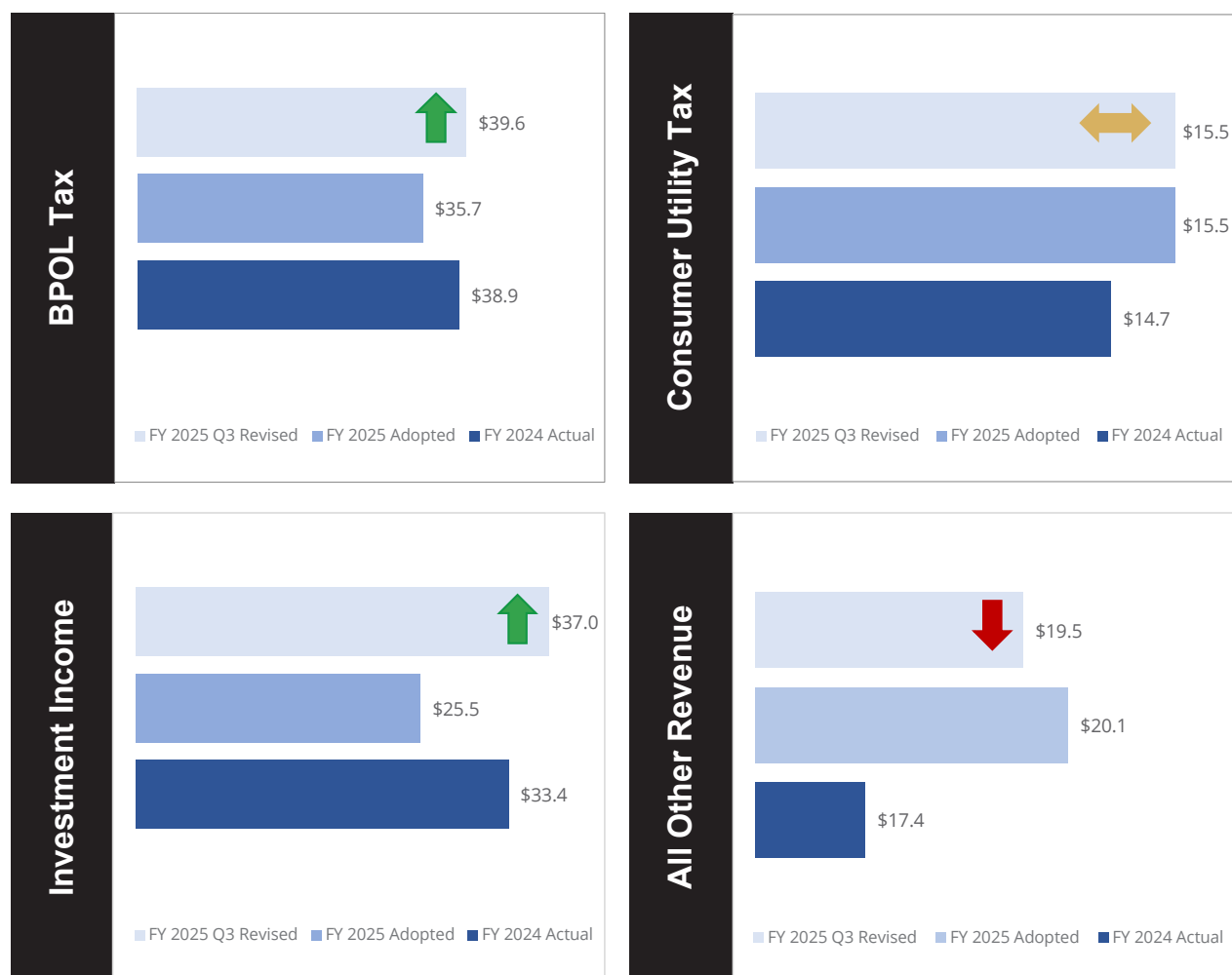


Dollar amounts expressed in millions

Business, Professional and Occupational License (BPOL) Tax revenue received to date is \$39.6 million, a \$3.9 million surplus over the adopted forecast of \$35.7 million. Given the level of BPOL revenue generated is dependent on the consumption of goods and services, the narrative that is driving FY 2025 collections is analogous to Local Sales Tax and Food and Beverage Tax – consistent consumer spending patterns reinforced by a stable regional labor market.

Investment Income received to date is on pace to substantially exceed the revised forecast of \$32.0 million. The potential inflationary impact from the Trump administration's current tariff policy is anticipated to keep Federal Reserve interest rate cuts on hold over the near-term. Leading into the end of the fiscal year, the current interest rate environment is expected to support returns on cash/cash equivalent investments over the near-term, the primary driver of investment income throughout FY 2025. Staff are of the opinion prevailing conditions that are driving investment earnings supports raising the FY 2025 Investment Income forecast to \$37.0 million.

All Other Revenue collections to date indicate this category of revenue streams will not meet the adopted forecast of \$20.1 million. Revenue sources that have been revised down are Cigarette Tax (-600k), Transient Occupancy Tax (-\$490k) and Rental Car & Passenger Tax (-\$200k). Upward revisions were applied to Daily Rental Equipment Tax (\$500k) and Consumption Tax (\$200k).



