



PRINCE WILLIAM  
COUNTY

# Revenue & Expenditure **REPORT**

3rd Quarter

**FY 2024**

Published 5/15/24

# PRINCE WILLIAM COUNTY

## 3<sup>rd</sup> Quarter FY 2024 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.

As of the third quarter, general revenues are on a trajectory to produce an estimated surplus of \$61.4 million versus the adopted FY 2024 budget by June 30, 2024.

General Revenue Sources	Prior Year FY 2023	Current Year FY 2024					
	Year-End	Adopted Forecast	Q1 Revised	Q2 Revised	Q3 Revised	\$ Change Q3/Adopted	% Change Q2/Adopted
Real Property Tax	\$792,333,390	\$862,420,000	\$862,420,000	\$862,420,000	\$865,137,860	\$2,717,860	0.32%
Personal Property Tax	281,833,771	309,988,000	309,988,000	309,988,000	346,482,231	36,494,231	11.77%
Motor Vehicle License Tax	12,947,079	12,500,000	12,500,000	12,500,000	12,500,000	0	0.00%
Local Sales Tax	93,210,763	93,730,000	93,730,000	93,730,000	93,730,000	0	0.00%
Food and Beverage Tax	40,984,363	32,000,000	32,000,000	42,000,000	42,000,000	10,000,000	31.25%
Consumer Utility Tax	15,407,848	14,500,000	14,500,000	14,500,000	14,500,000	0	0.00%
Communications Sales and Use Tax	12,434,177	12,360,000	12,360,000	12,360,000	12,360,000	0	0.00%
BPOL Tax	34,636,305	34,000,000	34,000,000	34,000,000	35,972,866	1,972,866	5.80%
Investment Income	21,910,124	19,840,000	19,840,000	30,000,000	30,000,000	10,160,000	51.21%
All Other Revenue	18,928,055	16,924,000	16,924,000	16,924,000	16,954,266	30,266	0.18%
<b>TOTAL GENERAL REVENUES</b>	<b>\$1,324,625,875</b>	<b>\$1,408,262,000</b>	<b>\$1,408,262,000</b>	<b>\$1,428,422,000</b>	<b>\$1,469,637,223</b>	<b>\$ 61,375,223</b>	<b>4.36%</b>

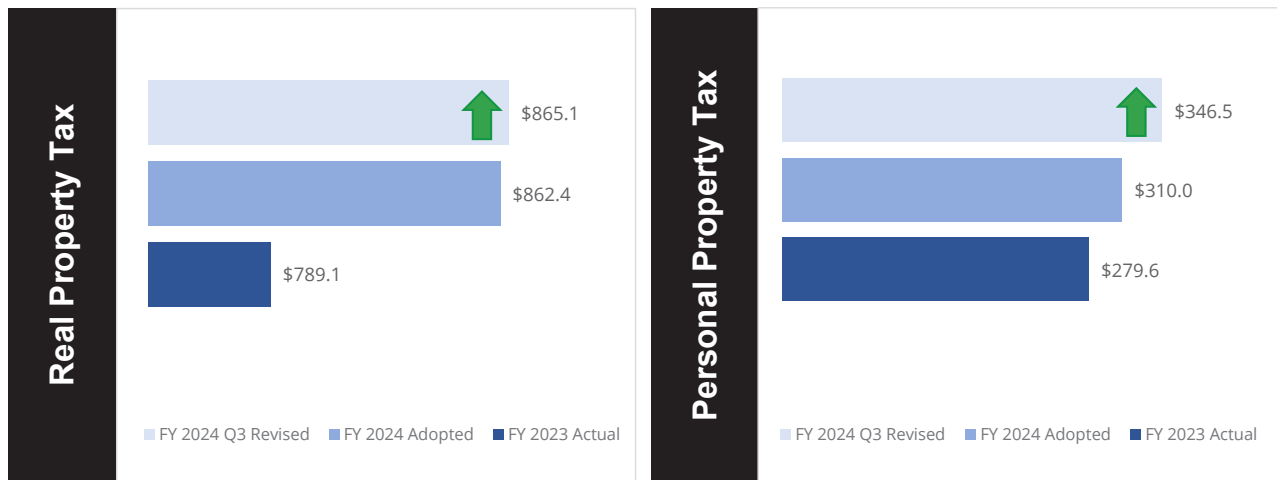
# Revenues At-A-Glance

Highlights from the FY 2024 Adopted Budget are as follows:

**Real Property Tax** revenue collected to date suggests this revenue stream is on course to modestly exceed the adopted forecast of \$862.4 million by \$2.7 million. Real estate tax relief, exonerations and lawsuit reserves, key components that influence net property tax proceeds, are being closely monitored to determine if future adjustments are warranted.

**Personal Property Tax** revenue for FY 2024 is expected to exceed the adopted forecast of \$310.0 million by approximately \$36.5 million. The estimated surplus has been propelled by an increase in new taxable business tangible property, led by continued growth in the data center industry, and a combination of elevated automobile prices and a net inflow of vehicles. Because the vehicle component has generated an outsized portion of the surplus for FY 2024, additional context is necessary to help frame the conditions present when the forecast was developed. At the time the FY 2024 vehicle forecast was crafted in late 2022/early 2023, automobile financing rates were significantly higher (and rising) compared to the previous year, while valuations remained well above pre-pandemic levels. Staff was of the opinion the presence of these two conditions would act to suppress demand. Instead, the net inflow of vehicles to the County is approximately 1.5% higher for FY 2024 versus the prior fiscal year. The absence of a defined trend in the movement of vehicles in and out of the County during COVID and in the post-pandemic period, a key forecast driver, has presented a challenge in optimizing the vehicle forecast. As an example, tax year 2020 (FY 2021) saw a net outflow of units from the previous year of -1.0%, while in tax year 2021 (FY 2022) the net inflow of units increased by 2.6%. And in tax year 2022 (FY 2023) there was yet another net vehicle outflow of -0.1%.

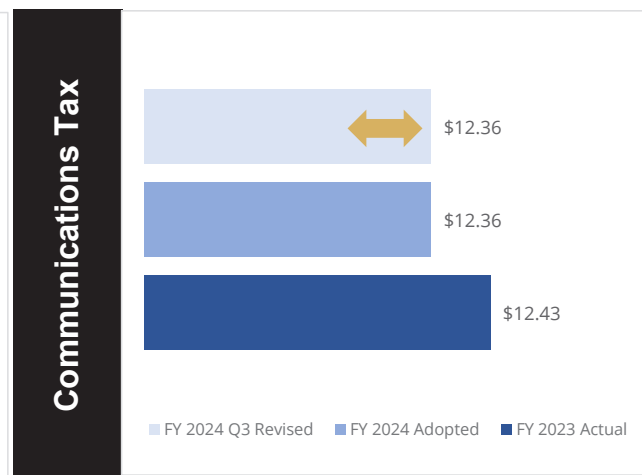
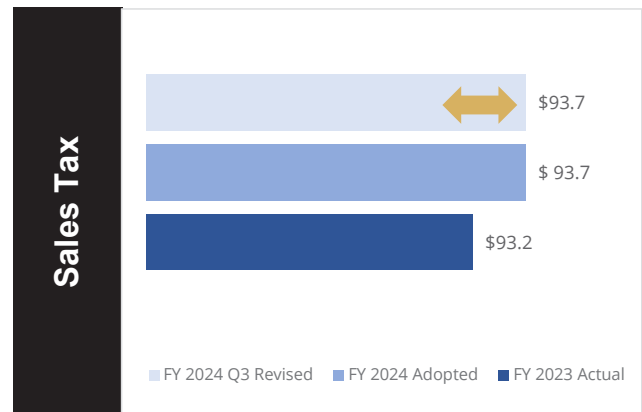
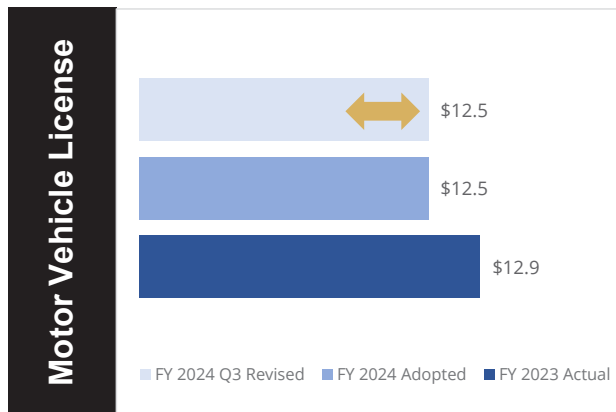
On September 12, 2023, the Board of County Supervisors unanimously voted to extend the vehicles personal property tax payment deadline by 90 days to January 3, 2024, offering residents a measure of temporary tax relief amid elevated vehicle valuations.



