

PRINCE WILLIAM — COUNTY

Revenue and Expenditures **Report**



FY 2021

2nd Quarter

Published 2/15/21

PRINCE WILLIAM COUNTY

2nd Quarter FY 2021 Revenues

Section 2.09 of the **Principles of Sound Financial Management** requires quarterly updates to the Board of County Supervisors (BOCS) within 45 days of the end of each quarter on the County's General Fund budget and trends with revenue projections through the end of the fiscal year.

The FY 2021 Adopted Budget estimates general revenues to be \$1.09 billion.

As of the second quarter, general revenues are expected to produce a surplus of \$4.2 million from the adopted FY 2021 budget by June 30, 2021.

General Revenue Sources	Prior Year FY2020 Year-End	Current Year FY2021				
		Adopted	Q1 Revised	Q2 Revised	\$ Change Q2/ Adopted	% Change Q2/ Adopted
Real Property Tax	\$698,789,300	\$722,258,000	\$722,258,000	\$722,258,000	\$0	0.00%
Personal Property Tax	210,474,881	220,440,000	220,440,000	220,440,000	0	0.00%
Local Sales Tax	72,319,940	65,130,000	65,130,000	72,000,000	6,870,000	10.55%
Consumer Utility Tax	14,407,996	14,700,000	14,700,000	14,700,000	0	0.00%
Communications Sales and Use Tax	14,914,152	14,530,000	14,530,000	14,530,000	0	0.00%
BPOL	28,236,279	24,375,000	24,375,000	24,375,000	0	0.00%
Interest from Pooled Investments	11,180,034	8,050,000	5,000,000	5,000,000	(3,050,000)	-37.89%
Other Revenues Tax	22,328,010	25,210,000	24,710,000	25,570,000	360,000	1.43%
TOTAL GENERAL REVENUES	\$1,072,650,592	\$1,094,693,000	\$1,091,143,000	\$1,098,873,000	\$4,180,000	0.38%

Revenues At-A-Glance

Many revenue sources are still vulnerable to economic impacts attributed to the Coronavirus. Given the level of uncertainty that remains, all revenues will be monitored closely. Further adjustments to other revenue sources, if warranted, may be made in the third quarter.

Variances from the FY 2021 Adopted Budget are as follows:

Sales Tax revenue collected through the first six months of this fiscal year is nearly 60% of the FY 2021 adopted forecast of \$65.1 million. The established pace positions this revenue source on a track to eclipse the adopted forecast by approximately 120% through the final two quarters. A comprehensive multi-industry analysis was conducted to gain a better understanding of sales tax growth over the first half of FY 2021. The study uncovered an increase of 8% in brick-and-mortar sales and a 66% surge in non-store/online receipts when compared to sales data accumulated in a pre-COVID (February 2020) environment. Given the results of the analysis and the current trajectory of revenue collections, the sales tax forecast for FY 2021 has been revised to \$72 million, a \$6.9 million increase.



Investment Income generated by the County's General Portfolio through the first two quarters of FY 2021 was \$3.8 million. The revised forecast submitted during the first quarter projected a shortfall of \$3 million for FY 2021. Although investment income is trending above the revised forecast of \$5 million, headwinds remain over the foreseeable future. Reinvestment of available funds at significantly lower yields, coupled with the Federal Reserve's commitment to anchor short term interest rates at current levels, will subdue the General Portfolio's earnings growth in the months ahead.

All Other Revenue is comprised of fifteen revenue sources. Recordation and Tax on Deeds tax are currently benefiting from the appreciation in residential values. A surplus of \$590 thousand and \$270 thousand, respectively, is currently projected. Bank Franchise Tax is expected to produce a shortage of \$500 thousand for FY 2021. The revised forecast submitted during the first quarter for Bank Franchise Tax was driven by data obtained from the Bureau of Economic Analysis. The analysis revealed a steady decline of U.S. personal savings from June through September of 2020.



Looking Ahead

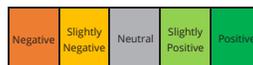
Economy At-A-Glance

Indicator	Prior ¹ 9/30/2020	Current ¹ 12/31/2020	Trend					Notes
General								
Consumer Price Index (CPI)	1.4%	1.4%	Orange	Yellow	Grey	Light Green	Dark Green	Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	33.1%	4.0%	Orange	Yellow	Grey	Light Green	Dark Green	Measures the final market price for goods and services produced within the U.S.
Federal Funds Rate	0.09%	0.09%	Orange	Yellow	Grey	Light Green	Dark Green	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	3,363	3,756	Orange	Yellow	Grey	Light Green	Dark Green	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	7.9%	6.7%	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the number of unemployed persons as a percentage of the total U.S. labor force.
Virginia	6.2%	4.9%	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the number of unemployed persons as a percentage of the total VA labor force.
Prince William County	6.4%	4.8%	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the number of unemployed persons as a percentage of the total PWC labor force.
Average Weekly Wages ²								
National	\$1,222	\$1,188	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.
Virginia	\$1,233	\$1,218	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.
Prince William County	\$981	\$1,048	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.
Employment Establishments ³								
Virginia	282,924	283,318	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.
Region	92,235	92,404	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.
Prince William County	9,653	9,671	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the total number of physical locations where business, services, or industrial operations are performed in Prince William County.
Revenue								
Retail Sales: National	1.9%	-0.70%	Orange	Yellow	Grey	Light Green	Dark Green	Retail sales tracks the resale of new and used goods to the general public for personal or household consumption.
Sales and Use Tax: Virginia	7.5%	6.7%	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the percentage of state collections for sales and use tax.
Sales and Use Tax: Prince William County	9.1%	7.1%	Orange	Yellow	Grey	Light Green	Dark Green	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%	7.8%	Orange	Yellow	Grey	Light Green	Dark Green	Approximately 88% of Virginia's revenue consists of net individual income tax and sales tax.
Vehicles								
National Automobile Sales	13.78 M	14.37 M	Orange	Yellow	Grey	Light Green	Dark Green	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								
Average Sales Price	\$458,360	\$456,968	Orange	Yellow	Grey	Light Green	Dark Green	Reflects the average sold price for a home.
Closed Sales	793	717	Orange	Yellow	Grey	Light Green	Dark Green	Reflects the number of closed home sales.
Average Days on Market	12	13	Orange	Yellow	Grey	Light Green	Dark Green	Reflects the average time a home is on the market from listing to closing.
Ratio of Homes on the Market to Homes Sold	0.48	0.30	Orange	Yellow	Grey	Light Green	Dark Green	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	383	320	Orange	Yellow	Grey	Light Green	Dark Green	Establishes that a property is suitable for habitation after meeting the requirements of the Uniformed Statewide Building Code.
Building Permits Issued	352	280	Orange	Yellow	Grey	Light Green	Dark Green	Tracks the number of new building permits issued for residential dwellings.
Commercial Vacancy Rate	5.3%	5.5%	Orange	Yellow	Grey	Light Green	Dark Green	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