Dollar amounts expressed in millions

Looking Ahead

Economy At-A-Glance

Indicator	Prior Qtr 12/31/2024	Prior Year 03/31/2024	Current ¹ 03/31/2025	Short-Term Outlook					Notes
General									
Consumer Price Index (CPI)	2.9%	3.5%	2.4%			●			Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	2.4% (R)	1.6%	-0.3% (P)		●				Measures the final market price for goods and services produced within the U.S.
Federal Funds Rate	4.33%	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	5,882	5,254	5,612		●				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%	3.8%	4.2%			●			Tracks the number of unemployed persons as a percentage of the total U.S. labor force.
Virginia	3.0%	2.9%	3.2% (P)			●			Tracks the number of unemployed persons as a percentage of the total VA labor force.
Prince William County	2.3% (R)	2.4%	3.3% (P)			●			Tracks the number of unemployed persons as a percentage of the total PWC labor force.
Average Weekly Wages ²									
National	\$1,390	\$1,334	\$1,394			●			Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.
Virginia	\$1,436	\$1,383	\$1,444			●			Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.
Prince William County	\$1,197	\$1,179	\$1,232			●			Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.
Employment Establishments ³									
Virginia	319,920	315,789	325,198			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.
Region	97,518	97,422	98,935			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.
Prince William County	10,637	10,529	10,810			●			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%	0.7%	1.4%			●			Retail sales tracks the resale of new and used goods to the general public for personal or household consumption.
Sales and Use Tax: Virginia	1.6%	-1.1%	1.4%			●			Tracks the percentage of state collections for sales and use tax.
Sales and Use Tax: Prince William County	4.8%	1.0%	5.8%			●			Tracks the percentage of collections for sales and use tax in Prince William County. Current sales tax rate is 6.0%.
Revenue Collections: Virginia	6.7%	6.2%	5.8%			●			Aproximately 88% of Virginia's revenue consists of net individual income tax and sales tax.
Vehicles									
National Automobile Sales (units in millions)	15.8	15.4	16.5			●			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	\$565,000	\$580,000	\$550,000			●			Reflects the median sold price for a home.
Closed Sales	427	374	296			●			Reflects the number of closed home sales.
Average Days on Market	25	17	19			●			Reflects the average time a home is on the market from listing to closing.
Ratio of Homes on the Market to Homes Sold	0.65	0.73	1.51			●			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	179	137	133			●			Establishes that a property is suitable for habitation after meeting the requirements of the Uniformed Statewide Building Code.
Building Permits Issued	281	198	215			●			Tracks the number of new building permits issued for residential dwellings.
Commercial Vacancy Rate	3.1%	3.7%	2.8%			●			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 Leading up to President Trump's reciprocal tariffs announcement on April 2nd, - dubbed "Liberation Day" - markets had generally looked through much of the tumult surrounding various policy initiatives put forth by the White House, including the roll out and subsequent pause on specific tariffs in early February. The bond market, as it has for most of the past three years, continued to position Treasury yields in response to incoming inflation and economic growth data and rhetoric emanating from Federal Reserve officials. Even the S&P 500 reached an all-time high of 6,144 on February 19th. But the financial markets' rather sanguine tenor was cast into upheaval once details of the tariff framework were released. The synchronized response to higher than anticipated tariffs saw the notion of American exceptionalism called into question as equity indexes plummeted and troubling signs of instability in the U.S. government bond market began to emerge. The markets' message to the Trump administration was clear - the proposed tariff regime could damage growth, spark inflation, raise unemployment and weaken the dollar's presence on the international stage. A semblance of market order was restored after the White House announced on April 9th all reciprocal tariffs - excluding those against China - would be rescinded for ninety days to permit countries an opportunity to negotiate revised trade deals. But despite the S&P 500's ascension back to levels seen in the days preceding Liberation Day, a presidential administration plagued by incoherent messaging has left investors in a state of unease.

The Federal Reserve has justifiably retained a neutral stance amid ambiguous signals emanating from the president's administration concerning future tariff policy. With recent data pointing to an economy that, although slowing, has remained relatively stable, the Federal Reserve elected to maintain the target range of the Federal Funds rate at 4.25% - 4.50%. The decision, announced on May 7th, was widely anticipated given policymakers have expressed trepidation surrounding the uncertain push-pull dynamic that could emerge between inflation and growth. The statement issued following the meeting reflected a notable change to the outlook. The committee "judges that the risks of higher unemployment and higher inflation have risen", which suggests a stagflation scenario could develop. The post meeting press conference saw Chairman Powell characterize the U.S. economy as "solid." Powell reiterated the economy is doing "fine" and that he sees no evidence in the hard data that points to the type of weakness reflected in consumer sentiment data. In the opinion of Bloomberg Economics "markets are pricing in too many rate cuts for this year considering the stagflationary risks highlighted in the policy statement. Powell's comments may lower their expectations - especially considering our view that most FOMC (members) now anticipate a sharp increase in inflation this year." The bond market, at least temporarily, has begun to internalize the message. Since the conclusion of the press conference, traders have pared interest rate cuts to ~67 basis points for the remainder of 2025 from ~81 basis points on May 6th.

Consumer Price Index (CPI) The March CPI report revealed an easing of inflationary pressure, while displaying limited pass through of tariff increases totaling twenty percentage points levied against China by the Trump administration in early February and March. But the subsequent eruption of a trade war between the two countries has led to a current tariff rate of 145% on a wide swath of Chinese goods. While the backdrop remains fluid, consumers are set to see prices increase as inventories are replenished or through potential supply shortages. Data acquired by Bloomberg suggests Temu, an online discount retailer of Chinese goods, will be passing on nearly all the new import taxes to U.S. consumers, validating concerns voiced by many economists about the inflationary impact of tariffs. Headline CPI for March declined 0.1% versus an increase of 0.2% the prior month. Measured year-over-year, inflation rose 2.4% compared to 2.8% in February. Energy prices represented a drag of 0.15% percentage points on headline inflation, propelled by a decrease in gasoline prices of 6.3%. Core inflation, which excludes food and energy and is scrutinized to assess signs of progress, rose a modest 0.1% in March versus 0.2% the prior month. The year-over-year pace fell to 2.8% preceded by a 3.1% increase in February. Core goods prices declined 0.1% after rising 0.2% in February. A tepid increase in new vehicle prices of 0.1% and a decline in used vehicle valuations of 0.7% were key drivers behind the softer core goods reading in March. In a sign consumers are curbing discretionary spending, marked by sharp declines in airline fares, hotel/motel lodging and car rentals, core services inflation slowed to 0.1% in March versus 0.3% the prior month. Despite the offset provided by various discretionary spending categories,

the shelter component continued to be a key driver of core services inflation. Owner's equivalent rent, which measures the cost a homeowner would pay to rent their home, rose 0.4% compared to 0.3% in February. Rent of a primary residence, a reflection of the actual cost of renting a home, held steady at 0.3% month-over-month. Carrying an index weight equal to approximately one-third of overall CPI, the shelter category is a significant driver of not only services inflation but the entire CPI basket. Month-over-month increases in categories such as medical care services (0.5%) and other personal services (1.6%) also serve as a reminder that price pressures remain persistent in various components of the services sector. While the March inflation report was notable for a broad-based softening in price increases, if not outright deflation in specific categories, the potential reason - deteriorating consumer sentiment - could serve as a troubling development for U.S. economic buoyancy in the months ahead.

