



PRINCE WILLIAM
COUNTY

Revenue & Expenditures **REPORT**

4th Quarter
FY 2025

Published 9/30/2025

PRINCE WILLIAM COUNTY

4th Quarter FY 2025 Revenues

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

The FY 2025 Adopted Budget forecast general revenues were \$1.592 billion. FY 2025 pre-close and unaudited general revenues are expected to produce a surplus of \$10.9 million from the adopted FY 2025 budget as follows:

General Revenue Sources	Prior Year FY 2024	Current Year FY 2025						
	Year-End	Adopted Forecast	Q1 Revised	Q2 Revised	Q3 Revised	Q4 Preliminary Unaudited	\$ Change Q4/Adopted	% Change Q4/Adopted
Real Property Tax	\$872,688,927	\$919,979,000	\$919,979,000	\$922,193,000	\$915,586,000	\$915,274,607	(\$4,704,393)	-0.51%
Personal Property Tax	335,371,025	412,050,000	412,050,000	412,050,000	405,698,000	404,601,974	(7,448,026)	-1.81%
Motor Vehicle License Tax	12,610,447	13,000,000	13,000,000	13,000,000	13,000,000	13,488,811	488,811	3.76%
Local Sales Tax	95,654,382	96,000,000	96,000,000	100,000,000	100,000,000	99,383,391	3,383,391	3.52%
Food and Beverage Tax	44,953,500	42,000,000	42,000,000	42,000,000	44,000,000	46,294,990	4,294,990	10.23%
Consumer Utility Tax	14,658,210	15,500,000	15,500,000	15,500,000	15,500,000	15,059,556	(440,444)	-2.84%
Communications Sales and Use Tax	11,272,071	12,100,000	12,100,000	12,100,000	12,100,000	11,487,049	(612,951)	-5.07%
BPOL Tax	38,921,579	35,675,000	35,675,000	35,675,000	39,572,000	41,412,532	5,737,532	16.08%
Investment Income	33,381,349	25,480,000	25,480,000	32,000,000	37,000,000	37,832,252	12,352,252	48.48%
All Other Revenue	17,435,128	20,095,000	20,095,000	20,095,000	19,505,000	17,895,055	(2,199,945)	-10.95%
TOTAL GENERAL REVENUES	\$1,476,946,618	\$1,591,879,000	\$1,591,879,000	\$1,604,613,000	\$1,601,961,000	\$1,602,730,217	\$ 10,851,217	0.7%

In accordance with the Board of County Supervisors' adopted Principles of Sound Financial Management, any general revenue surplus, once audited by the County's external auditors, will be applied in the following order:

1. Maintain unassigned fund balance at the required 7.5% of general fund revenues;
2. Split with the School Division in accordance with the County-School Revenue Sharing Agreement;
3. Maintain the revenue stabilization fund reserve at the required 2% of general fund revenues;
4. Maintain the capital reserve at the required 2% of capital projects fund appropriations;