Dollar amounts expressed in millions

*Local Sales Tax* collected to date suggests this revenue stream is on track to meet the adopted forecast of \$93.7 million. While the pace of goods consumption has gradually declined, consumer demand has largely defied expectations for a substantive slowdown over the past twelve months. Consumers' ability to continue spending, buoyed by existing strength within the regional labor market and nominal income growth that remains well above pre-pandemic levels, coupled with high inflation have been instrumental in the growth of sales tax receipts.

*Food and Beverage Tax* collected to date indicates this revenue source is on pace to meet the Q2 revised projection of \$42 million, a \$10 million surplus over the original forecast of \$32 million. The backdrop propelling receipts is akin to Local Sales Tax – consistent spending behavior sustained by existing strength within the regional labor market, firm nominal income growth and persistent inflationary pressure.



Dollar amounts expressed in millions



*Business, Professional and Occupational License (BPOL) Tax* revenue received to date is \$36.0 million, a \$2 million surplus over the adopted forecast of \$34 million. Given the level of BPOL revenue generated is dependent on the consumption of goods and services, the narrative that is driving FY 2024 collections is analogous to Local Sales Tax and Food and Beverage Tax – firm consumer spending patterns reinforced by a strong regional labor market and elevated inflation.

*Investment Income* received to date is currently on course to meet the Q2 revised projection of \$30 million, a \$10.2 million surplus over the original forecast of \$20 million. The presence of persistent inflationary pressure and firm economic growth have underpinned current returns on cash/cash equivalent investments, the primary driver of investment income throughout FY 2024.



Dollar amounts expressed in millions

# Looking Ahead

## Economy At-A-Glance

Indicator	Prior Qtr 12/31/2023	Prior Year 03/31/2023	Current <sup>1</sup> 03/31/2024	Trend					Notes
<b>General</b>									
Consumer Price Index (CPI)	3.4%	5.0%	3.5%	●	●	●	●	●	Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	3.3%	1.1%	1.6%	●	●	●	●	Measures the final market price for goods and services produced within the U.S.	
Federal Funds Rate	5.33%	4.83%	5.33%	●	●	●	●	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	4,770	4,109	5,254	●	●	●	●	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.	
<b>Unemployment Rate</b>									
National	3.7%	3.5%	3.8%	●	●	●	●	Tracks the number of unemployed persons as a percentage of the total U.S. labor force.	
Virginia	3.0% (R)	3.2%	2.9% (P)	●	●	●	●	Tracks the number of unemployed persons as a percentage of the total VA labor force.	
Prince William County	2.6%	2.7%	2.3% (P)	●	●	●	●	Tracks the number of unemployed persons as a percentage of the total PWC labor force.	
<b>Average Weekly Wages <sup>2</sup></b>									
National	\$1,332	\$1,334	\$1,334	●	●	●	●	Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.	
Virginia	\$1,371	\$1,380	\$1,383	●	●	●	●	Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.	
Prince William County	\$1,151	\$1,218	\$1,179	●	●	●	●	Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.	
<b>Employment Establishments <sup>3</sup></b>									
Virginia	357,131	330,128	315,789	●	●	●	●	Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.	
Region	96,689	96,717	97,422	●	●	●	●	Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.	
Prince William County	10,403 (R)	10,909	10,529	●	●	●	●	Tracks the total number of physical locations where business, services, or industrial operations are performed in Prince William County.	
<b>Revenue</b>									
Retail Sales: National	0.6%	-1.0%	0.7%	●	●	●	●	Retail sales tracks the resale of new and used goods to the general public for personal or household consumption.	
Sales and Use Tax: Virginia	-1.3%	8.5%	-1.1%	●	●	●	●	Tracks the percentage of state collections for sales and use tax.	
Sales and Use Tax: Prince William County	1.6%	6.9%	1.0%	●	●	●	●	Tracks the percentage of collections for sales and use tax in Prince William County. Current sales tax rate is 6.0%.	
Revenue Collections: Virginia	7.1%	0.6%	6.2%	●	●	●	●	Approximately 88% of Virginia's revenue consists of net individual income tax and sales tax.	
<b>Vehicles</b>									
National Automobile Sales (units in millions)	15.5	15.4	15.4	●	●	●	●	Tracks the total number of year-to-date light-vehicle sales in the U.S. on a Seasonally Adjusted Annual Rate basis.	
<b>Real Estate Market: Prince William County</b>									
Median Sold Price	\$526,000	\$520,000	\$580,000	●	●	●	●	Reflects the median sold price for a home.	
Closed Sales	319	425	374	●	●	●	●	Reflects the number of closed home sales.	
Average Days on Market	22	21	17	●	●	●	●	Reflects the average time a home is on the market from listing to closing.	
Ratio of Homes on the Market to Homes Sold	0.90	0.88	0.73	●	●	●	●	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.	
Commercial Vacancy Rate	3.5%	4.1%	3.7%	●	●	●	●	Tracks the percentage of vacant store front property by square feet.	

<sup>1</sup> Reflects data available as of the date displayed  
<sup>2</sup> Average Weekly Wages lags current and prior period by 2 quarters  
<sup>3</sup> Employment Establishments lags current and prior period by 2 quarters  
(P): Preliminary  
(R): Revised



## National, State, and Local Trends

**National** Signs of persistent inflationary pressure, coupled with firm economic growth, have once again led markets and economic forecasters to rethink the trajectory of the U.S. economy and the timing of policy easing by the Federal Reserve. The beginning of January saw futures markets price in no less than six interest rate cuts for 2024, three of which were projected to occur by June. But amid conflicting economic signals, a recalibration of expectations has slashed that number to approximately two 25 basis points cuts in the Federal Funds Rate. Recent economic data points to healthy consumer spending even as gross domestic product has gradually slowed. Industrial production has risen while gauges of regional manufacturing indicate a decline in activity. Jobless claims have remained relatively stable, yet the pace of hiring has demonstrated an easing trend. With Federal Reserve officials seemingly wed to managing the economy through a spectrum of data dependency, the bond market has consistently appeared rudderless as key inputs that could potentially influence monetary policy decisions create confusion and volatility. "There is a concern that the Fed is overly data-dependent," Mohamed El-Erian, the president of Queens' College, Cambridge recently said. "And what does that do? It amplifies the volatility in the market." And the dearth of conviction does not solely reside within financial markets. Economists have struggled to project the direction of economic data as well, with revised forecasts a recurring event.

The statement issued following the Federal Reserve's meeting on May 1<sup>st</sup> cited a "lack of further progress toward the Committee's 2 percent inflation objective" in recent months. And while Federal Reserve Chairman Jerome Powell noted during the post-meeting press conference policy makers acknowledged higher than anticipated inflation over the first three months of this year, his responses indicated Committee members may view current price pressures as a temporary anomaly. Instead, Powell pointed to favorable supply-side drivers that can continue to exert downward pressure on inflation. The Chairman suggested he saw "no evidence" that stubborn inflationary pressure will remain durable. In a recent note, the Bloomberg Economics team attempted to frame the Federal Reserve's reaction function regarding interest rate cuts during 2024 - "Our view is that the path ahead for the Fed is now binary. If unemployment rises to 4.5% as we expect, we think the Fed will cut by a total of 50 basis points this year - less than our previous baseline of 100 bps. If the jobless rate stays closer to the current 3.8%, they may not cut at all."