National, State, and Local Trends

National Summarizing our nation's journey through 2020 is no simple task. Tumultuous and wearisome? Without question. Demonstrated acts of resiliency and heroism? Absolutely. The convergence of the coronavirus pandemic, political unrest, and racial tensions presented constant challenges to America's resolve. While specific issues may linger, the path forward to addressing long term social and economic hurdles confronting the U.S. clearly begins and ends with the eradication of COVID-19.

The trajectory of the U.S. economic recovery in 2021 will be primarily dependent on three factors – the impact of COVID-19 cases, the efficacy of vaccines and speed of distribution, and future federal stimulus. The Federal Reserve has maintained an accommodative stance to support the recovery process, and consistent messaging from Fed officials has indicated that posture will remain to promote its maximum employment and price stability goals. Federal Reserve Chairman Jerome Powell acknowledged the tenuous state of the U.S. economy in a speech to the National Association for Business Economics. Mr. Powell stated "The pace of economic improvement has moderated since the outsize gains of May and June, as is evident in employment, income, and spending data. The increase in permanent job loss, as well as recent layoffs, are also notable."

The Consumer Price Index (CPI), a measurement of the change in prices paid by consumers for goods and services, rose in December to 0.4% led by a sharp increase in gasoline prices. The cost for food also contributed to the gain, as both grocery and restaurant inflation significantly outpaced the broader basket of goods and services contained within the index. Throughout the quarter the underlying inflation profile remained intact – prices for core goods (excludes food & energy) increased, while the larger core services component exhibited price deterioration. Although household income may temporarily stabilize due to the passage of additional stimulus in late December, coupled with improved prospects for further aid given the balance of power in the U.S. senate, labor market conditions do not appear poised to support an acceleration in price pressure over the near term. While market participants will continue to closely monitor signals the Federal Reserve may taper current monetary accommodation, current inflation data does not appear to be displaying the emergence of conditions which would lead to such an outcome. Year-over-year, CPI for December was 1.4%. Furthermore, the Personal Consumption Expenditures Index, the Federal Reserve's preferred inflation barometer, posted a modest 1.3% gain for year-end 2020. Both measurements are comfortably inside the Federal Reserve's stated inflation target of 2.0%.

Gross Domestic Product (GDP), the broadest measure of economic activity, reversed course in the final three months of 2020 after record third quarter growth as the pandemic dealt a damaging blow to the labor market and limited Americans' ability and willingness to spend. Gross Domestic Product expanded at a 4% annualized rate for the fourth quarter, trailing a median forecast by economists of 4.2%. While output of goods and services was far slower than the 33.4% rate over the previous three months, the U.S. economy demonstrated a measure of resilience by exceeding the average of the decade-long expansion that ended in early 2020. The deceleration in overall growth reflected an abrupt moderation in consumer spending after a third quarter binge. Personal consumption, the largest element of the economy, increased by 2.5%, falling short of projections for a 3.1% rise. At the same time, other sectors of the economy produced impressive results. Driven by company spending on equipment, non-residential investment grew 13.8%, while residential expenditures expanded 33.5%. The latest figures expose the contrast of the U.S. economic recovery. Households have begun to exercise restraint regarding discretionary spending on service-related activities and merchandise. Yet, home sales momentum is fueling construction, causing companies to invest in equipment. The result has come in the form of a manufacturing rebound, necessitating an increase in factory output to replenish sparse inventories. Entering 2021, survey results submitted by private sector economists pointed to Gross Domestic Product expanding by 4.1% by year end.

The December jobs report laid bare the end of a hiring surge which followed initial COVID-19 induced lockdowns in March – April of 2020. Non-farm payrolls remained in a deficit by approximately 10 million compared to pre-pandemic levels. This suggests the decline in the unemployment rate over the past several months is misleading as it primarily reflects a decline in labor-force participation. Although the loss of 140 thousand jobs in December was in sharp contrast to the consensus median forecast of a 50 thousand gain, the results may not be as dire when looked upon from a broader perspective. First, renewed lockdown measures caused payroll declines to be concentrated primarily in the leisure and hospitality sector. Second, the dispersion of hiring weakness reflected in the data appears to be narrow. Evidence of ongoing hiring gains in construction (51k), manufacturing (38k), professional and business services (161K), and retail (121k) reveal various sectors of the labor market may have adapted to current conditions. The unemployment rate, as reported by the U.S. Bureau of Labor Statistics, was 6.7% as of year-end 2020.

Retail sales landed in negative territory over the final two months of 2020, ending an excruciating year for U.S. merchants as the pandemic forced stores to shutter their doors and kept wary consumers at home. Total retail receipts decreased 0.7% in December following a 1.4% decline in November. Control group sales, which exclude food services, car dealers, building materials stores, and gas stations, sank to an eight-month low of 1.9%. This measure is often considered more reflective of underlying consumer sentiment. In addition, widespread deterioration in categories such as non-store/online retailers (-5.8%), electronics/appliances (-4.9%), grocery stores (-1.4%), and sporting goods/hobbies (-0.8%) established no clear trend among discretionary spending categories. Consumers' willingness to spend on automobiles (1.9%) and apparel (2.4%) provided a modest silver lining to a somber December report.

The National Automobile Dealers Association (NADA) reported new light-vehicle sales of 14.46 million units for 2020, down 14.7% from 2019. Units sold during 2020 represented the first time since 2014 sales failed to eclipse 17 million and was the lowest full-year sales total since 2012. NADA cited a reduction in fleet demand as the primary factor that inhibited total light-vehicle sales returning to pre-COVID levels. Tight inventory levels and robust demand throughout most of the year led dealers and manufacturers to rely less on incentives. Based on a preliminary estimate from J.D. Power, average incentive spending per unit was \$4,014, down 12.7% year-over-year. Lower incentives, combined with consumer appetite for full-size pickups and other higher cost vehicles, drove transaction prices to a record \$38,077 per unit. While NADA expressed optimism the new light-vehicle market would continue to recover during 2021, the Association cautioned potential labor shortages, supply chain disruptions, and a current global shortage of semi-conductor microchips could limit manufacturers output. NADA projects new light-vehicle sales of 15.5 million units for 2021.