Gross Domestic Product (GDP) U.S. economic growth contracted in the first quarter, driven primarily by an accumulation of inventory as businesses attempted to front-run tariffs. Moving forward, the current trade policy framework could subdue the pace of economic expansion as rising prices tamp down spending and dissuade investment. Adjusted for inflation, the advance estimate of GDP showed the U.S. economy shrank 0.3% on an annualized basis during the quarter, below the consensus estimate of -0.2% and the prior quarter mark of 2.4%. Final sales to domestic purchasers, which exclude inventories and trade and is a key metric utilized to assess trends in consumption behavior, increased 2.3% versus 3.0% the previous quarter. Accounting for approximately two-thirds of GDP, consumer spending rose 1.8% but was down considerably from 4.0% the prior quarter. The decline was prompted by a deceleration in goods spending, particularly durable goods (-3.4%), to 0.5% from 6.2% the previous quarter. And while services spending rose 2.4% compared to 3.0% the prior quarter, a contraction in the level of spending on food services and accommodations suggests consumers are becoming more frugal with discretionary outlays. According to Bloomberg Economics, "Businesses have taken swift action in response to tariff news, pulling forward orders and shipments to build stockpiles, which lifted investment in 1Q. However, firms directly exposed to tariffs perceive a much dimmer outlook and expect worse performance, according to a recent CFO survey from the Atlanta Fed." Federal Reserve Governor Christopher Waller said in mid-April that business contacts around the country were telling him that "higher prices from tariffs would reduce spending, and uncertainty about the pace of spending would deter business investment."

Labor Market Following modest employment gains in January and February, the number of jobs added in March surprised to the upside as companies likely ramped up hiring to secure additional inventory ahead of the April 2nd tariff announcement. But given the Trump administration's current tariff policy stance, specifically toward China, the data appears stale when considering the potential impact on the labor market. In a separate measurement of labor market health issued by the Bureau of Labor Statistics, the number of job openings reflected in the Job Occupancy and Labor Turnover Survey declined sharply in March. The downturn is a signal the business community is scaling back hiring plans amid wavering confidence in the near-term outlook. Nonfarm payrolls for March increased 228,000, above the consensus estimate of 140,000. The unemployment rate edged higher to 4.2% from 4.1% in February. The labor force grew by 232,000 workers while the labor force participation rate increased slightly to 62.5% in March from 62.4% the previous month. Private service-providing employment accounted for the largest portion of overall job growth, adding 197,000 workers to company payrolls. Employment gains were led by Health Care and Social Assistance (77k), Leisure and Hospitality (43k), Retail Trade (24k), and Transportation and Warehousing (23k). Outside the services industry, the sector that registered the highest number of job gains was Construction (13k). Bloomberg Economics framed the outlook for the labor market with the following observation - "We think firms won't be able to pass through all the higher costs from tariffs to consumers, and ultimately their profit margins will take a hit. With the Fed reluctant to cut rates, the unemployment rate could reach 4.8% in the fourth quarter of the year."

Retail Sales Retail sales rose briskly in March, led by a surge in vehicle sales and building materials, as consumers dashed to purchase goods ahead of potentially higher prices. While the March report demonstrated an assortment of tariff inspired buying, spending in other categories saw modest increases, pointing to a consumer that is exercising caution amid an unsettled economic climate. The

advance estimate of retail sales for March rose 1.4%, preceded by a 0.2% gain the previous month. The primary driver behind the headline number was an increase in motor vehicle and parts of 5.3%, while building material supplies (3.3%) and sporting goods/hobby (2.4%) also underpinned overall sales. Additional details from the March report revealed sales excluding vehicles and gasoline rose 0.8%, in line with the prior month's mark. Control-group sales, (excludes food services, auto dealers, building-material stores, and gasoline stations) a potential barometer for underlying spending trends, rose 0.4% versus an upwardly revised 1.3% in February. Food services & drinking places, a proxy for services spending, rose 1.8% in March compared to a 0.8% decline the previous month. Notwithstanding cost-of-living challenges for countless households throughout the nation, consumer resilience has been an essential catalyst of economic growth over the past several years. But if a plunge in the Conference Board's recent consumer-sentiment index represents a reasonable indication of future spending behavior, Americans appear poised to curb personal consumption over the near-term.

Automobile Industry The National Automobile Dealers Association (NADA) reported Seasonally Adjusted Annual Rate (SAAR) new light-vehicle sales of 16.5 million units through March, an increase of 7.4% over the same period last year. Given the surge in purchases was a clear indication consumers hurried to front-run the impending 25% tariffs for new-vehicle imports, sales are likely to have peaked over the near-term assuming all, or a significant portion, of the tariffs are not unwound. Data from Ward's Intelligence indicated retail sales in March increased 17.3% (1.3 million units) from one year prior, while sales of fleet vehicles rose 5.0% (281 thousand units). With strong demand propelling the trajectory of sales in March, J.D. Power projects average incentive spending per unit fell from the prior month by \$102 per unit to \$3,059 but remained up \$235 per unit versus March 2024. Prior to the disruption imposed by new tariffs, incentive spending was expected to increase throughout 2025 as inventory recuperation continued. The used vehicle market also experienced a swell of purchase activity during March as consumers sought to mitigate the threat of rising prices and inventory shortages. Cox Automotive reported 1.7 million units were sold, an increase of 9.4% versus February and 12.2% compared to one year prior. In a note, Cox Automotive portrayed a somber outlook for the automotive industry and consumers. "As pre-tariff inventory is depleted, automakers distribute these additional costs across their entire portfolio of vehicles. Over time, we can expect a decline in both production and sales, leading to increased prices for both new and used cars." Jonathan Smoke, Cox Automotive's chief economist, added to the downbeat tone as another round of tariffs went into effect on May 3rd. "Frankly, from my perspective, (the parts tariffs) looks worse for the broader economy than the tariffs on imported vehicles. The tariffs on parts that will lead to higher inflation in repair and maintenance and insurance which impact every American and not just the people thinking about buying a new imported vehicle."

State The Secretary of Finance's March revenue report noted the Commonwealth's general fund revenues are tracking \$1.2 billion (5.8%) higher through the third quarter 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 \$84.7 million (0.4%). Combined, individual income, corporate and sales taxes are slightly trailing the forecast by -0.4%, driven primarily by growth in individual income tax refunds. Individual income tax withholding (57% of general fund revenues) rose \$818.0 million (6.6%) through March compared to one year prior. Sales tax collections (16% of general fund revenues) over the first nine months of the current fiscal year increased \$49.7 million (1.4%). "Virginia is in a very strong position from a financial and job opening standpoint, and overall economic conditions and revenue collections to-date are consistent with our forecast," said Secretary of Finance Steve Cummings. "The last three months of our fiscal year are the largest revenue months for the year, and we will continue to watch all data closely. We continue to believe that we will achieve our forecast for FY 2025."

Virginia's seasonally adjusted unemployment rate rose during the quarter to 3.2% in March from 3.0% in December. According to March household survey data, The Virginia Employment Commission's report disclosed an increase in Virginia's labor force of 9,752 workers to 4,586,386. The number of unemployed residents increased by 5,029 to 145,441, while the number of employed Virginians decreased 14,781 to 4,440,945. The Commission reported employment rose in six of eleven major categories in March versus the prior month. The sectors credited for driving the largest portion of overall job gains were

Construction (7,200), Education and Health Services (2,200), Trade, Transportation, and Utilities (1,600) and Leisure and Hospitality (1,500). Within the five categories that declined, the top three sectors that shed jobs included Professional and Business Services (-4,400), Government (-2,400) and Information (-300). The decline in Government employment represents a net amount that combines federal, state, and local jobs. The loss in federal government jobs totaled 4,100, while state and local government employment increased by 1,000 and 700, respectively.