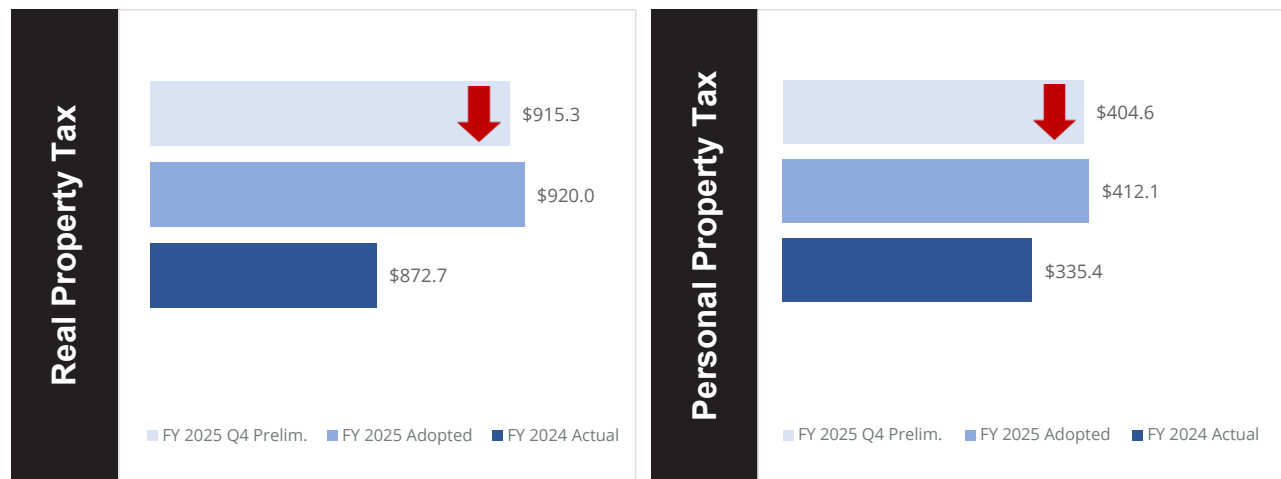
5. Replenish the economic development opportunity fund (EDOF) reserve to the \$3 million required year-end balance;
6. Replenish the Data Center Revenue Stabilization Reserve to the targeted 10% threshold of prior year audited tax revenue generated from data center computer equipment and peripherals;
7. Add any remaining surplus to the capital reserve to support the County's triple-AAA/Aaa bond rating and provide a funding source to meet the 10% cash-to-capital requirement and support the County's Six-Year Capital Improvement Program to minimize the need for additional borrowing.

Revenues At-A-Glance

Variances from the FY 2025 Adopted Budget are as follows:

Real Property Tax revenue received and recorded on a net basis is \$915.3 million, a shortfall of \$4.7 million. The revenue decrease was driven primarily by higher than anticipated allocations for real estate tax relief and real estate exonerations. Partially offsetting the shortfall were higher than forecast supplements, primarily concentrated in the data center sector, and the Commonwealth's assessment of property affiliated with public service corporations.

Personal Property Tax revenue received and recorded on a net basis is \$404.6 million, an estimated shortfall of \$7.4 million. The variance was predominantly driven by uncollected vehicle tax receipts that represented approximately 4.2% of total billings, down from 8.4% in May. The business tangibles component of personal property tax also contributed to the shortfall, trailing the adopted forecast by \$2.3 million. A surplus of \$3.3 million in personal property tax deferrals partially mitigated the overall negative variance in personal property tax collections versus the adopted budget.



Dollar amounts expressed in millions

Local Sales Tax received and recorded is \$99.4 million, a surplus of \$3.4 million. Despite a cautious consumer, the pace of collections remained relatively consistent throughout the fiscal year. Notwithstanding cost-of-living challenges confronting many households, spending has been buoyed by a regional labor market that, while softening, has remained relatively stable and steady nominal wage growth.

Food and Beverage Tax revenue received and recorded is \$46.3 million, a surplus of \$4.3 million. The backdrop propelling collections is akin to Local Sales Tax – consistent spending behavior sustained by a regional labor market that has, generally, exhibited a stable profile and steady nominal wage growth. Additional factors include elevated services sector inflation and resources provided to the County’s Tax Administration Division for collection enforcement as part of the FY 2024 budget.