State The Commonwealth reported 2nd quarter FY 2021 general fund revenue grew 15.1% from the previous year, propelled by increases in payroll, corporate, sales, and recordation tax collections. Measured on a fiscal year-to-date basis, total revenue collections advanced 7.8% which was above the revised FY 2021 annual forecast of 1.2%. The updated forecast, which previously called for a 1.8% decline in FY 2021 general fund revenue, was included in the budget bill put forth on December 16, 2020. Governor Northam struck an upbeat tone upon release of the December report, saying "Our diligence in following our long-term financial plan has put Virginia in a stronger position to weather this health crisis and ensure a sustainable recovery." "As we look ahead to a post-pandemic world, this continued solid revenue performance gives us confidence that we can meet our budget priorities, enhance our cash reserves, and provide relief to Virginians who need it."

Virginia's seasonally adjusted unemployment rate rose 0.1% in December to 4.9% from the previous month and currently stands 2.2 percentage points above the rate from December 2019. Despite the fact Virginia's overall level of unemployment is lower than the national average, positive momentum appears to have temporarily stalled. The Virginia Employment Commission's December report revealed unemployed residents increased by 4,459, thus limiting the net gain (1,017) to the Commonwealth's

total labor force of 4,288,955. Furthermore, the Commission reported employment declined in six of eleven major sectors. Of the categories that did realize job gains, the largest occurred in trade and transportation (5,600) and manufacturing (4,400).

Local Prince William County's labor market exhibited mild improvement during the final quarter of 2020 as initial and continuing claims for unemployment insurance trended lower and the unemployment rate declined to a 9-month low. As of the final reporting week of the year, initial and continuing claims stood at 435 and 3,107, respectively, and the unemployment rate leveled off at 4.8% over the final two months of 2020. Agencies of Prince William County Government have persisted in their service to the community during the current health crisis by seeking available avenues to disburse the County's allocation of CARES funds. Approximately \$61.5 million has been distributed to local businesses and various resident services throughout the community, as well as the school district.

Prince William County Real Estate Market

Residential Sales Activity According to the Metropolitan Regional Information Systems (MRIS) sales data for December 2020, the median residential sales price of \$420,000 represents a year-over-year gain of 12%. The number of sales for the same period rose to 717 units, an increase of 33.8% compared to December 2019. The County's residential market experienced a decrease in active listings of 55.7% versus the same period in 2019. On average, units are 13 days on the market, a decrease from 29 days during the same period last year.

New listings as of December 2020 stood at 491, an increase of 44.8% from December 2019. Despite the increase in year-over-year listings, supply constraints continue to underpin the escalation of residential property valuations. While low interest rates have managed to provide a measure of relief for buyers, rising property values pose the risk of negating the value proposition currently available. According to Freddie Mac's Primary Mortgage Market Survey released on February 4th, the average 30-year fixed rate mortgage was 2.73%. Freddie Mac noted that "while many have already refinanced, the evidence suggests that upper income homeowners have taken advantage of the opportunity more so than lower income homeowners who could stand to benefit the most by lowering their monthly mortgage payment."

Commercial Sector For the quarter ending December 2020, Costar Realty Group (Costar) reported the County's commercial inventory included 49.2 million occupied square feet (sq. ft.) of space in 2,129 buildings with 2.7 million sq. ft. of vacant space.

PRINCE WILLIAM COUNTY

2nd Quarter FY 2021 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 a FY 2021 general fund budget of \$1.29 billion.

- \$625.3 million adopted School transfer, in accordance with the County-Schools revenue sharing agreement.
- \$659.9 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 Transient Occupancy Tax mandated for tourism, proffers, grants, or criminal forfeitures.
2. **Revised FY 2021 Budget** – As of December 31, 2020, the revised County government unrestricted general fund budget, excluding transfers, was \$631.8 million.
3. **Second Quarter General Fund Expenditures** – As of December 31, 2020, 53.8% 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 during the first half of the year, agencies spent 50.1% of the operating expenditure budget. **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 \$18.0 million.**

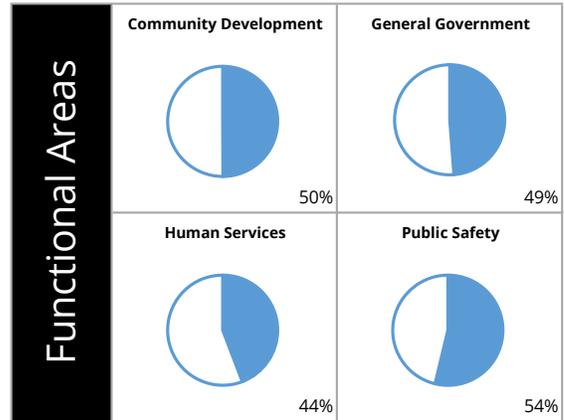
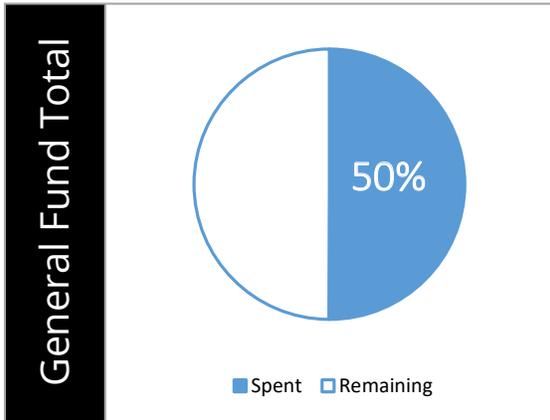
Percent of Budget Spent (Including Debt Service & Non-Departmental)	Percent of Budget Spent (Excluding Debt Service & Non-Departmental)
53.8%	50.1%