Local When measured by the level of unemployment, Prince William County's labor market exhibited a weakening trend over the quarter as the preliminary unemployment rate rose to 3.3% in March versus 2.3% in December. Data published by the Bureau of Labor Statistics indicated the labor force declined to 269,659 from 269,745. The number of employed residents shrank by 2,667 through the first three months of 2025, while the total number of unemployed residents rose to 2,581 over the same period. 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 January through March, average initial claims per month climbed to 593 versus a per month average of 431 from October through September. Considering the trajectory of claims throughout the quarter, a reasonable conclusion can be made that reductions in the federal workforce and contractors serving the federal government are likely buttressing the County's current labor market profile.

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 March 2025 and March 2024.

Category	Mar 2025	Mar 2024	Increase/(Decrease)
Median Sold Price	\$550,000	\$580,000	(5.2%)
Units Sold	296	374	(20.9%)
Active Listings	448	273	64.1%
Average Days on Market	19	17	11.8%
New Listings	492	438	12.3%

After reaching a 2025 high of approximately 7.04% in mid-January the average 30-year mortgage rate has declined modestly, triggered in part by concerns economic growth could come under pressure amid the Trump administration's rollout of reciprocal tariffs. Still, against a backdrop of elevated prices and reluctance by current homeowners to relinquish lower interest mortgages, housing affordability challenges have remained persistent. At the time of this writing, Freddie Mac's Primary Mortgage Survey indicated the average 30-year fixed rate mortgage stood at 6.76%. "Home buying and selling remained sluggish in March due to the affordability challenges associated with high mortgage rates," said NAR Chief Economist Lawrence Yun. "Residential housing mobility, currently at historical lows, signals the troublesome possibility of less economic mobility for society." Virginia Realtors monthly Flash Survey indicated the organization's Buyer Activity Index increased to 46 in March from 42 the prior month. Approximately 24% of realtors assessed buyer activity in their local market as "high" or "very high", while roughly 31% rated buyer activity as "low" or "very low". An estimated 36% of realtors cited "limited housing inventory in Virginia was a significant obstacle for their clients", and 15% referenced high interest rates as the "primary factor preventing them from buying a home in March." A separate index produced by Virginia Realtors that measures realtors' opinions about market performance three months forward increased to 53 in March versus 52 in February. Approximately 27% of survey participants thought buyer activity over the next three months would be higher in their respective markets, while 21% indicated buyer activity would decline.

Commercial Sector For the quarter ended March 2025, Costar Realty Group (Costar) reported the County's commercial inventory included 57.6 million square feet (sq. ft.) of space in 2,292 properties with 1.6 million sq. ft. of vacant space. The vacancy rate was 2.8% compared to 3.1% at the end of the prior quarter. Highlights from Virginia Realtors Q1 2025 statewide commercial real estate report are as follows:

- Office: "Overall, Virginia's office market was off to a slow start in 2025. In the first quarter net absorption remained negative, vacancy rates are climbing across building classes, and the construction pipeline continues to shrink. Rent levels are rising for Class A space, but are trending down for Class B/C space, reflective of the flight to quality trends that have been taking shape more broadly in the office market."
- Retail: "The retail real estate market in Virginia had a strong start to 2025. Net absorption was positive for the second straight quarter, vacancy rates dropped, and rent levels continue to climb. The construction pipeline continues to slowdown with less space under construction than last year, and less space delivered."
- "The industrial real estate market in Virginia cooled at the start of 2025. Net absorption was well below last year's Q1 level, and vacancy rates rose sharply. Rent levels declined in most regional markets, and the construction pipeline slowed."
 - While other sectors within the industrial space may be experiencing a cooling trend, data center growth is anticipated to remain robust. According to Jones Lang LaSalle's 2025 Global Data Center Outlook, baseline expansion is estimated at a 15% compound annual growth rate through 2027, with upside potential for a 20% compound annual growth rate.

PRINCE WILLIAM COUNTY

3rd 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.

Third 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 March 31, 2025, the revised County government unrestricted general fund budget, excluding transfers, was \$854.7 million.

3. *Third Quarter General Fund Expenditures* – As of March 31, 2025, 71.2% 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 third quarter, agencies spent 70% of the operating expenditure budget.

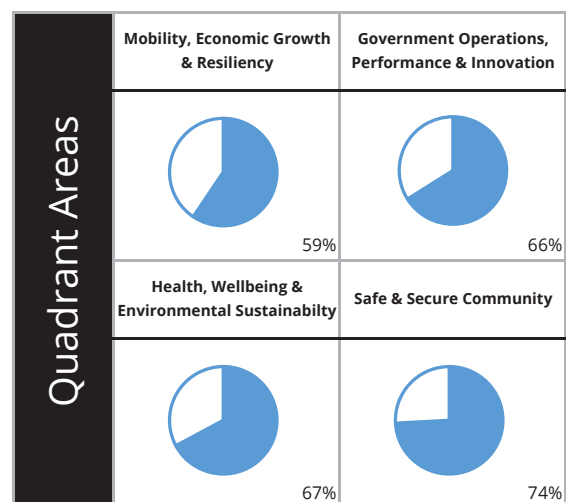
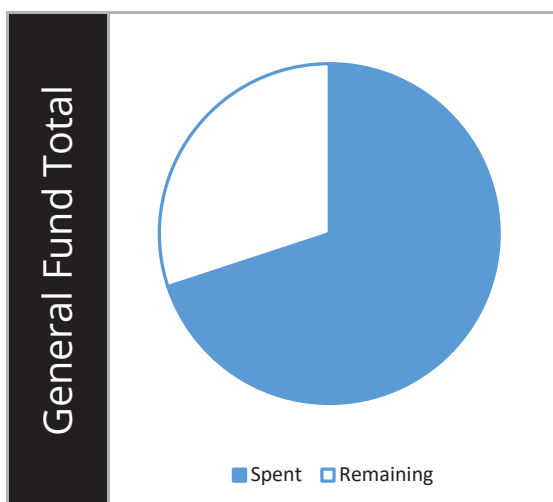
Percent of Budget Spent (Including Debt Service & Non-Departmental)	Percent of Budget Spent (Excluding Debt Service & Non-Departmental)
71.2%	70.0%

4. *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 68.8% of the operating expenditure budget.