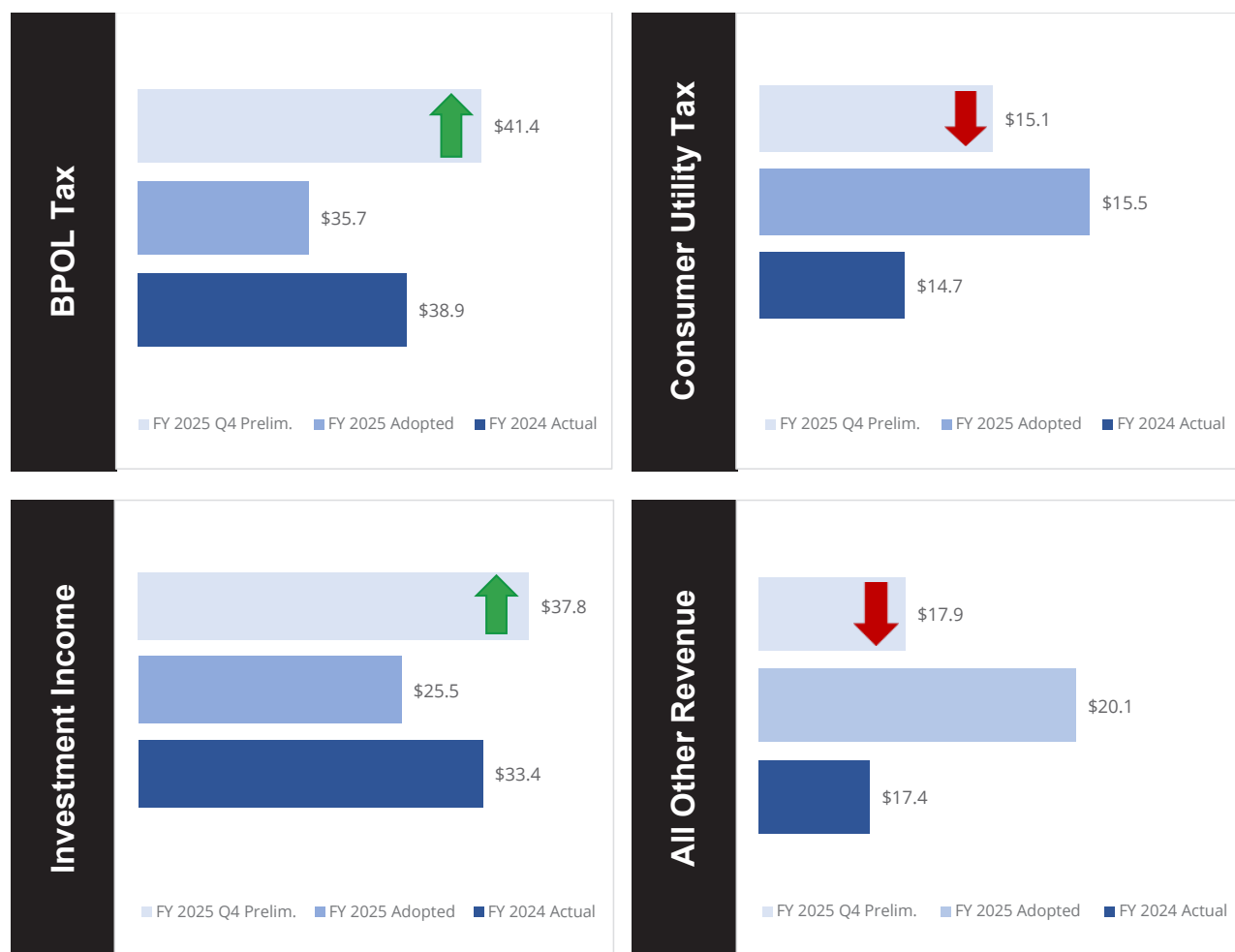


Dollar amounts expressed in millions

Business, Professional and Occupational License (BPOL) Tax revenue received and recorded is \$41.4 million, a surplus of \$5.7 million. Given the level of BPOL revenue generated is dependent on the consumption of goods and services, the narrative that supported FY 2025 collections is analogous to Local Sales Tax and Food and Beverage Tax – consistent consumer spending patterns reinforced by a reasonably stable regional labor market.

Investment Income is projected to be \$37.8 million, a surplus of \$12.4 million. Throughout FY 2025, the County assumed an investment positioning strategy that sought to assuage deterioration in the general portfolio's total return performance, while recognizing potential downside risks to the U.S. economy. The result saw a higher than anticipated allocation of funds available to invest placed in cash/cash equivalent instruments, the primary driver of investment income.

All Other Revenue received and recorded is \$17.9 million, a shortfall of \$2.2 million. The leading revenue streams that underpinned the shortfall were Interest Paid to Vendors (-\$1.1 million), Transient Occupancy Tax (-\$906 thousand), and Cigarette Tax (-\$825 thousand). The top three revenue sources that partially offset the shortfall were Consumption Tax (\$500 thousand), Daily Rental Equipment Tax (\$461 thousand), and Interest on Taxes (\$265 thousand).