4. **Pay Periods per Quarter** - The number of pay periods differ by quarter. The first two quarters included an additional two-week pay period. The additional payroll means agencies will have higher salary and benefit actuals through the first half of the year. Additionally, \$2.4 million in retiree health benefit costs were charged for the entire fiscal year in the first quarter.
5. **Information Technology Charges** - Information technology costs for the entire fiscal year (approximately \$29 million) were billed to County agencies in the first quarter. Therefore, Internal Services expenditures are higher than normally anticipated, as well as overall general fund expenditures. **After accounting for full-year internal services costs, County agencies spent 47.6% of their expenditure budget.**

Percent of Budget Spent (Excluding Debt Service, Non-Departmental, & Internal Services)
47.6%

6. **COVID-19 Pandemic Impact on Agency Revenue** – The COVID-19 pandemic has impacted agency revenue as many Parks, Recreation & Tourism facilities operated at reduced service hours and capacity throughout the first half of the year. In addition, fines and forfeitures collected by the Courts, Sheriff, and Library were all at reduced levels. Social Services special education private day school placement reimbursements are also projected at reduced levels due to the challenges of providing services in a remote environment. **General fund agency revenue is projected to be \$10 million below budget.**
7. **COVID-19 Pandemic and CARES Act** - The COVID-19 pandemic presents challenges for Prince William County with medium and long-term factors that cannot be fully predicted. The County has expedited a constantly evolving and multi-faceted response to the pandemic, emphasizing community-level response for those individuals, families, and businesses most impacted, as well as ensuring the health and safety of county employees. Discretionary spending within the County continues to be strictly monitored.

8. *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.



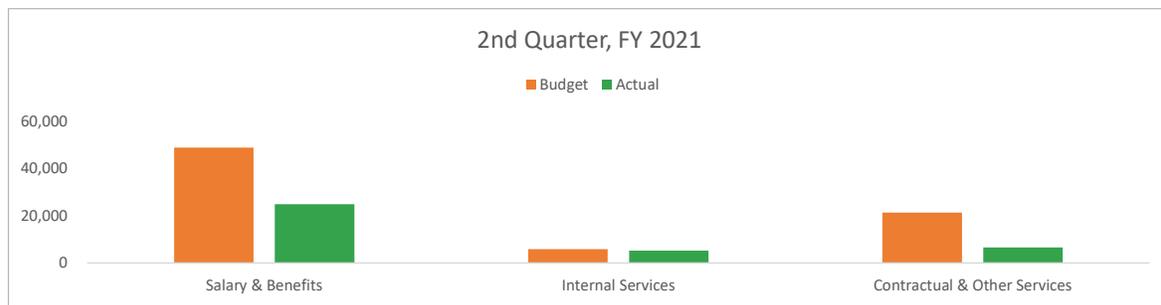
Community Development Functional Area

(Dollar amounts expressed in thousands)

Departments & Agencies

- Economic Development
- Library
- Parks, Recreation & Tourism
- Planning
- Public Works
- Transportation

Functional Area	Spending Category	Budget	Actual	Spent %
Community Development	Salary & Benefits	48,848.30	24,865.36	
	Internal Services	5,900.22	5,198.31	
	Contractual & Other Services	21,415.85	6,677.74	
	Reserves & Contingencies	(3,475.36)	(478.92)	
	72,689.00	36,262.48	49.89%	



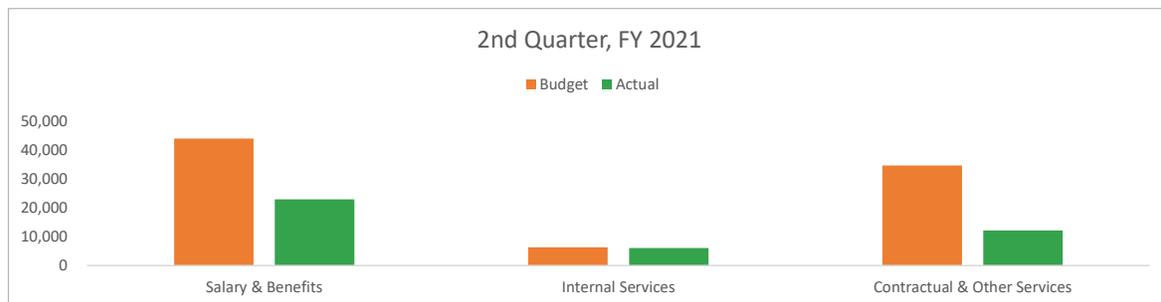
General Government Functional Area

(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

Functional Area	Spending Category	Budget	Actual	Spent %
General Government	Salary & Benefits	43,959.44	22,971.96	
	Internal Services	6,275.47	6,060.78	
	Contractual & Other Services	34,623.00	12,144.03	
	Reserves & Contingencies	(3,973.44)	(1,739.38)	
	80,884.47	39,437.38	48.76%	



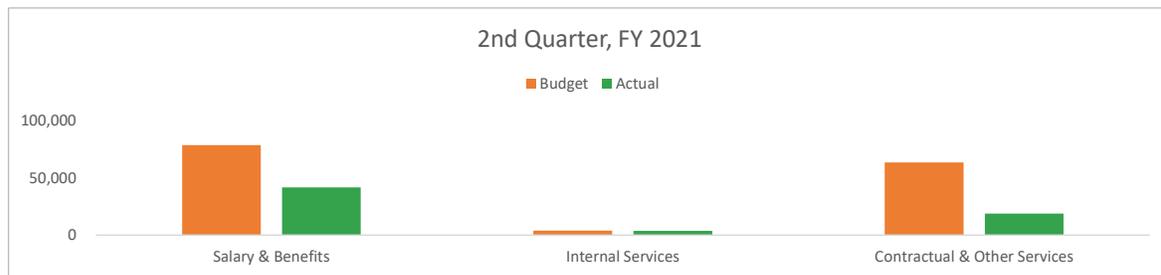
Human Services Functional Area

(Dollar amounts expressed in thousands)

Departments & Agencies

- Aging
- Community Services
- Cooperative Extension Service
- Public Health
- Social Services

Functional Area	Spending Category	Budget	Actual	Spent %
Human Services	Salary & Benefits	78,292.75	41,763.24	
	Internal Services	3,845.19	3,593.06	
	Contractual & Other Services	63,245.39	18,836.09	
	Reserves & Contingencies	0.00	0.00	
		145,383.33	64,192.39	