**Consumer Price Index (CPI)** With recent CPI data flashing signs the disinflation process has stalled, the journey that remains to the Federal Reserve's 2.0% inflation target may prove an arduous endeavor. Headline CPI for March remained flat at 0.4% versus the prior month. Measured year-over-year, inflation rose at a 3.5% pace compared to 3.2% in February. Energy prices accounted for approximately 0.08% of the increase in headline inflation, propelled by a 1.7% increase in the cost of gasoline and an increase in electricity costs of 0.9% versus 0.3% the previous month. Core inflation, which excludes food and energy and is scrutinized to assess signs of progress, remained unchanged at 0.4% month-over-month, while the year-over-year pace remained flat at 3.8%. Following a modest increase in February, core goods prices resumed a downward trend, falling 0.2% in March. The primary driver behind the decline were decreases in used and new vehicle prices of 1.1% and 0.2%, respectively. Categories such as recreation goods and consumer electronics also made significant contributions to the decrease in overall core goods prices. Contrary to the progress seen with core goods prices, core services rose 0.5% in March, the same reading as February. Akin to prior months, the shelter component continued to underpin core services inflation, rising 0.4% in March. Carrying an index weight equal to approximately one-third of overall CPI, the shelter category (includes rental housing costs) is a significant driver of not only services inflation but the entire CPI basket. Transportation services, specifically, vehicle maintenance and car insurance, also played a key role in buttressing core services prices. Over the past twelve months, motor vehicle insurance has risen 22.2% while motor vehicle repair has increased 6.2%. Both categories highlight the downstream impact of replacement costs within the automobile sector amid vehicle prices that remain significantly above pre-pandemic levels. While the March report demonstrated fading momentum in the disinflationary process, the breadth of declining prices pressures for goods and services did improve. According to Bloomberg, the distribution of "core goods and services experiencing outright deflation increased to approximately 42% in March" compared to 36% in February.

**Gross Domestic Product (GDP)** While headline U.S. economic growth decelerated from the prior quarter, removing the drag created by volatile categories such as inventories and trade suggests the underlying strength of domestic consumption continued to underpin inflationary pressure. Adjusted for inflation, the Bureau of Economic Analysis's advance estimate of GDP showed the U.S. economy grew at a 1.6% annualized pace during the quarter, below the consensus estimate of 2.5%. Final sales to domestic purchasers, which excludes inventories and trade and is a key metric utilized to assess trends in consumption behavior, increased 2.8% but was down from the previous quarter's mark of 3.5%. Though personal consumption cooled to 2.5% from 3.3% the prior quarter, the impulse from consumer spending was the primary driver of growth, contributing 1.7 percentage points to overall GDP. Service sector spending was a key catalyst behind the increase in personal consumption, accelerating to 4.0% versus 3.4% the prior quarter and adding 1.8 percentage points to headline GDP. A decline in mortgage rates sparked a surge in mortgage applications, boosting residential investment by 13.9% versus the prior quarter's mark of 2.8%. Additional components that contributed to economic growth were business investment in intellectual property products (5.4%) and equipment (2.1%). Categories that represented a drag on GDP were personal spending on goods (-0.4%) and imports (7.2%).

**Labor Market** With the pace of hiring in March outperforming expectations, an initial conclusion could be drawn that the demand for labor has remained robust. But subtle details indicate the job market may not be as buoyant as the headline data suggests. First, downward revisions of -124,000 non-farm payroll jobs over the prior three months signal the demand for workers is slowly moderating. Second, job gains in February and March were predominantly concentrated in health care and social assistance and government, sectors typically less sensitive to swings in economic activity. Furthermore, a steady increase in categories such as the number of people unemployed for more than fifteen weeks and persons working multiple jobs point to a gradual cooling in labor market conditions. Nonfarm payrolls for March increased 303,000, above the consensus estimate of 214,000. The unemployment rate fell slightly to 3.8% in March from 3.9% the previous month. The labor force grew by 469,000 workers during March which led to an increase in the labor force participation rate to 62.7% from 62.5% the prior month. As in previous months, the breadth of job gains in March were narrow on a sector level basis. Employment expansion was concentrated primarily in health care and social assistance (81k), government (71k) and leisure and hospitality (49k). Employment was little changed in most other industries including manufacturing, transportation and warehousing, information, and professional and business services. Citing the March employment report, Bloomberg Economics said, "The details weren't all so strong, however, with hiring concentrated in acyclical industries and unemployment rising in parts of the economy. The duration of unemployment increased in March, reflecting a skills mismatch that can't be fixed even by a patient Fed. Those with skills in high demand - especially in acyclical industries, or industries benefiting from wealthier households' spending - continue to find work, but others may be left behind."

**Retail Sales** Following a pullback in January, retail spending gained momentum over the remainder of the quarter, an indication that nominal income growth has allowed consumer activity to remain resilient. Still, consumers' reluctance to commit to large scale purchases demonstrates a higher degree of selectivity amid elevated financing costs. The U.S. Census Bureau reported retail sales for March rose 0.7%, preceded by a 0.9% gain in February. Details from the March report revealed spending at online retailers (2.7%) and gasoline stations (2.1%) were the primary drivers behind the overall advance in spending activity, while vehicle sales (-0.9%), clothing (-1.6%) and sporting goods (-1.8%) exerted a drag. Sales excluding vehicles and gasoline rose 1.0%, well above the consensus estimate of 0.3%. Control-group sales, (excludes food services, auto dealers, building-material stores, and gasoline stations) a potential barometer for underlying spending trends, rose higher than anticipated to 1.1% versus 0.5% in February. Spending at restaurants and drinking establishments, a proxy for service sector consumption, increased 0.4% in March opposed to 0.5% the prior month.

**Automobile Industry** The National Automobile Dealers Association (NADA) reported Seasonally Adjusted Annual Rate (SAAR) new light-vehicle sales of 15.4 million units through March, an increase of 7.0% over the same period last year. As new-vehicle inventory has gradually improved, buyers have been greeted with an increased level of alternatives compared to late 2023. According to NADA, new light-vehicle inventory on the ground and in transit in March was 2.58 million units, an increase of 40.2% versus one



year prior. As new-vehicle inventory and Original Equipment Manufacturer (OEM) incentive spending has increased, the average per vehicle transaction price has gradually declined. J.D. Power projects average incentive spending per unit to total \$2,800 for March, a year-over-year increase of 66.6%, while the company estimates the average new-vehicle transaction in March will be \$44,186, a 3.6% decline versus one year prior. NADA anticipates new vehicle supply will level off during the second quarter before moving higher in the fourth quarter of 2024. Projections provided by NADA currently point to 2024 new vehicle sales of 15.9 million units and new-vehicle inventory to reach between 2.7 million and 2.8 million units leading into 2025.

**State** The Secretary of Finance's March revenue report noted the Commonwealth's FY 2024 general fund revenues are tracking 7.1% above the adopted forecast on a fiscal year-to-date basis. When measured against the impact of Pass-Through Entity Tax collections and refunds and the implementation of policies designed to incorporate trending economic activity, revenue collections rose 7.8% over the same period. Individual income tax withholding (58% of general fund revenues) grew an adjusted 6.8% through the first nine months of FY 2024 versus the same period last year. Sales tax collections (16% of general fund revenues) increased 1.4% through March of the current fiscal year after adjusting for the termination of the Commonwealth's Grocery Tax and Accelerated Sales Tax. "Strong employment growth continues to drive consistent outperformance versus our prudent near-term and long-term forecasts," said Governor Glenn Youngkin. "With a record number of Virginians working, and record state revenues, Virginia has never been financially stronger. As the majority of Virginians complete their state tax filings by May 1, we'll have stronger confidence in the fourth quarter outlook by May 15. That being said, March's solid results provide stable ground for us to work together to land a budget that meets our collective goals."