Dollar amounts expressed in millions

Looking Ahead

Economy At-A-Glance

Indicator	Prior Qtr 03/31/2025	Prior Year 06/30/2024	Current ¹ 06/30/2025	Short-Term Outlook					Notes
General									
Consumer Price Index (CPI)	2.4%	3.0%	2.7%		●				Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	-0.3%	2.8%	3.0%			●			Measures the final market price for goods and services produced within the U.S.
Federal Funds Rate	4.33%	5.33%	4.33%			●			Target interest rate set by the Federal Open Market Committee (FOMC). Establishes baseline lending rates and short term rates of return.
S&P 500 Index	5,612	5,460	6,205				●		Considered the best single gauge of large-cap U.S. equities. The index contains 500 leading companies and captures approximately 80% of available market capitalization.
Unemployment Rate									
National	4.2%	4.1%	4.1%			●			Tracks the number of unemployed persons as a percentage of the total U.S. labor force.
Virginia	3.2%	2.7%	3.5% (P)		●				Tracks the number of unemployed persons as a percentage of the total VA labor force.
Prince William County	3.3%	2.9%	3.7% (P)		●				Tracks the number of unemployed persons as a percentage of the total PWC labor force.
Average Weekly Wages ²									
National	\$1,394	\$1,435	\$1,507			●			Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.
Virginia	\$1,444	\$1,482	\$1,546			●			Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.
Prince William County	\$1,232	\$1,247	\$1,288			●			Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.
Employment Establishments ³									
Virginia	325,198	316,673	320,884			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.
Region	97,879	98,607	98,935			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.
Prince William County	10,810	10,581	10,834			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Prince William County.
Revenue									
Retail Sales: National	1.4%	0.0%	0.6%		●				Retail sales tracks the resale of new and used goods to the general public for personal or household consumption.
Sales and Use Tax: Virginia	1.4%	-0.7%	2.2%			●			Tracks the percentage of state collections for sales and use tax.
Sales and Use Tax: Prince William County	5.8%	1.3%	5.4%			●			Tracks the percentage of collections for sales and use tax in Prince William County. Current sales tax rate is 6.0%.
Revenue Collections: Virginia	5.8%	5.9%	6.1%			●			Approximately 88% of Virginia's revenue consists of net individual income tax and sales tax.
Vehicles									
National Automobile Sales (units in millions)	16.5	15.5	16.3			●			Tracks the total number of year-to-date light-vehicle sales in the U.S. on a Seasonally Adjusted Annual Rate basis.
Real Estate Market: Prince William County									
Median Sold Price	\$550,000	\$635,000	\$600,000			●			Reflects the median sold price for a home.
Closed Sales	296	541	509			●			Reflects the number of closed home sales.
Average Days on Market	19	10	16			●			Reflects the average time a home is on the market from listing to closing.
Ratio of Homes on the Market to Homes Sold	1.51	0.87	1.33			●			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	133	178	192			●			Establishes that a property is suitable for habitation after meeting the requirements of the Uniformed Statewide Building Code.
Building Permits Issued	215	211	147			●			Tracks the number of new building permits issued for residential dwellings.
Commercial Vacancy Rate	2.8%	3.5%	2.9%			●			Tracks the percentage of vacant store front property by square feet.

¹ Reflects data available as of the date displayed

² Average Weekly Wages lags current and prior period by 2 quarters

³ Employment Establishments lags current and prior period by 2 quarters

Negative	Slightly Negative	Neutral	Slightly Positive	Positive
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National, State, and Local Trends