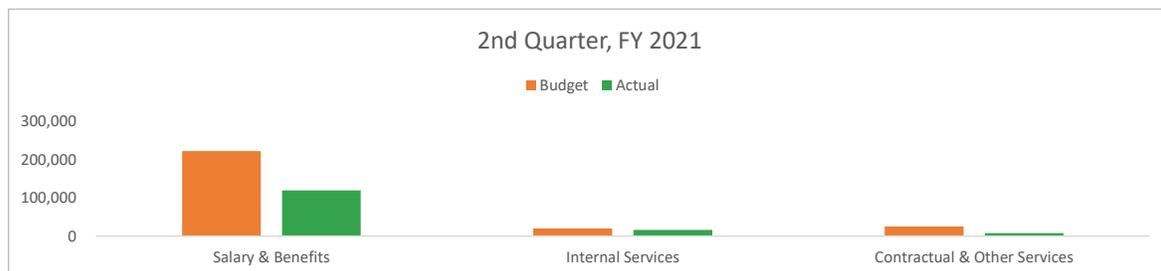
Public Safety Functional Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

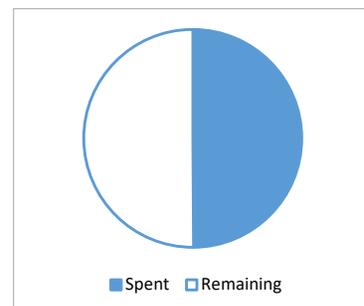
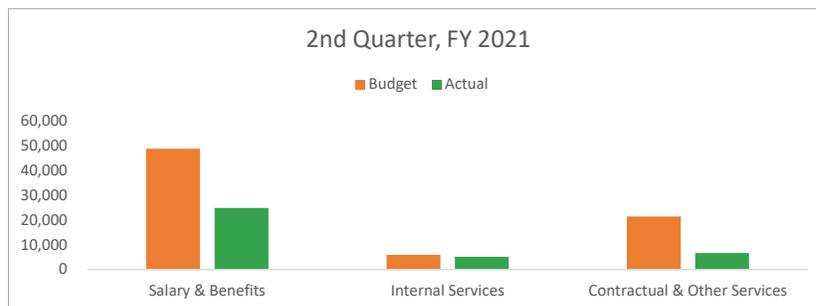
Functional Area	Spending Category	Budget	Actual	Spent %
Public Safety	Salary & Benefits	222,490.56	120,049.24	
	Internal Services	20,120.05	16,373.31	
	Contractual & Other Services	25,461.05	7,620.21	
	Reserves & Contingencies	0.00	(9.11)	
		268,071.66	144,033.65	



Community Development Functional Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Economic Development	Salary & Benefits	2,301.87	1,165.57	
	Internal Services	71.22	63.57	
	Contractual & Other Services	1,746.34	440.11	
	Reserves & Contingencies	0.00	0.00	
	4,119.43	1,669.25	40.52%	
Library	Salary & Benefits	14,965.57	7,335.14	
	Internal Services	1,079.82	1,063.14	
	Contractual & Other Services	3,121.34	936.54	
	Reserves & Contingencies	0.00	0.00	
	19,166.73	9,334.83	48.70%	
Parks, Recreation & Tourism	Salary & Benefits	23,277.87	11,310.17	
	Internal Services	2,037.06	1,457.62	
	Contractual & Other Services	11,537.13	3,247.42	
	Reserves & Contingencies	(154.00)	(0.10)	
	36,698.06	16,015.11	43.64%	
Planning	Salary & Benefits	1,274.04	663.82	
	Internal Services	2,262.96	2,256.71	
	Contractual & Other Services	1,264.57	634.42	
	Reserves & Contingencies	0.00	0.00	
	4,801.57	3,554.95	74.04%	
Public Works	Salary & Benefits	3,454.68	2,039.74	
	Internal Services	296.56	229.55	
	Contractual & Other Services	1,108.35	453.81	
	Reserves & Contingencies	(168.49)	(54.77)	
	4,691.11	2,668.34	56.88%	
Transportation	Salary & Benefits	3,574.27	2,350.92	
	Internal Services	152.60	127.72	
	Contractual & Other Services	2,638.12	965.43	
	Reserves & Contingencies	(3,152.87)	(424.06)	
	3,212.11	3,020.00	94.02%	



Notable Variances

- Economic Development** - Contract payments for small business development services will not occur until later in the fiscal year.
- Parks, Recreation & Tourism** - Salaries & Benefits expenditures are under budget due to managing projected agency revenue shortfalls. Contractual & Other Services expenditures are underspent due to impacts of the COVID-19 pandemic.
- Planning** - A disproportionate amount of the Planning budget is in the Internal Services series due to being the countywide host for the Geographic Information System (GIS). These DoIT services have been billed for the entire year. Additionally, Council of Governments (COG) membership dues of \$0.6 million were paid for the entire fiscal year. After adjusting for these expenses, the percent spent would be 39.32%.
- Public Works** - An adjustment is scheduled for third quarter, shifting a portion of Salary & Benefits and overhead actual expenditures from Public Works to the Facilities & Fleet Management newly created Director's Office.

Community Development Functional Area *(Continued)*

5. **Transportation** - Most personnel costs are cost-recovered from capital projects. First quarter cost recovery has been partially billed to capital projects, and no second quarter cost recovery has yet been billed to capital projects.