Virginia's seasonally adjusted unemployment rate dipped slightly during the quarter, moving to 2.9% in March from 3.0% in December. The Virginia Employment Commission's March report disclosed a decrease in Virginia's labor force of 2,914 workers to 4,588,603, while the number of unemployed residents decreased by 5,672 to 134,073. The number of employed Virginians increased 2,758 to 4,454,530. The Commission reported employment rose in ten of eleven major categories in March versus the prior month, led by job gains in Professional and Business Services (4,200), Leisure and Hospitality (3,500) and Government (3,000). The lone category that experienced job losses was Mining and Logging (-200).

**Local** Prince William County's labor market profile remained stable over the quarter as the unemployment rate declined to 2.3% in March from 2.6% at the end of the prior quarter. Data published by the Bureau of Labor Statistics indicated the labor force increased to 257,884 from 256,025 and the number of employed residents rose by 2,449 over the previous quarter. The total number of unemployed citizens declined by 614. 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. During the quarter, average initial claims per month increased to 491 versus a per month average of 355 over the prior quarter. Considering the trajectory of claims over the quarter, a reasonable conclusion can be made that evidence of broad-based labor market weakness has remained subdued.



# Prince William County Real Estate Market

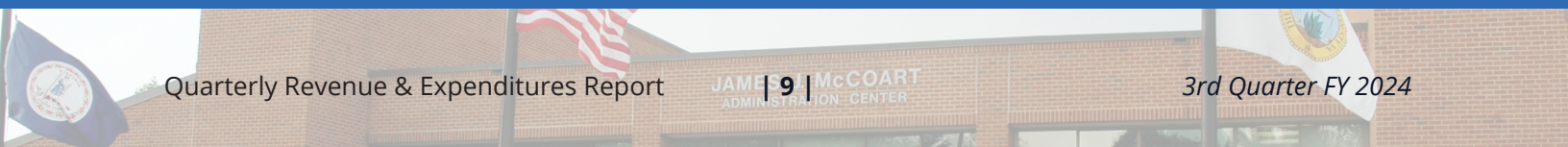
*Residential Sales Activity* The following highlights are based on Metropolitan Regional Information Systems (MRIS) data for the quarters ended March 2024 and March 2023.

Category	Mar 2024	Mar 2023	Increase/(Decrease)
Median Sold Price	\$580,000	\$520,000	11.5%
Units Sold	374	425	-12.0%
Active Listings	273	372	-26.6%
Average Days on Market	17	21	-19.1%
New Listings	438	501	-12.6%

With 30-year mortgage rates hovering at approximately 7.0%, the housing market is confronted with an affordability crisis that shows no signs of relief for homebuyers. Current homeowners that locked into lower interest mortgages over the past few years, particularly mid-2020 through mid-2022, are displaying reluctance to list their homes for sale, causing inventory levels to remain depressed and limiting price declines. At the time of this writing, Freddie Mac’s Primary Mortgage Survey indicated the average 30-year fixed rate mortgage stood at 7.22%, the high-mark for calendar year 2024. Freddie Mac recently noted that “The 30-year fixed-rate mortgage increased for the fifth consecutive week as we enter the heart of Spring Homebuying Season. On average, more than one-third of home sales for the entire year occur between March and June. With two months left of this historically busy period, potential homebuyers will likely not see relief from rising rates anytime soon. However, many seem to have acclimated to these higher rates, as demonstrated by the recently released pending home sales data coming in at the highest level in a year.” Virginia Realtors monthly Flash Survey indicated the organization’s Buyer Activity Index increased to 56 in March from 49 the prior month. Approximately 36% of realtors assessed buyer activity in their local market as “high” or “very high”, while roughly 25% rated buyer activity as “low” or “very low”. A sperate index produced by Virginia Realtors that measures realtors’ opinions about market performance three months forward rose to 65 in March versus 63 the previous month. Approximately 43% of survey participants thought buyer activity over the next three months would be strong in their respective markets while 14% indicated buyer activity would decline.

*Commercial Sector* For the quarter ended March 2024, Costar Realty Group (Costar) reported the County’s commercial inventory included 55.9 million square feet (sq. ft.) of space in 2,252 properties with 2.1 million sq. ft. of vacant space. The vacancy rate was 3.7% compared to 3.4% at the end of the prior quarter. Highlights from Virginia Realtors Q1 2024 statewide commercial real estate report are as follows:

- Office: “It has been a slow start to the year in Virginia’s office market. Vacancy continues to climb and absorption was negative statewide, though some regional markets had an uptick in absorption.” “New office construction is slow and the few projects underway are concentrated in Northern Virginia and Richmond.”
- Retail: “The retail market continues to tighten in Virginia. The vacancy rate fell from a year ago, which drove up rents in most metro markets around the Commonwealth in the first quarter. The pipeline of new retail construction is growing in Virginia, most of which is in Hampton Roads and Northern Virginia.”
- Industrial: “It was a strong quarter in Virginia’s industrial market. There was positive absorption in most regional markets, and rents continue to climb across the state. Vacancy edged up compared to a year ago, but still remains low in most local markets.”



# PRINCE WILLIAM COUNTY

## 3<sup>rd</sup> Quarter FY 2024 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 2024 general fund budget of \$1.65 billion.

- \$805.9 million adopted School transfer, in accordance with the County-Schools revenue sharing agreement.
- \$839.7 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 2024 Budget*** – As of March 31, 2024, the revised County government unrestricted general fund budget, excluding transfers, was \$800.9 million.

- 3. *Third Quarter General Fund Expenditures* – As of March 31, 2024, 72.5% of the expenditure budget was spent. Excluding Non-Departmental and Debt Service, which are not indicators of direct County agency operations and have a disproportionate share of expenditures through the second quarter, agencies spent 70.2% of the operating expenditure budget.

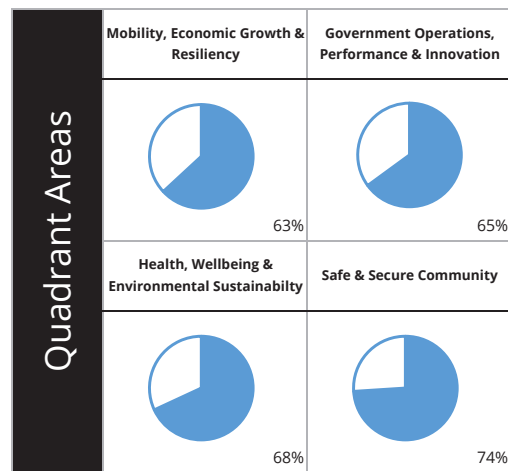
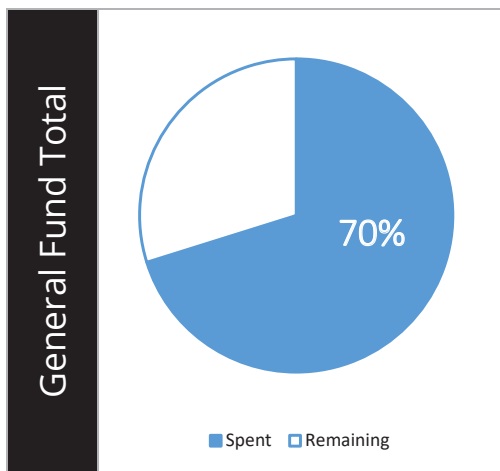
Percent of Budget Spent (Including Debt Service & Non-Departmental)	Percent of Budget Spent (Excluding Debt Service & Non-Departmental)
<b>72.5%</b>	<b>70.2%</b>

- 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 68.9% of the operating expenditure budget.