National As summer fades into fall, tension has emerged surrounding the Federal Reserve's dual mandate of full employment and stable prices. Although higher tariffs for physical goods have yet to spark an acute pass through of price increases to consumers, inflation has drifted nearly one percentage point above the Federal Reserve's two percent target since April. Simultaneously, recent indications of weaker than anticipated job growth, coupled with soft data pointing to souring sentiment among workers about job prospects, have placed policymakers in an exigent economic climate to navigate. With the labor market exhibiting flagging momentum and the prospect of price pressures remaining persistent in the months ahead, the risk of a recession has edged higher compared to the beginning of the year. But for many economic forecasters, a profound downturn in the U.S. economy is not a base case scenario. Wells Fargo acknowledged "the next six months or so strike us as the most precarious stretch as higher tariffs and restrictive monetary policy continue to bite." "But as we look ahead, we feel more optimistic about the outlook for economic growth as next year progresses. Fiscal stimulus is coming next spring when households file their taxes and take advantage of the tax cuts enacted in the One Big Beautiful Bill. The lagged effect of monetary policy easing should start to be felt next year, and as long as there are no more major increases in tariff rates (we grant that is a big caveat), the hit to growth from higher tariffs should gradually fade. We look for an above-consensus 2.4% Q4/Q4 growth rate for real GDP next year." In a recent note, Bloomberg Economics also portrayed a constructive tenor - "We see signs that the US economy is early in the recovery phase - and we agree with the Fed on upgrading GDP growth for 2025 to above the potential pace, and lowering the unemployment forecast for 2026 and 2027."

On September 17th, the Federal Reserve elected to lower the Federal Funds rate by 25 basis points to a range of 4.00% - 4.25%, the first interest rate cut in nine months. The decision was widely anticipated given recent signals of burgeoning weakness in the U.S. labor market and telegraphed comments disseminated by Chairman Jerome Powell and other policymakers prior to the meeting. Stephen Miran, a new Federal Reserve Governor appointed by President Trump, cast the lone dissent. Miran favored an interest rate cut of 50 basis points. The policy statement issued following the meeting cited that "downside risks to employment have risen", but the Federal Open Market Committee's Summary of Economic Projections (SEP) revealed the median unemployment rates for 2026 and 2027 were each lowered 0.1% versus the prior projection to 4.4% and 4.3%, respectively. Other notable changes to the SEP included an upward revision to current year economic growth of 1.6% from 1.4% and Personal Consumption Expenditure (PCE) inflation rising to 2.6% from 2.4% in 2026. The projection for 2025 PCE inflation held steady at 3.1%. But despite marking up current year economic growth, lowering unemployment, and inflation remaining above target, two additional interest rate cuts were penciled in for the remainder of this year. While lowering interest rates in light of those projections appears to go against conventional thinking, officials may have attempted to first solve for the required interest rate level that would support the median forecasts. The post meeting press conference saw Chairman Powell attempt to justify the decision to cut interest rates amid somewhat incongruent messaging reflected in the policy statement, the SEP and the interest rate forecast but only appeared to raise the level of confusion. Powell proclaimed that downside risks to employment have increased but later noted most of the labor market slowdown could be attributed to reduced immigration, an issue monetary policy is not equipped to manage. Another point of friction surrounded inflation. Powell said officials will need to "keep our eye on inflation", indicating there is a group of policymakers not comfortable with two additional interest rate cuts this year against an inflation backdrop that remains undefined. The revised interest rate projections confirm that to be the case, with nine of nineteen Federal Open Market Committee members calling for one or no more cuts in 2025. Regardless of Powell's assertion that September's interest rate cut was a "risk management" measure, the Federal Reserve faces a formidable challenge steering the U.S. economy clear of stagflation or recession outcomes. Amid the flurry of critiques and criticism that tend to follow a Federal Reserve meeting, Powell's warning that there "is no risk-free path" may have been the most clear and concise message talking heads should heed.

Consumer Price Index (CPI) June CPI advanced from May's subdued reading as companies began to pass through a portion of tariff costs to consumers. But gains in various trade exposed sectors were