General Government Functional Area

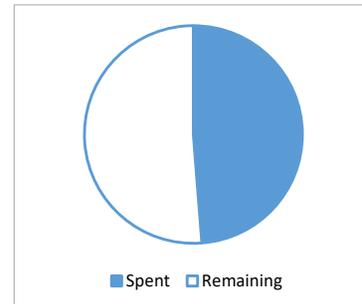
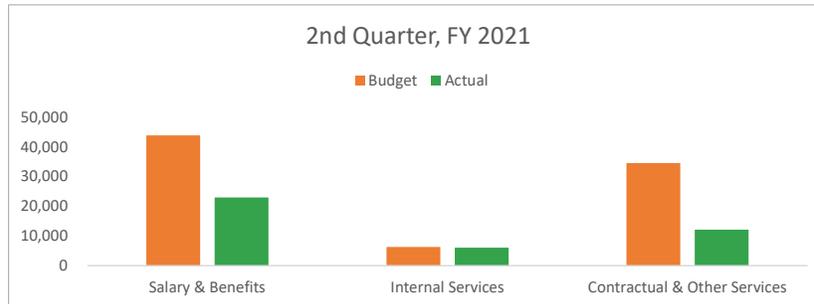
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Board of County Supervisors	Salary & Benefits	3,148.99	1,487.91	
	Internal Services	127.70	127.54	
	Contractual & Other Services	2,023.42	631.46	
	Reserves & Contingencies	0.00	0.00	
		5,300.11	2,246.92	42.39%
County Attorney	Salary & Benefits	3,983.26	2,069.97	
	Internal Services	88.28	87.83	
	Contractual & Other Services	188.14	(120.72)	
	Reserves & Contingencies	(176.93)	(25.77)	
		4,082.76	2,011.31	49.26%
Elections	Salary & Benefits	2,425.65	1,341.01	
	Internal Services	84.08	88.01	
	Contractual & Other Services	1,311.15	1,186.20	
	Reserves & Contingencies	0.00	0.00	
		3,820.88	2,615.22	68.45%
Executive Management	Salary & Benefits	3,389.85	1,724.39	
	Internal Services	112.09	107.65	
	Contractual & Other Services	490.35	115.81	
	Reserves & Contingencies	0.00	0.00	
		3,992.29	1,947.85	48.79%
Facilities & Fleet Management	Salary & Benefits	8,922.52	4,820.87	
	Internal Services	617.28	426.94	
	Contractual & Other Services	25,610.74	9,068.51	
	Reserves & Contingencies	(2,583.76)	(828.36)	
		32,566.80	13,487.96	41.42%
Finance	Salary & Benefits	16,292.16	8,622.81	
	Internal Services	4,602.70	4,579.69	
	Contractual & Other Services	4,430.14	1,030.51	
	Reserves & Contingencies	(523.31)	(384.85)	
		24,801.70	13,848.16	55.84%
Human Resources	Salary & Benefits	3,517.73	1,738.40	
	Internal Services	577.64	577.64	
	Contractual & Other Services	373.31	214.89	
	Reserves & Contingencies	(689.46)	(500.40)	
		3,779.22	2,030.53	53.73%
Human Rights Office	Salary & Benefits	821.21	433.19	
	Internal Services	24.93	24.93	
	Contractual & Other Services	98.77	5.68	
	Reserves & Contingencies	0.00	0.00	
		944.91	463.81	49.08%

General Government Functional Area *(Continued)*

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Management & Budget	Salary & Benefits	1,458.08	733.40	
	Internal Services	40.76	40.54	
	Contractual & Other Services	96.96	11.69	
	Reserves & Contingencies	0.00	0.00	
			1,595.80	785.63



Notable Variances

- Board of County Supervisors** - The Audit Services program has encumbered funds for internal audit activities that will be paid in the second half of FY2021.
- Elections** - A disproportionate amount of Elections expenses occurred in the second quarter due to the Presidential election and 45 days of no excuse early voting.
- Facilities & Fleet Management** - This newly formed department is transitioning and preparing for the remainder of FY2021, including the many and varied effects of the COVID-19 pandemic. Funds of \$10.7M have been encumbered, and spending is anticipated to escalate in the remaining two quarters.
- Finance** - The department has a disproportionate amount of its budget in the Internal Services series due to being the host for the County's financial systems. These DoIT services have been billed for the entire year. Without Internal Services overall charges, the percent spent would be 45.89%.
- Human Resources** - DoIT internal service charges have been billed for the entire year. Without Internal Services charges, the percent spent would be less than 45.38%.

Human Services Functional Area

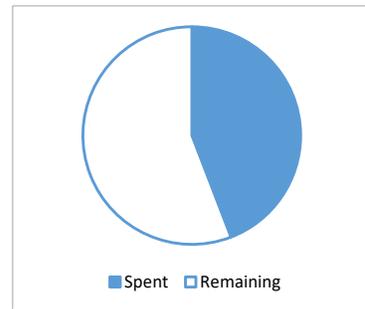
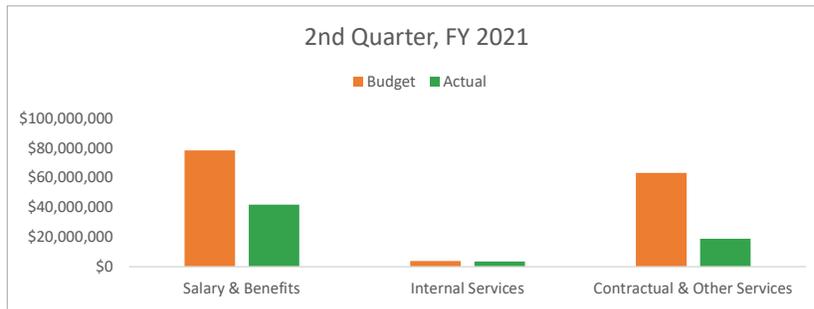
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Aging	Salary & Benefits	2,935.52	1,805.10	
	Internal Services	161.53	132.31	
	Contractual & Other Services	5,241.04	3,002.34	
	Reserves & Contingencies	0.00	0.00	
			8,338.10	4,939.75
Community Services	Salary & Benefits	38,560.41	20,304.63	
	Internal Services	2,085.98	2,020.16	
	Contractual & Other Services	14,783.14	3,056.16	
	Reserves & Contingencies	0.00	0.00	
			55,429.53	25,380.95

Human Services Functional Area *(Continued)*

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Cooperative Extension Service	Salary & Benefits	1,033.49	490.57	
	Internal Services	80.83	80.85	
	Contractual & Other Services	41.39	5.39	
	Reserves & Contingencies	0.00	0.00	
		1,155.72	576.81	
Public Health	Salary & Benefits	642.92	159.59	
	Internal Services	33.44	25.83	
	Contractual & Other Services	3,073.47	1,541.32	
	Reserves & Contingencies	0.00	0.00	
		3,749.83	1,726.73	
Social Services	Salary & Benefits	35,120.40	19,003.35	
	Internal Services	1,483.41	1,333.92	
	Contractual & Other Services	40,106.34	11,230.88	
	Reserves & Contingencies	0.00	0.00	
		76,710.15	31,568.15	



Notable Variances

- Aging** - Expenditures are high due to full year costs of \$2.2M associated with Birmingham Green paid in the first quarter.
- Public Health** - Salary & Benefits is under budget due to a distribution of nurse's salary supplement. Third quarter state billing should reconcile this variance.
- Social Services** - The department's underspend is tied to the Child Services Act Program. The payment of Children's Services Act expenditures lags 30-60 days. This is historically caught up at fiscal year-end.