Percent of Budget Spent (Excluding Debt Service, Non-Departmental, & Internal Services)
<b>68.9%</b>

**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 \$20.0 million.**

- 5. *Retiree Health Benefit* - Retiree health benefit costs of \$3.1 million were charged for the entire fiscal year in the first quarter.
- 6. *Agency Revenue Shortfall* – **General fund agency revenue is projected to be \$6.0 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. Additionally, court fines received by the General District Court are projected to be below budget. Lastly, revenue received by Parks & Recreation is also projected to be below budget.
- 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.




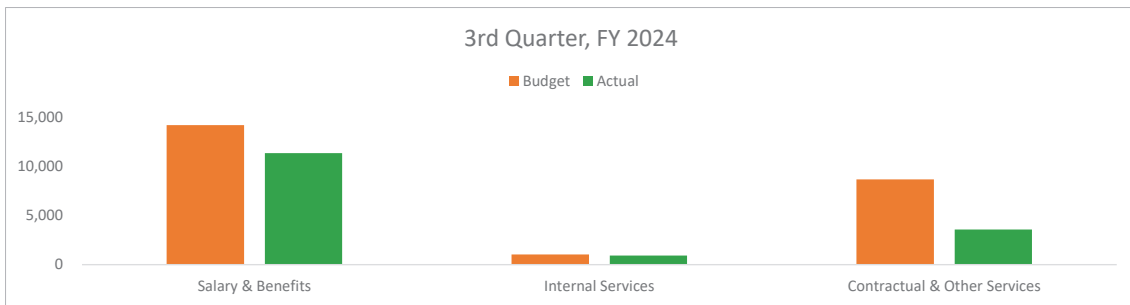
## Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

### Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
<b>Mobility, Economic Growth &amp; Resiliency</b>	Salary & Benefits	14,165.32	11,316.77	
	Internal Services	1,035.49	925.33	
	Contractual & Other Services	8,648.02	3,575.11	
	Reserves & Contingencies	(4,304.79)	(3,480.21)	
	<b>19,544.04</b>	<b>12,337.01</b>	<b>63.12%</b>	




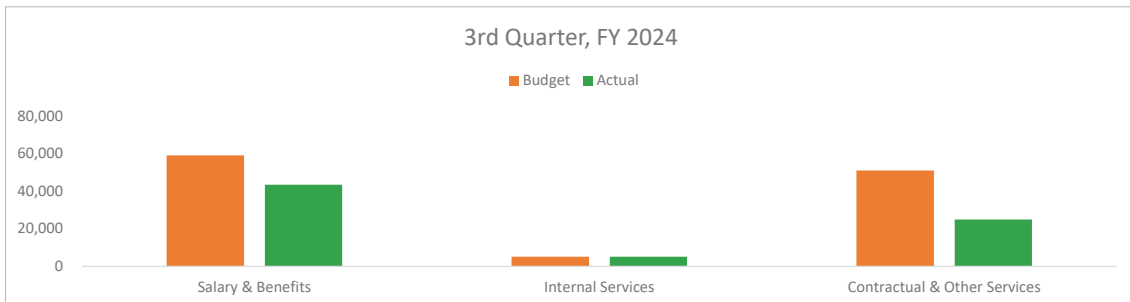
## Government Operations, Performance & Innovation Quadrant Area

(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 %
<b>Government Operations, Performance &amp; Innovation</b>	Salary & Benefits	59,090.11	43,475.77	
	Internal Services	5,172.10	5,109.68	
	Contractual & Other Services	51,052.15	24,955.45	
	Reserves & Contingencies	(5,625.90)	(2,290.90)	
	<b>109,688.45</b>	<b>71,250.00</b>	<b>64.96%</b>	




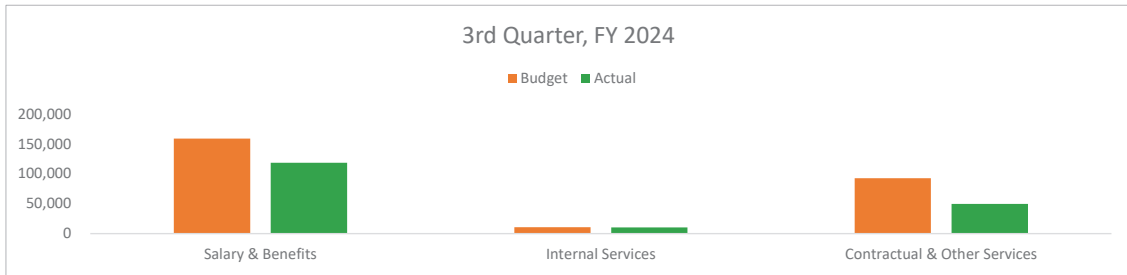
## Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

### Departments & Agencies

- Aging
- Community Services
- Cooperative Extension Service
- Library
- Parks & Recreation
- Public Health
- Social Services

Quadrant Area	Spending Category	Budget	Actual	Spent %
<b>Health, Wellbeing &amp; Environmental Sustainability</b>	Salary & Benefits	159,041.50	118,702.77	
	Internal Services	10,788.81	10,511.93	
	Contractual & Other Services	92,814.85	49,529.74	
	Reserves & Contingencies	(843.98)	(469.69)	
	<b>Total</b>		<b>261,801.18</b>	




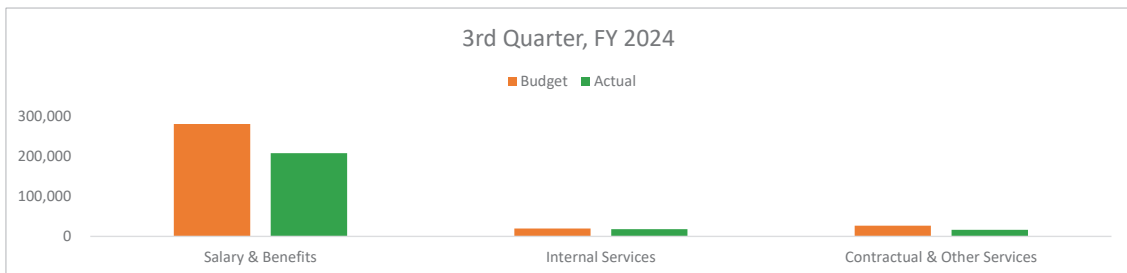
## Safe & Secure Community Quadrant Area

(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
- Juvenile Court Service Unit
- Magistrates
- Police
- Public Safety Communications
- Sheriff





Quadrant Area	Spending Category	Budget	Actual	Spent %
<b>Safe &amp; Secure Community</b>	Salary & Benefits	282,213.83	208,934.06	
	Internal Services	20,061.65	17,914.85	
	Contractual & Other Services	26,935.07	16,633.61	
	Reserves & Contingencies	(126.02)	(23.39)	
	<b>Total</b>		<b>329,084.53</b>	

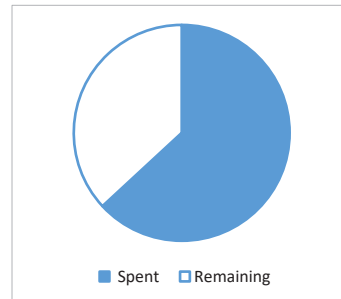
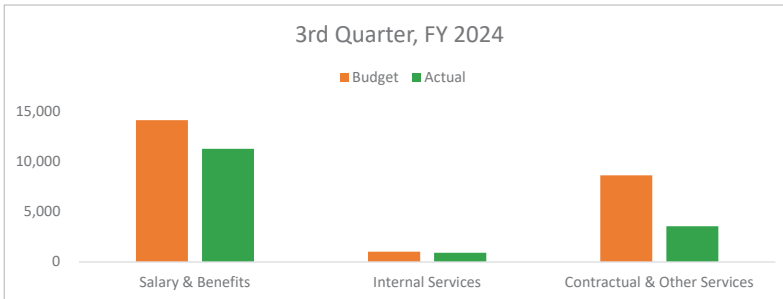




# Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Economic Development &amp; Tourism</b>	Salary & Benefits	3,090.97	2,233.98	
	Internal Services	155.16	154.18	
	Contractual & Other Services	2,159.00	925.62	
	Reserves & Contingencies	(15.40)	0.00	
		<b>5,389.73</b>	<b>3,313.78</b>	<b>61.48%</b>
<b>Planning</b>	Salary & Benefits	1,670.04	1,300.39	
	Internal Services	180.04	178.54	
	Contractual & Other Services	1,239.47	461.62	
	Reserves & Contingencies	(8.06)	0.00	
		<b>3,081.50</b>	<b>1,940.55</b>	<b>62.97%</b>
<b>Public Works</b>	Salary & Benefits	4,043.74	3,177.89	
	Internal Services	373.53	253.64	
	Contractual & Other Services	1,871.73	542.09	
	Reserves & Contingencies	(178.61)	(126.02)	
		<b>6,110.39</b>	<b>3,847.60</b>	<b>62.97%</b>
<b>Transportation</b>	Salary & Benefits	5,360.57	4,604.51	
	Internal Services	326.75	338.97	
	Contractual & Other Services	3,377.82	1,645.78	
	Reserves & Contingencies	(4,102.72)	(3,354.19)	
		<b>4,962.42</b>	<b>3,235.08</b>	<b>65.19%</b>












## Notable Variances

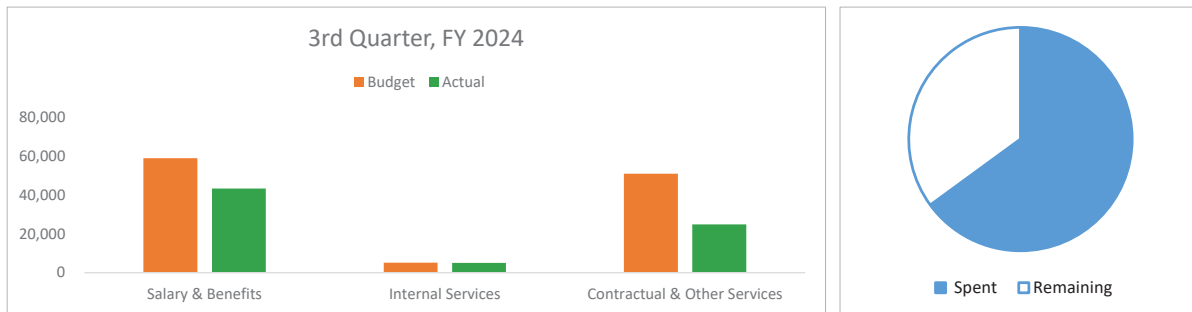
- Economic Development & Tourism** - Prolonged vacancies have existed for both the Assistant Director of Marketing and the Business Development officer positions resulting in underspending of Salary & Benefits. Additionally, several critical initiatives remain pending approval. These include six planned studies, land appraisals, business celebration arrangements, a business conference, and business attraction advertisements.
- Planning** - Outstanding encumbrances of \$0.6 million not included in actual expenditures spent through the third quarter bring Planning's spending to 82.5% of budget. The larger encumbrances, to be either spent by the end of the fiscal year or carried into FY2025, include \$0.26 million for the multiyear update to the noise ordinance contract, \$0.13 million multi year project to update the comprehensive plan, \$0.08 million to research and review Zoning text amendments, and \$0.07 million for the multi year project on cultural resources studies.
- Public Works** - Contractual & Other Services is underspent in Neighborhood Services due to upcoming expenditures totaling \$0.5 million. These include various new planting and landscaping maintenance projects. Funding for the new Reforestation Program authorized in FY24 is dependent on the awarding of new planting contracts, anticipated in the fourth quarter.
- Transportation** - The Contractual & Other Services expenditure has \$1.0 million in encumbrances including upgrading County Design and Construction Standard manual, NOVEC & Dominion Energy bills for streetlights, streetlights, and LED installation/upgrades. Additionally, the transportation cost recovery of \$0.3 million for March 2024 has not yet been completed. The impact of these amounts will result in an increase of overall expenditure to 73% of budget for the third quarter.

# Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Board of County Supervisors</b>	Salary & Benefits	3,777.61	2,541.92	
	Internal Services	372.34	372.34	
	Contractual & Other Services	2,465.48	1,212.30	
	Reserves & Contingencies	(12.90)	0.00	
	<b>6,602.52</b>	<b>4,126.56</b>	<b>62.50%</b>	
<b>County Attorney</b>	Salary & Benefits	4,876.77	3,571.20	
	Internal Services	298.54	298.48	
	Contractual & Other Services	1,298.68	449.07	
	Reserves & Contingencies	(181.85)	(89.72)	
	<b>6,292.14</b>	<b>4,229.02</b>	<b>67.21%</b>	
<b>Elections</b>	Salary & Benefits	2,050.00	1,963.85	
	Internal Services	238.70	237.58	
	Contractual & Other Services	1,799.20	1,207.00	
	Reserves & Contingencies	(14.08)	0.00	
	<b>4,073.82</b>	<b>3,408.44</b>	<b>83.67%</b>	
<b>Executive Management</b>	Salary & Benefits	5,146.05	4,038.71	
	Internal Services	297.88	298.17	
	Contractual & Other Services	1,670.83	607.39	
	Reserves & Contingencies	(7.39)	0.00	
	<b>7,107.37</b>	<b>4,944.27</b>	<b>69.57%</b>	
<b>Facilities &amp; Fleet Management</b>	Salary & Benefits	12,266.91	9,164.86	
	Internal Services	1,366.13	1,307.75	
	Contractual & Other Services	37,715.67	19,210.29	
	Reserves & Contingencies	(4,038.43)	(1,086.75)	
	<b>47,310.28</b>	<b>28,596.15</b>	<b>60.44%</b>	
<b>Finance</b>	Salary & Benefits	23,142.42	16,435.24	
	Internal Services	1,911.17	1,908.02	
	Contractual & Other Services	4,914.46	1,969.70	
	Reserves & Contingencies	(673.23)	(1,114.42)	
	<b>29,294.81</b>	<b>19,198.54</b>	<b>65.54%</b>	
<b>Human Resources</b>	Salary & Benefits	5,180.70	3,715.13	
	Internal Services	535.56	535.56	
	Contractual & Other Services	1,035.21	274.33	
	Reserves & Contingencies	(696.61)	0.00	
	<b>6,054.84</b>	<b>4,525.02</b>	<b>74.73%</b>	
<b>Human Rights Office</b>	Salary & Benefits	854.21	629.37	
	Internal Services	46.01	46.01	
	Contractual & Other Services	72.70	12.41	
	Reserves & Contingencies	(0.69)	0.00	
	<b>972.24</b>	<b>687.78</b>	<b>70.74%</b>	
<b>Management &amp; Budget</b>	Salary & Benefits	1,795.44	1,415.48	
	Internal Services	105.78	105.78	
	Contractual & Other Services	79.93	12.96	
	Reserves & Contingencies	(0.72)	0.00	
	<b>1,980.42</b>	<b>1,534.22</b>	<b>77.47%</b>	