Percent of Budget Spent (Excluding Debt Service, Non-Departmental, & Internal Services)
68.8%

Current projections indicate 97.5% 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 \$19.0 million.

5. *Third Quarter Salary & Benefit Expenses* – Agency salary and benefit expenses as a percentage of budget will be slightly lower through the third quarter as there were nineteen (19) pay periods out of a total of 26 pay periods for the entire fiscal year. There will be an extra pay period accrued during the fourth quarter. This means salary and benefit expenses are not evenly distributed throughout the fiscal year.
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.



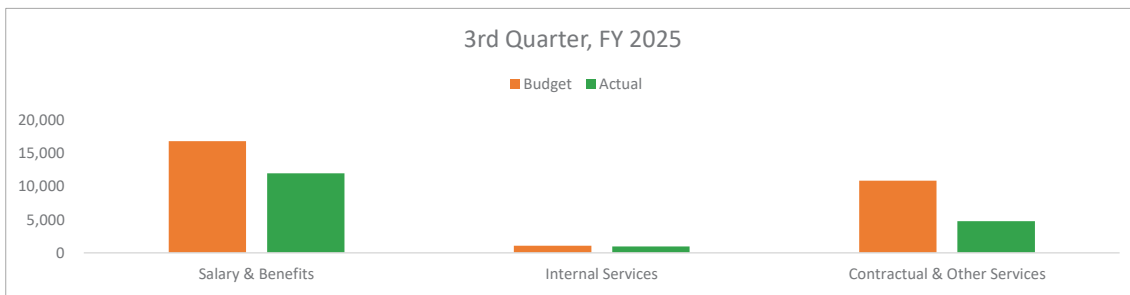
Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Mobility, Economic Growth & Resiliency	Salary & Benefits	16,844.10	11,987.96	
	Internal Services	1,048.90	968.80	
	Contractual & Other Services	10,861.10	4,747.50	
	Reserves & Contingencies	(5,207.20)	(3,706.71)	
		23,546.91	13,997.54	59.45%



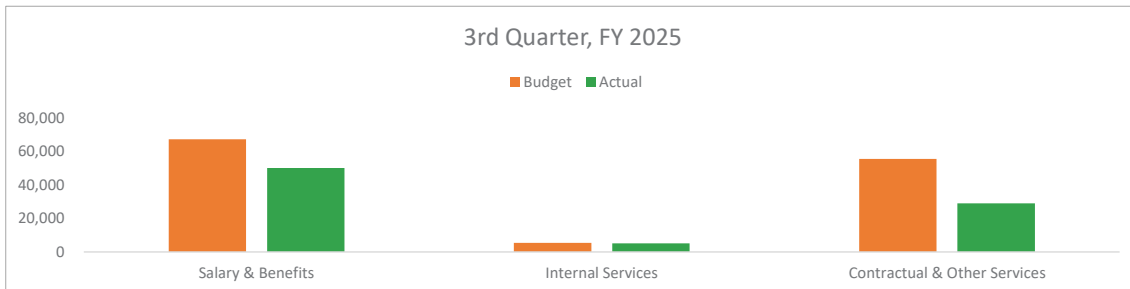
Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Government Operations, Performance & Innovation	Salary & Benefits	67,331.74	50,175.89	
	Internal Services	5,398.33	5,186.16	
	Contractual & Other Services	55,608.95	29,051.10	
	Reserves & Contingencies	(5,323.65)	(3,141.70)	
		123,015.38	81,271.45	66.07%



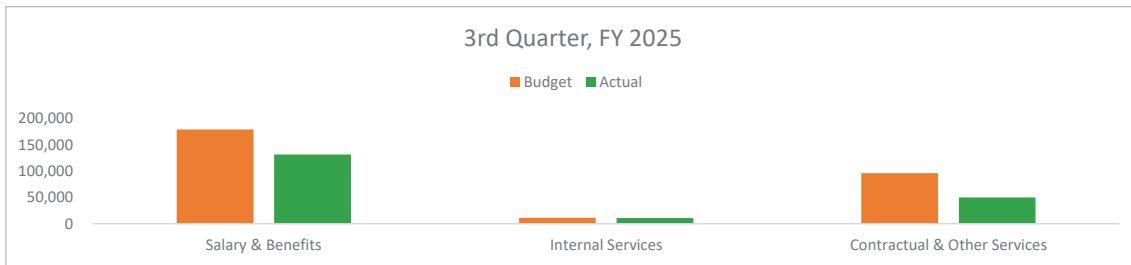
Health, Wellbeing & Environmental Sustainability Quadrant Area

(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	179,040.23	131,316.05	
	Internal Services	11,080.04	10,669.99	
	Contractual & Other Services	95,989.96	49,785.61	
	Reserves & Contingencies	(846.91)	(154.81)	
		285,263.32	191,616.84	67.17%



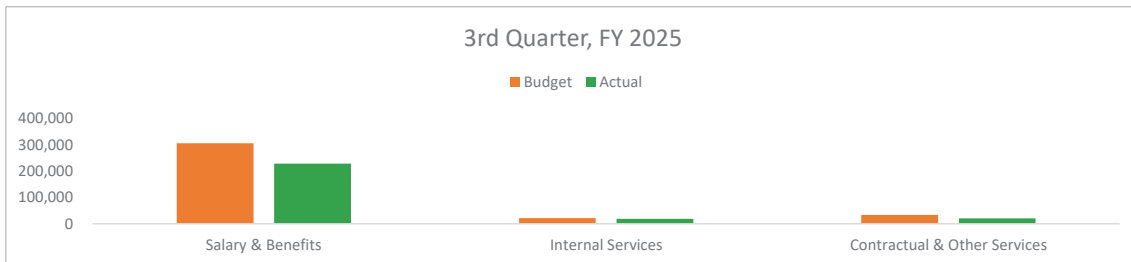
Safe & Secure Community Quadrant Area

(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

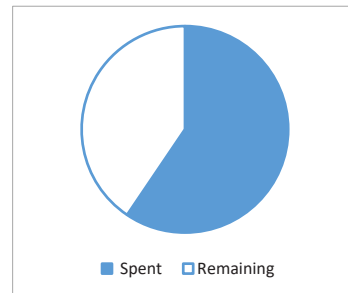
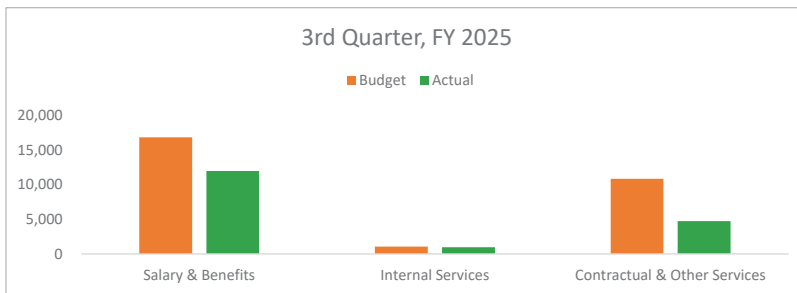
Quadrant Area	Spending Category	Budget	Actual	Spent %
Safe & Secure Community	Salary & Benefits	306,385.36	228,485.48	
	Internal Services	20,972.44	18,893.43	
	Contractual & Other Services	33,673.89	20,145.25	
	Reserves & Contingencies	(175.65)	0.00	
		360,856.04	267,524.16	74.14%



Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Planning	Salary & Benefits	2,637.11	1,621.21	
	Internal Services	205.78	204.70	
	Contractual & Other Services	2,517.53	1,020.33	
	Reserves & Contingencies	(8.06)	0.00	
		5,352.36	2,846.24	53.18%
Public Works	Salary & Benefits	4,596.09	3,287.83	
	Internal Services	332.71	252.95	
	Contractual & Other Services	2,510.21	627.16	
	Reserves & Contingencies	(218.61)	(115.30)	
		7,220.40	4,052.65	56.13%
Transportation	Salary & Benefits	6,240.81	4,938.12	
	Internal Services	333.80	337.11	
	Contractual & Other Services	3,600.53	1,685.26	
	Reserves & Contingencies	(4,965.13)	(3,591.41)	
		5,210.01	3,369.07	64.67%



Notable Variances

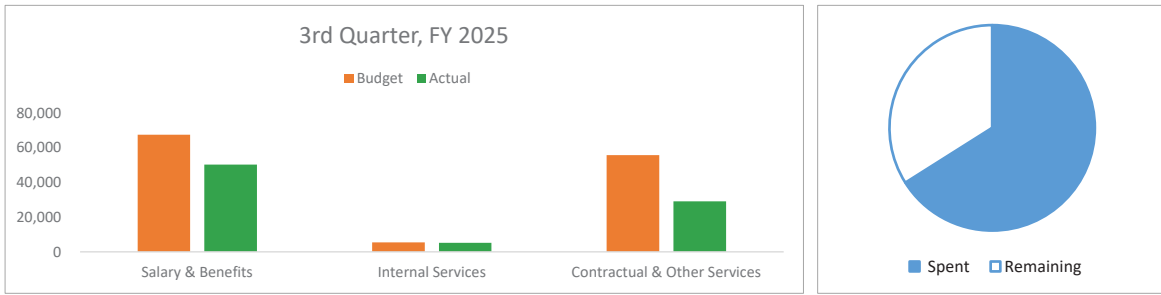
- Economic Development & Tourism**- An additional \$1.5 million in encumbrances which increases the overall expenditure to 92%. The increased expenditure in Q3 reflects several large, planned commitments that align with the agency annual work program. These includes the \$288K SBDC MOU, Modern Day Marine Conference \$30K, Calibrate Small Business Conference \$10K, various consultant studies, travel trade shows and subscription-based cloud service renewals \$120K.
- Planning** - The underspend is mainly due to professional-services funding being on hold until BOCS approved new on-call planning services contracts. Those contracts have been awarded. In addition, several high-salary positions remained vacant through mid-year.
- Public Works** - Contractual & Other Services is underspent due to upcoming expenditures totaling \$1.1 million. These include various new planting and landscaping maintenance projects, a farm site reforestation project, and a groundwater study.
- Transportation** - An additional \$1.1 million in encumbrances, while a \$0.5 million cost recovery for March 2025 is still pending. The impact of these transactions is expected to increase overall expenses to 77% in the third 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	2,909.01	
	Internal Services	388.42	388.42	
	Contractual & Other Services	2,639.29	1,153.73	
	Reserves & Contingencies	(12.90)	0.00	
		7,510.08	4,451.16	59.27%
County Attorney	Salary & Benefits	5,408.13	3,928.35	
	Internal Services	298.54	298.47	
	Contractual & Other Services	1,772.96	603.62	
	Reserves & Contingencies	(181.85)	(106.72)	
		7,297.78	4,723.72	64.73%
Elections	Salary & Benefits	2,545.65	2,125.47	
	Internal Services	271.28	272.41	
	Contractual & Other Services	1,608.39	1,242.21	
	Reserves & Contingencies	(14.08)	0.00	
		4,411.24	3,640.09	82.52%
Executive Management	Salary & Benefits	8,464.22	6,383.64	
	Internal Services	377.09	375.40	
	Contractual & Other Services	1,436.73	275.25	
	Reserves & Contingencies	(257.49)	(187.03)	
		10,020.55	6,847.26	68.33%
Facilities & Fleet Management	Salary & Benefits	13,948.17	10,747.77	
	Internal Services	1,427.50	1,252.54	
	Contractual & Other Services	40,412.73	23,420.01	
	Reserves & Contingencies	(3,847.44)	(1,902.88)	
		51,940.96	33,517.43	64.53%
Finance	Salary & Benefits	23,418.10	17,704.31	
	Internal Services	1,931.17	1,894.54	
	Contractual & Other Services	5,899.89	1,864.85	
	Reserves & Contingencies	(311.87)	(237.86)	
		30,937.29	21,225.84	68.61%
Human Resources	Salary & Benefits	5,858.91	4,110.99	
	Internal Services	543.96	543.97	
	Contractual & Other Services	1,683.23	459.45	
	Reserves & Contingencies	(696.61)	(707.21)	
		7,389.49	4,407.20	59.64%
Human Rights Office	Salary & Benefits	918.08	647.79	
	Internal Services	46.01	46.01	
	Contractual & Other Services	72.70	20.15	
	Reserves & Contingencies	(0.69)	0.00	
		1,036.10	713.95	68.91%
Management & Budget	Salary & Benefits	2,275.23	1,618.56	
	Internal Services	114.36	114.40	
	Contractual & Other Services	83.02	11.84	
	Reserves & Contingencies	(0.72)	0.00	
		2,471.89	1,744.81	70.59%