Public Safety Functional Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Circuit Court Judges	Salary & Benefits	922.92	563.07	
	Internal Services	36.32	36.32	
	Contractual & Other Services	35.80	34.44	
	Reserves & Contingencies	0.00	0.00	
		995.05	633.83	
Clerk of the Court	Salary & Benefits	3,718.06	2,030.71	
	Internal Services	198.25	150.46	
	Contractual & Other Services	504.39	159.22	
	Reserves & Contingencies	0.00	0.00	
		4,420.70	2,340.38	

Public Safety Functional Area *(Continued)*

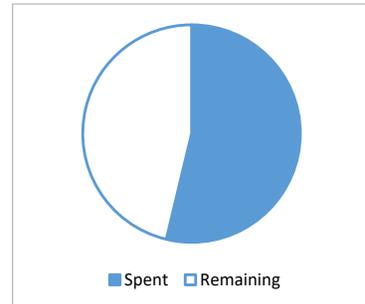
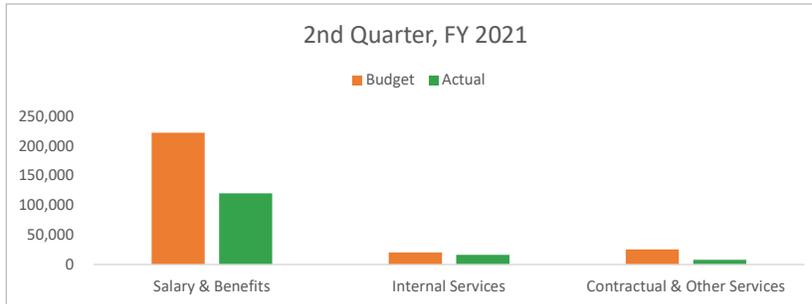
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Commonwealth Attorney	Salary & Benefits	5,841.12	3,137.44	
	Internal Services	180.59	176.50	
	Contractual & Other Services	206.20	43.53	
	Reserves & Contingencies	0.00	0.00	
		6,227.90	3,357.46	
Criminal Justice Services	Salary & Benefits	4,571.23	2,296.83	
	Internal Services	189.13	168.11	
	Contractual & Other Services	556.52	158.60	
	Reserves & Contingencies	0.00	0.00	
		5,316.88	2,623.54	
Fire & Rescue	Salary & Benefits	89,597.28	48,870.47	
	Internal Services	6,516.56	5,902.76	
	Contractual & Other Services	11,552.27	1,555.26	
	Reserves & Contingencies	0.00	0.00	
		107,666.12	56,328.48	
General District Court	Salary & Benefits	546.83	184.39	
	Internal Services	33.80	33.80	
	Contractual & Other Services	192.47	46.43	
	Reserves & Contingencies	0.00	0.00	
		773.10	264.62	
Juvenile & Domestic Relations Ct	Salary & Benefits	135.30	70.24	
	Internal Services	30.30	30.30	
	Contractual & Other Services	93.03	46.54	
	Reserves & Contingencies	0.00	0.00	
		258.63	147.08	
Juvenile Court Services Unit	Salary & Benefits	636.14	276.40	
	Internal Services	81.40	72.31	
	Contractual & Other Services	373.35	124.86	
	Reserves & Contingencies	0.00	0.00	
		1,090.90	473.57	
Magistrates	Salary & Benefits	88.73	47.78	
	Internal Services	18.23	18.23	
	Contractual & Other Services	7.62	3.57	
	Reserves & Contingencies	0.00	0.00	
		114.58	69.58	
Police	Salary & Benefits	94,128.45	50,325.45	
	Internal Services	11,748.85	8,976.75	
	Contractual & Other Services	9,125.89	4,298.07	
	Reserves & Contingencies	0.00	0.00	
		115,003.19	63,600.27	
Public Safety Communications	Salary & Benefits	10,727.70	5,487.20	
	Internal Services	313.91	304.37	
	Contractual & Other Services	1,973.06	842.91	
	Reserves & Contingencies	0.00	0.00	
		13,014.67	6,634.48	

Public Safety Functional Area *(Continued)*

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Sheriff	Salary & Benefits	11,576.78	6,759.27	
	Internal Services	772.71	503.41	
	Contractual & Other Services	840.46	306.78	
	Reserves & Contingencies	0.00	(9.11)	
			13,189.95	



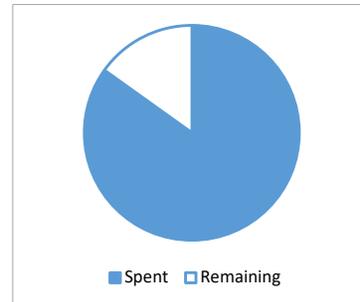
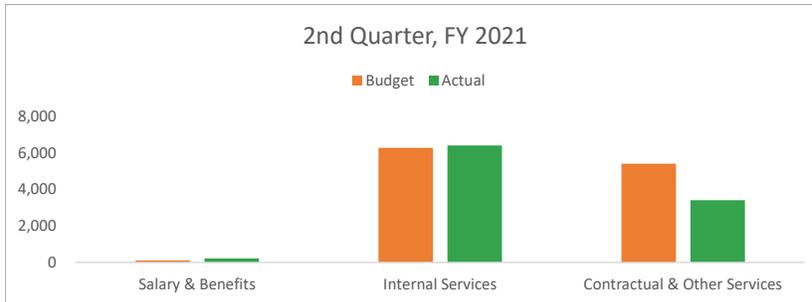
Notable Variances

- Circuit Court Judges** - Salary & Benefits is above budget due to a six week overlap of law clerk interns.
- Commonwealth Attorney** - The first half of the fiscal year included an additional two-week pay period. Discounting for the extra pay period, the percent spent is 50%.
- General District Court** - Salary & Benefits is underspent due to vacancy savings. Additional savings are projected as a result of the new Public Defender's Office not being fully staffed.
- Juvenile and Domestic Relations Court** - The first half of the fiscal year included an additional two-week pay period. Discounting for the extra pay period and a full year of Internal Services charges booked in the first quarter, the percent spent is 48%.
- Juvenile Court Services Unit** - Salary & Benefits is under budget due to vacancies.
- Magistrate** - The first half of the fiscal year included an additional two-week pay period. Discounting for the extra pay period and a full year of Internal Services charges booked in the first quarter, the percent spent is 50%.
- Police** - Salaries & Benefits is high due to an additional two-week pay period that occurred during the second quarter. A full year of Internal Services charges was booked in the first quarter.
- Sheriff** - Salary and benefits is above budget due to overtime expenses. Additionally, the first half of the fiscal year included an additional two-week pay period.