## Government Operations Quadrant Area *(Continued)*










### Notable Variances

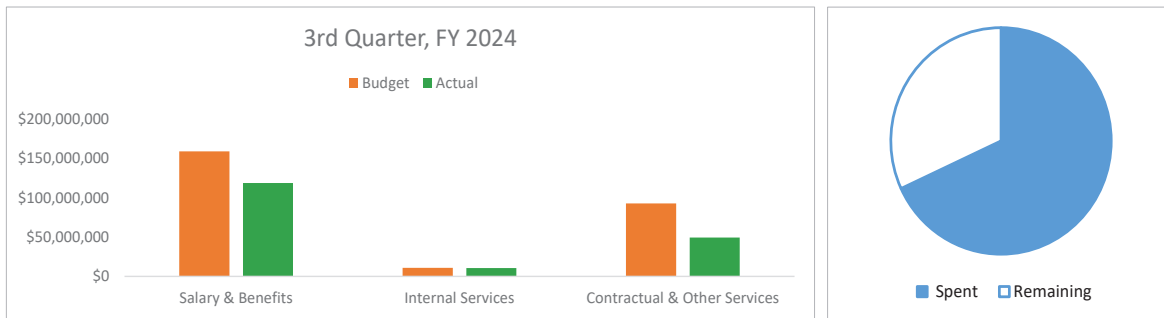
- Board of County Supervisors** - Encumbrances of \$0.87 million in Contractual & Other Services include auditing services and advertising costs related to the BOCS meetings.
- County Attorney** - Encumbrances of \$0.6 million in Contractual & Other Services exist for outside counsel services related to collective bargaining, cable franchise, and digital gateway litigation.
- Elections** - Spending is higher than typical after the third quarter due to administering three elections, instead of two, this fiscal year. The Elections Department is awaiting planned reimbursement from the Virginia Department of Elections totaling \$0.6 million for staffing, printing, other costs associated with the March 5th Presidential Primary.
- Executive Management** - Legislative Affairs has \$0.3 million in unspent professional services which will be absorbed by a temporary contracted employee. Grant funding of \$0.15 million incorrectly increased the Community Safety budget. This has been corrected for the fourth quarter. Finally, Communications is currently procuring \$0.04 million for subscriptions.
- Facilities & Fleet Management** - Funds of \$13.7 million have been encumbered, primarily for leases (\$2.7 million), County projects (\$2.2 million), utilities (\$2.0 million), repairs & maintenance (\$2.0 million), vehicles and replacements (\$1.4 million), contractual (\$0.9 million), and other operating expenses which will be spent throughout the remainder of the fiscal year.
- Finance** - Salary & Benefits is underspent due to vacancies. Contractual & Other Services includes \$1.2 million in encumbrances that will be spent by the end of the fiscal year. The majority of encumbrances reside in Tax Administration (\$0.7 million) and FRC (\$0.2 million). Additionally, Finance is in the process of encumbering another approximation \$0.5 million for the FY 2024 Financial Statement Audit. Finally, additional monies will be encumbered for Managed Services Support to carry Finance through the rest of FY2024 and into FY2025 as DOIT scheduled funding will not cover the full amount of support hours needed. Banking Services is underspent because Finance is in the middle of the Comprehensive Banking Services RFP, and funds were added to the budget to accommodate for pricing increases. Regarding Reserves & Contingencies, \$0.6 million was incorrectly cost recovered under FRC and should have been recovered under HR. A correction is being processed in April.

## Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Aging</b>	Salary & Benefits	4,030.42	3,238.24	
	Internal Services	257.64	244.72	
	Contractual & Other Services	5,370.41	3,843.68	
	Reserves & Contingencies	(47.66)	0.00	
	<b>9,610.81</b>	<b>7,326.64</b>	<b>76.23%</b>	
<b>Community Services</b>	Salary & Benefits	54,913.27	40,422.27	
	Internal Services	2,592.83	2,563.64	
	Contractual & Other Services	34,493.27	11,142.62	
	Reserves & Contingencies	(160.05)	0.00	
	<b>91,839.32</b>	<b>54,128.52</b>	<b>58.94%</b>	
<b>Cooperative Extension Service</b>	Salary & Benefits	1,166.51	757.29	
	Internal Services	143.69	143.70	
	Contractual & Other Services	118.67	26.45	
	Reserves & Contingencies	(0.43)	0.00	
	<b>1,428.43</b>	<b>927.44</b>	<b>64.93%</b>	
<b>Library</b>	Salary & Benefits	18,093.36	13,366.74	
	Internal Services	1,777.54	1,733.02	
	Contractual & Other Services	3,548.83	2,470.95	
	Reserves & Contingencies	(30.76)	0.00	
	<b>23,388.96</b>	<b>17,570.70</b>	<b>75.12%</b>	
<b>Parks &amp; Recreation</b>	Salary & Benefits	28,542.60	21,341.84	
	Internal Services	3,250.49	3,089.92	
	Contractual & Other Services	12,198.16	7,245.10	
	Reserves & Contingencies	(242.15)	(469.69)	
	<b>43,749.10</b>	<b>31,207.17</b>	<b>71.33%</b>	
<b>Public Health</b>	Salary & Benefits	2,173.64	1,178.22	
	Internal Services	60.56	60.01	
	Contractual & Other Services	3,102.28	2,337.36	
	Reserves & Contingencies	(30.97)	0.00	
	<b>5,305.52</b>	<b>3,575.58</b>	<b>67.39%</b>	
<b>Social Services</b>	Salary & Benefits	50,121.70	38,398.18	
	Internal Services	2,706.06	2,676.93	
	Contractual & Other Services	33,983.24	22,463.58	
	Reserves & Contingencies	(331.96)	0.00	
	<b>86,479.03</b>	<b>63,538.68</b>	<b>73.47%</b>	

## Health, Wellbeing & Environmental Quadrant Area *(Continued)*









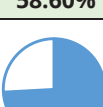
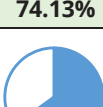
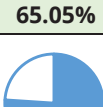
### Notable Variances

1. **Community Services** - Contractual & Other Services includes encumbrances of \$12.6 million. The majority, \$9.8 million, is associated with the Crisis Receiving Center and Regional Chantilly CSU capital improvement local and regional operational startup project that will be billed later in the year. The remaining encumbered funds are primarily for developmental disabilities, early intervention services, ongoing facilities projects, paintings, furniture replacement, and additional storage space.
2. **Cooperative Extension Service** - The agency is underspent due to position vacancies resulting in unspent salary and benefit funds and encumbrances that have not been fully expended.
3. **Public Health** - Salary & Benefits is underspent due to five positions that have been on hold for the possible transition to a County operated Public Health Department. Additionally, the department receives a local salary supplement which was budgeted for a 7% increase on July 1st. However, the state salaries were budgeted at a 5% increase from July to November. The additional 2% did not get passed and processed until December 2023, resulting in half-year savings in FY24.