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



Notable Variances

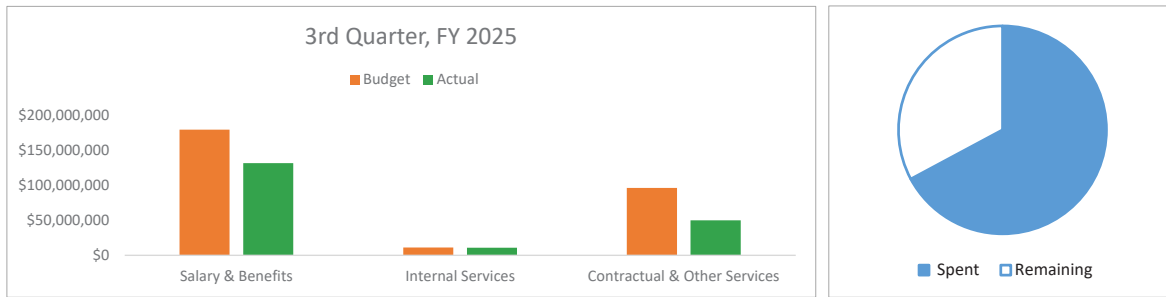
- Board of County Supervisors** - Contractual & Other Services expenditure has an additional \$0.8 million in encumbrances for some contracts, including the audit services. This transaction is anticipated to result in an increase of overall expense to 71% in third quarter of FY25.
- County Attorney** - Salaries & benefits have temporarily decreased as a result of two vacancies—one already filled and another to be filled 5/12/25—as well as an employee on unpaid military leave. Funding for external litigation counsel is accounted for under Contractual Services, with additional expenses anticipated as the year-end approaches, and into FY26. As such, any additional funds will be encumbered for FY26. Cost recovery from NVT fluctuates based on the particular staff workload.
- Elections** - Expenses were elevated during the second quarter due to the 2024 Presidential Election, but only 13.1% was spent in Q3 and cost savings/revenue offsets have been identified for Q4.
- Facilities & Fleet Management** - The budget is underspent due to encumbrances for contractual services such as property management, security services, and building maintenance, which have been reserved but not yet fully utilized.
- Human Resources** - Contractual & Other Services is underspent due to encumbrances of \$0.6 million for compensation studies and upcoming large-scale purchases for job fair display, giveaway items and staff training.

Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Aging	Salary & Benefits	4,449.37	3,435.56	
	Internal Services	265.12	247.60	
	Contractual & Other Services	5,141.65	3,840.46	
	Reserves & Contingencies	(47.66)	0.00	
		9,808.49	7,523.62	76.71%
Community Services	Salary & Benefits	60,822.55	45,528.08	
	Internal Services	2,669.75	2,644.91	
	Contractual & Other Services	32,945.04	9,392.43	
	Reserves & Contingencies	(158.98)	0.00	
		96,278.36	57,565.43	59.79%
Cooperative Extension Service	Salary & Benefits	1,340.95	695.02	
	Internal Services	143.69	143.70	
	Contractual & Other Services	78.54	178.43	
	Reserves & Contingencies	(0.43)	0.00	
		1,562.74	1,017.14	65.09%
Library	Salary & Benefits	20,573.21	14,189.45	
	Internal Services	1,760.09	1,745.67	
	Contractual & Other Services	3,757.19	2,548.03	
	Reserves & Contingencies	(30.76)	0.00	
		26,059.73	18,483.14	70.93%
Juvenile Court Service Unit	Salary & Benefits	757,397	312,051	
	Internal Services	24,648	24,920	
	Contractual & Other Services	91,147	26,338	
	Reserves & Contingencies	(4,006)	0	
		869,187	363,309	41.80%
Parks & Recreation	Salary & Benefits	32,537.78	23,165.31	
	Internal Services	3,303.09	2,952.53	
	Contractual & Other Services	13,463.39	7,330.50	
	Reserves & Contingencies	(242.15)	(154.81)	
		49,062.11	33,293.53	67.86%
Public Health	Salary & Benefits	1,885.61	2,005.09	
	Internal Services	60.56	54.89	
	Contractual & Other Services	3,105.82	1,603.56	
	Reserves & Contingencies	(30.97)	0.00	
		5,021.03	3,663.54	72.96%
Social Services	Salary & Benefits	46,649.63	35,178.89	
	Internal Services	2,300.15	2,291.70	
	Contractual & Other Services	35,830.98	24,049.87	
	Reserves & Contingencies	(324.60)	0.00	
		84,456.15	61,520.45	72.84%
Youth Services	Salary & Benefits	10,023.74	6,806.60	
	Internal Services	552.95	564.09	
	Contractual & Other Services	1,576.21	816.00	
	Reserves & Contingencies	(7.36)	0.00	
		12,145.53	8,186.69	67.40%

Health, Wellbeing & Environmental Sustainability Quadrant *(Continued)*



Notable Variances

- Community Services** - Contractual & Other Services includes encumbrances of \$11.7 million. 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 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.
- Cooperative Extension Service** - Underspending on salaries and benefits is primarily due to only half of our state personnel bill being paid and delays in reclassifying salary expenditures tied to the Financial Education program, impacted by the federal grants process and budget resolutions.
- Library** - Contractual & Other Services is underspent due to upcoming expenditures totaling \$0.3 million for high volume purchases of materials with major vendors for the year and an upcoming \$0.2 million contract payment for the Library's total inventory and collections/materials tracking system.
- Juvenile Court Service Unit** - Salaries and Benefits is underspent due to local salary supplement 3rd quarter payment being processed after the quarter was over. Contractual & Other Services are underspent due to a \$41K in encumbrances that are not being captured in the quarter.
- Parks & Recreation** - An additional \$4.1 million in encumbrances for Contractual & Other Services. This transaction is anticipated to result in an increase of overall expenses to 76% in the third quarter of FY25.
- Youth Services** - Contractual & Other Services is underspent due to upcoming expenditures of \$126.6 thousand for mediation and restorative justice services.