Non-Departmental

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Non-Departmental	Salary & Benefits	115.17	207.82	
	Internal Services	6,311.12	6,430.69	
	Contractual & Other Services	5,428.62	3,425.89	
	Reserves & Contingencies	0.00	0.00	
	Total		11,854.90	



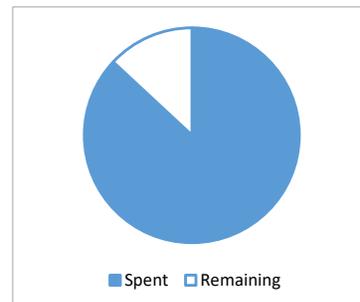
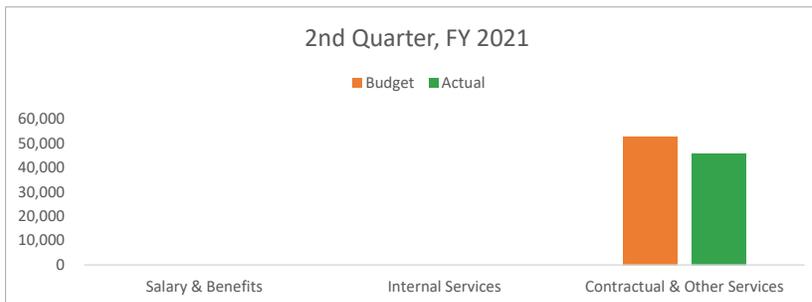
Notable Variances

- Non-Departmental** - The following payments were made during the first half of the fiscal year: Self-Insurance Workers Compensation (\$4.9M), Self-Insurance Casualty Pool (\$1.4M), Property and Miscellaneous Insurance Premiums (\$0.5M), Unemployment Insurance & Contingency (\$0.4M), Hylton Performing Arts Center Contribution (\$2.0M), and Northern Virginia Community College Contribution (\$0.8M).

Debt Service

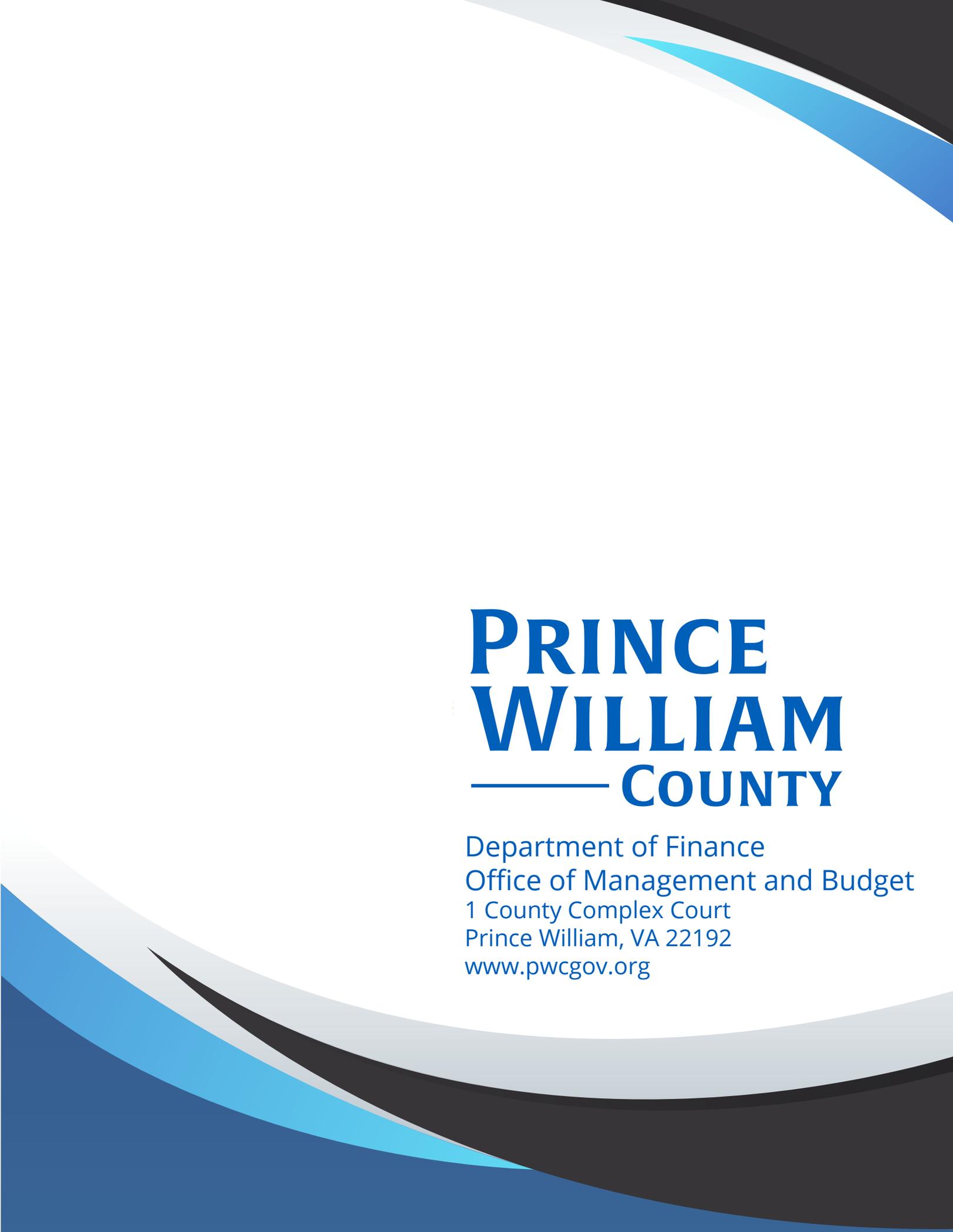
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Debt Service	Salary & Benefits	0.00	0.00	
	Internal Services	0.00	0.00	
	Contractual & Other Services	52,914.38	46,011.36	
	Reserves & Contingencies	0.00	0.00	
	Total		52,914.38	



Notable Variances

- Debt Service** - The majority of debt service obligations are scheduled for payment in the first quarter of the fiscal year.



PRINCE WILLIAM — COUNTY

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