# Safe & Secure Community Quadrant Area

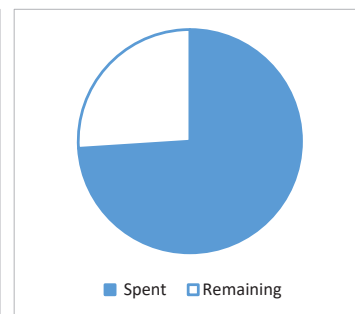
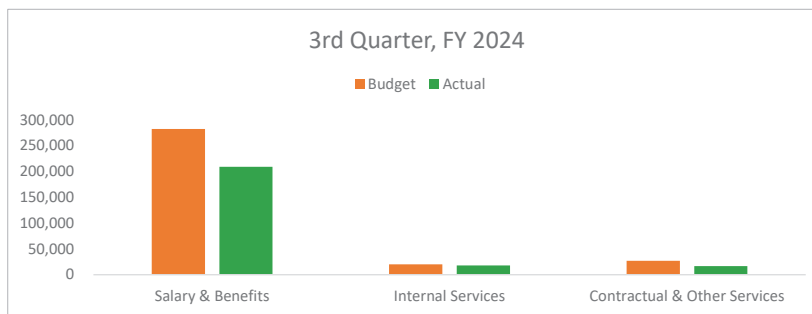
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Circuit Court Clerk</b>	Salary & Benefits	4,780.03	3,766.73	
	Internal Services	255.61	255.83	
	Contractual & Other Services	966.57	434.37	
	Reserves & Contingencies	(3.74)	0.00	
	<b>5,998.47</b>	<b>4,456.94</b>	<b>74.30%</b>	
<b>Circuit Court Judges</b>	Salary & Benefits	1,559.37	1,127.78	
	Internal Services	73.50	73.50	
	Contractual & Other Services	96.04	50.01	
	Reserves & Contingencies	(0.94)	0.00	
	<b>1,727.98</b>	<b>1,251.29</b>	<b>72.41%</b>	
<b>Commonwealth Attorney</b>	Salary & Benefits	9,679.59	6,911.66	
	Internal Services	566.50	564.97	
	Contractual & Other Services	485.03	347.59	
	Reserves & Contingencies	(4.55)	0.00	
	<b>10,726.56</b>	<b>7,824.22</b>	<b>72.94%</b>	
<b>Criminal Justice Services</b>	Salary & Benefits	6,092.55	4,587.74	
	Internal Services	386.40	383.51	
	Contractual & Other Services	955.50	483.50	
	Reserves & Contingencies	(6.05)	0.00	
	<b>7,428.40</b>	<b>5,454.75</b>	<b>73.43%</b>	
<b>Fire &amp; Rescue</b>	Salary & Benefits	110,648.07	82,475.48	
	Internal Services	5,205.00	4,600.58	
	Contractual & Other Services	7,793.08	4,720.46	
	Reserves & Contingencies	(53.06)	0.00	
	<b>123,593.09</b>	<b>91,796.51</b>	<b>74.27%</b>	
<b>General District Court</b>	Salary & Benefits	1,554.17	954.18	
	Internal Services	23.11	23.11	
	Contractual & Other Services	228.04	79.57	
	Reserves & Contingencies	(1.75)	0.00	
	<b>1,803.56</b>	<b>1,056.86</b>	<b>58.60%</b>	
<b>Juvenile &amp; Domestic Relations Ct</b>	Salary & Benefits	381.28	278.89	
	Internal Services	32.92	32.92	
	Contractual & Other Services	89.68	61.25	
	Reserves & Contingencies	(0.66)	0.00	
	<b>503.22</b>	<b>373.06</b>	<b>74.13%</b>	
<b>Juvenile Court Service Unit</b>	Salary & Benefits	1,517.91	964.19	
	Internal Services	66.02	66.47	
	Contractual & Other Services	304.27	195.05	
	Reserves & Contingencies	(4.01)	0.00	
	<b>1,884.19</b>	<b>1,225.71</b>	<b>65.05%</b>	
<b>Magistrates</b>	Salary & Benefits	88.73	64.84	
	Internal Services	20.13	20.13	
	Contractual & Other Services	10.39	5.66	
	Reserves & Contingencies	(0.08)	0.00	
	<b>119.16</b>	<b>90.63</b>	<b>76.05%</b>	

## Safe & Secure Quadrant Area (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Police</b>	Salary & Benefits	117,777.15	87,499.12	
	Internal Services	11,539.74	10,149.79	
	Contractual & Other Services	12,747.87	7,995.28	
	Reserves & Contingencies	(21.68)	0.00	
	<b>142,043.08</b>	<b>105,644.20</b>	<b>74.37%</b>	
<b>Public Safety Communications</b>	Salary & Benefits	13,370.70	9,525.16	
	Internal Services	577.46	566.77	
	Contractual & Other Services	2,297.62	1,622.19	
	Reserves & Contingencies	(21.25)	0.00	
	<b>16,224.54</b>	<b>11,714.13</b>	<b>72.20%</b>	
<b>Sheriff</b>	Salary & Benefits	14,764.28	10,778.28	
	Internal Services	1,315.27	1,177.27	
	Contractual & Other Services	961.01	638.68	
	Reserves & Contingencies	(8.27)	(23.39)	
	<b>17,032.29</b>	<b>12,570.84</b>	<b>73.81%</b>	




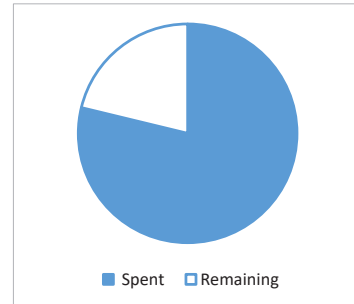
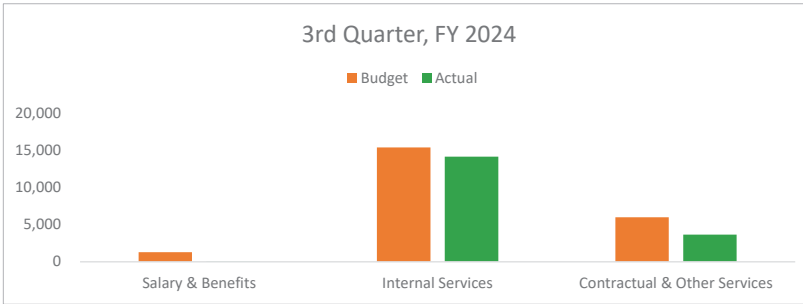
### Notable Variances

- General District Court** - Salary & Benefits is underspent due to the local salary supplement support budgeted for a 7% increase effective July 1st. However, the state salaries were budgeted at a 5% increase from July to November. The additional 2% did not get passed and processed until December 2023, resulting in half-year savings in FY24. General District Court and Office of the Public Defender both receive a local salary supplement under the General District Court budget. Contractual & Other Services is underspent due to expenses and encumbrances of \$0.04 million that will be captured later in the year.
- Juvenile Court Service Unit** - Salary & Benefits is underspent due to the local salary supplement support budgeted for a 7% increase effective July 1st. However, the General Assembly did not complete the FY2024 State budget amendments budget until September 2023, with implementation of the increase in December of 2023. Contractual & Other Services is underspent due to encumbrances of \$0.1 million that will be captured later in the year.

## Non-Departmental

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Non-Departmental</b>	Salary & Benefits	1,283.57	34.83	
	Internal Services	15,417.98	14,183.89	
	Contractual & Other Services	5,994.05	3,661.41	
	Reserves & Contingencies	0.00	0.00	
		<b>22,695.60</b>	<b>17,880.14</b>	




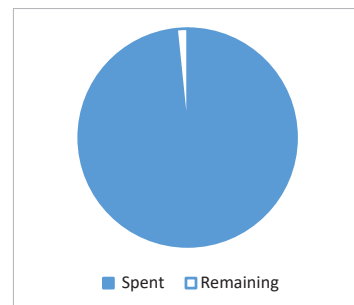
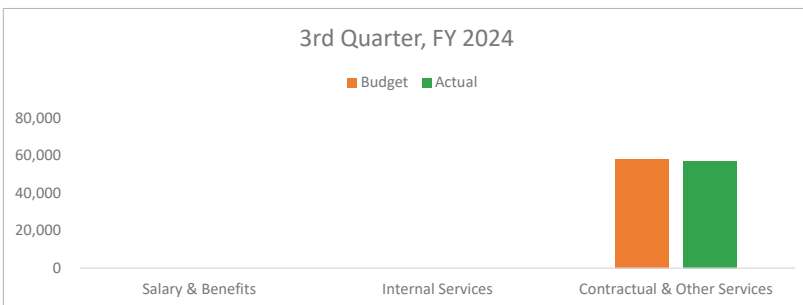
### Notable Variances

- Non-Departmental** - The following payments were made during the fiscal year: Self-Insurance Workers Compensation (\$6.4 million), Countywide Information Technology internal service costs (\$4.8 million), Self-Insurance Casualty Pool (\$3.0 million), Property and Miscellaneous Insurance Premiums (\$0.6 million), Hylton Performing Arts Center Contribution (\$2.0 million), and Northern Virginia Community College Contribution (\$0.9 million).

## Debt Service

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Debt Service</b>	Salary & Benefits	0.00	0.00	
	Internal Services	0.00	0.00	
	Contractual & Other Services	58,131.46	57,183.17	
	Reserves & Contingencies	0.00	0.00	
		<b>58,131.46</b>	<b>57,183.17</b>	



### Notable Variances

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



**PRINCE  
WILLIAM**  
— COUNTY

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

1 County Complex Court  
Prince William, VA 22192

[www.pwcva.gov](http://www.pwcva.gov)