Safe & Secure Community Quadrant Area

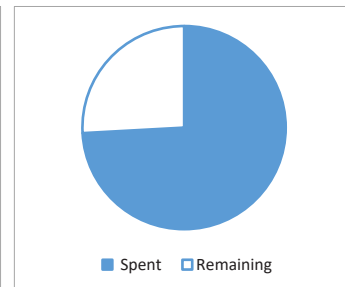
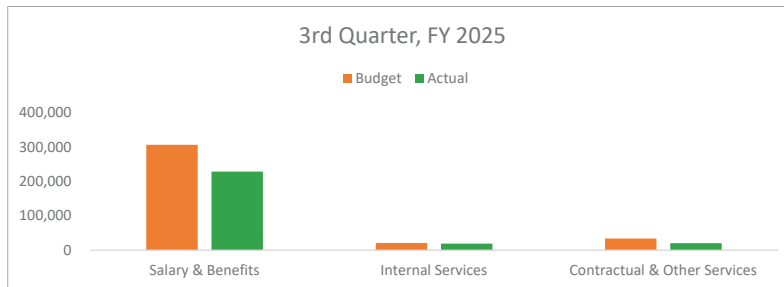
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Circuit Court Clerk	Salary & Benefits	5,384.54	4,023.46	
	Internal Services	255.21	255.22	
	Contractual & Other Services	897.26	338.97	
	Reserves & Contingencies	(3.74)	0.00	
		6,533.27	4,617.65	70.68%
Circuit Court Judges	Salary & Benefits	1,841.83	1,317.79	
	Internal Services	91.63	82.57	
	Contractual & Other Services	101.51	77.66	
	Reserves & Contingencies	(0.94)	0.00	
		2,034.03	1,478.02	72.66%
Commonwealth Attorney	Salary & Benefits	11,814.92	8,507.71	
	Internal Services	645.70	639.01	
	Contractual & Other Services	766.12	587.94	
	Reserves & Contingencies	(4.55)	0.00	
		13,222.19	9,734.66	73.62%
Criminal Justice Services	Salary & Benefits	6,940.33	4,944.93	
	Internal Services	395.46	392.16	
	Contractual & Other Services	866.83	497.17	
	Reserves & Contingencies	(6.05)	0.00	
		8,196.57	5,834.25	71.18%
Fire & Rescue	Salary & Benefits	120,763.25	92,267.03	
	Internal Services	5,577.90	5,013.26	
	Contractual & Other Services	10,734.18	6,559.84	
	Reserves & Contingencies	(53.06)	0.00	
		137,022.27	103,840.14	75.78%
General District Court	Salary & Benefits	1,764.01	1,050.49	
	Internal Services	23.11	23.11	
	Contractual & Other Services	353.00	213.68	
	Reserves & Contingencies	(1.75)	0.00	
		2,138.36	1,287.27	60.20%
Juvenile & Domestic Relations Ct	Salary & Benefits	641.87	428.40	
	Internal Services	32.92	32.92	
	Contractual & Other Services	113.20	70.14	
	Reserves & Contingencies	(0.66)	0.00	
		787.33	531.46	67.50%
Magistrates	Salary & Benefits	88.73	64.84	
	Internal Services	20.13	20.13	
	Contractual & Other Services	10.39	3.11	
	Reserves & Contingencies	(0.08)	0.00	
		119.16	88.08	73.91%

Safe & Secure Community Quadrant (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Police	Salary & Benefits	127,062.74	93,909.77	
	Internal Services	11,996.09	10,692.08	
	Contractual & Other Services	15,282.04	9,331.15	
	Reserves & Contingencies	(75.31)	0.00	
		154,265.56	113,933.00	73.86%
Public Safety Communications	Salary & Benefits	14,073.53	9,998.27	
	Internal Services	579.07	568.10	
	Contractual & Other Services	3,385.21	1,740.40	
	Reserves & Contingencies	(21.25)	0.00	
		18,016.56	12,306.77	68.31%
Sheriff	Salary & Benefits	16,009.61	11,972.79	
	Internal Services	1,355.24	1,174.88	
	Contractual & Other Services	1,164.16	725.20	
	Reserves & Contingencies	(8.27)	0.00	
		18,520.74	13,872.87	74.90%



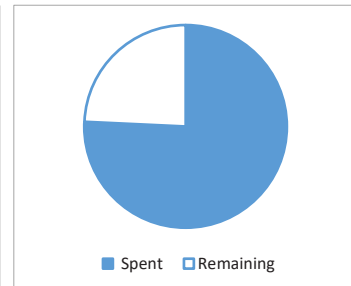
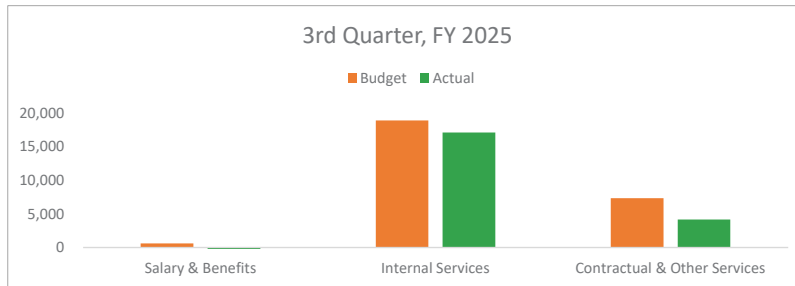
Notable Variances

- 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. The GDC's Contractual & Other Services is underspent due to \$43K in encumbrances that are not being captured in the quarter.
- Juvenile & Domestic Relations Court** - Salaries and Benefits is underspent due to vacancies. Contractual & Other Services are underspent due to expenses and \$19K in encumbrances that are not being captured in the quarter.
- Public Safety Communications** - Contractual & other services actuals are underspent due to the \$963K grant funding received from the Department of Justice in December, approved via BOCS Res 24-819, for the activities related to the Next Generation 911 call handling equipment project. These funds will be carried forward and used as the project progresses in the next fiscal year.

Non-Departmental

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Non-Departmental	Salary & Benefits	585.50	(946.53)	
	Internal Services	18,928.32	17,119.86	
	Contractual & Other Services	7,327.63	4,150.50	
	Reserves & Contingencies	0.00	0.00	
		26,841.45	20,323.83	75.72%



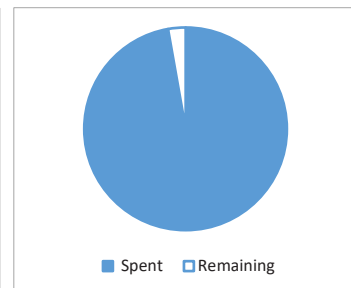
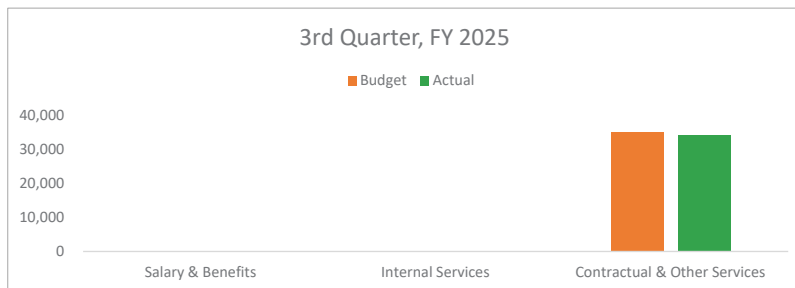
Notable Variances

1. **Non-Departmental** - The following payments were made during 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 (\$0.9M). Note, there has been a one-time \$1.2M credit for administrative costs related to American Rescue Plan Act to the agency.

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	35,218.68	34,247.06	
	Reserves & Contingencies	0.00	0.00	
		35,218.68	34,247.06	97.24%



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 and have already occurred by the third quarter.



**PRINCE
WILLIAM**
— COUNTY

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

1 County Complex Court
Prince William, VA 22192

www.pwcva.gov