partially offset by disinflation in other categories as Americans demonstrated restraint in spending on non-essential items. While import duties on trading partners have been subject to change, the current framework in place points to goods prices rising in the months ahead. As of August 7th, The Budget Lab at Yale estimates the average effective tariff rate is 18.6%, up from roughly 2.5% in 2024 and the highest since 1933. According to the non-partisan policy research center, the average cost per household will increase \$2,400 in 2025. Headline CPI for June rose 0.29% versus an increase of 0.08% the prior month. Measured year-over-year, inflation rose 2.7% compared to 2.4% in May. Energy prices added 0.06% percentage points to headline inflation, propelled by increases of 1.0% for both gasoline and electricity. After declining 0.4% in April, food at home prices reemerged as a key cost driver, rising 0.3% in May and June. Core inflation, which excludes food and energy and will be scrutinized over the near-term for signs of price pressures, rose 0.2% in June versus 0.1% the prior month. The year-over-year pace rose to 2.9% preceded by a 2.8% increase in May. Core goods prices accelerated 0.2% versus a flat reading of 0.0% the previous month. Categories such as household furnishings and supplies (1.0%), apparel (0.4%) and recreational goods (0.8%) rose briskly in June versus May and figured prominently in the overall cost appreciation of goods. A further escalation in core goods prices was impeded by declines in new and used vehicle prices of 0.3% and 0.7%, respectively. Core services inflation picked up modestly in June, rising 0.3% versus 0.2% in May. The gain was led in part by sharp increases in medical care costs (0.6%) and transportation services (0.2%). The shelter component has also remained a key driver of inflationary pressure within core services. Owner's equivalent rent, which measures the cost a homeowner would pay to rent their home, rose 0.3% preceded by a 0.3% increase in May. Rent of a primary residence, a reflection of the actual cost of renting a home, was unchanged at 0.3% month-over-month. Carrying an index weight equal to approximately one-third of overall CPI, the shelter category is a significant driver of not only services inflation but the entire CPI basket. According to Bloomberg Economics, "Measures of diffusion indicate that price pressures broadened somewhat in June, with fewer categories seeing outright declines and more experiencing elevated gains. The share of core CPI components rising at an annualized rate above 4% increased to 46% in June from 40% in May, while the share with price declines fell to 33% from 41%."

Gross Domestic Product (GDP) The appearance of sturdy U.S. economic growth in the second quarter was driven primarily by an abrupt drop in goods imports following an accumulation of inventory earlier in the year. But beneath the headline reading, key components that more accurately signal demand are demonstrating signs of slowing. A decline in final sales to domestic purchasers points to softening economic activity, despite consumers not yet bearing the full burden of tariff costs. Adjusted for inflation, the advance estimate of GDP showed the U.S. economy grew 3.0% on an annualized basis during the quarter, above the consensus estimate of 2.6% and the prior quarter mark of (0.5%). Final sales to domestic purchasers, which exclude inventories and trade and is a key metric utilized to assess trends in consumption behavior, decelerated to 1.1% versus 1.5% the previous quarter. Final sales to private domestic purchasers, which further excludes government spending and investment, fell to 1.2% from 1.9% the prior quarter. Accounting for approximately two-thirds of GDP, consumer spending rose 1.4%, following a lethargic 0.5% gain during the first quarter of this year. The increase was underpinned by a rebound in goods spending, particularly durable goods (3.7%), to 2.2% from 0.1% the previous quarter. And while services spending rose 1.1% compared to 0.6% the prior quarter, the aggregate pace of consumer spending through the first half of 2025 was approximately 1.0%, an acute downturn from 3.1% one year prior. The decline suggests consumers have become more frugal amid an unclear outlook surrounding tariffs' impact on prices and a softening labor market. According to Bloomberg Economics, "The sharp rebound in GDP is less a sign of economic strength than a reflection of volatility from trade-policy shocks."

Labor Market* The preliminary nonfarm payrolls estimate for June increased 147,000, above the consensus projection of 106,000. The unemployment rate edged down to 4.1% from 4.3% in May, but not necessarily for the right reasons. Despite population growth of 200,000, the labor force shrank by 130,000 workers. This implies many Americans, for various reasons, may have exited the labor market and would not be reflected as unemployed. Additional signs of a softening employment landscape included an increase in the duration of unemployment to 23 weeks from 21.8 weeks in May and

decline in net private sector hiring of 74,000 in June versus 137,000 the prior month. The slowdown in private payrolls growth was driven primarily by a reduction in the number of service sector jobs added during June compared to the previous month. Private education services shed 7,500 jobs, owed in part to a hiring freeze affiliated with the Trump administration's cancellation of federal contracts. Employment in professional and business services also experienced a decline of 7,000 workers. Once a source of employment growth over the past several years, the number of jobs added in health care and social assistance fell to 59,000 in June from 81,000 the prior month. State and local government hiring countered a portion of the hiring weakness seen in the private sector, adding 47,000 and 33,000 jobs, respectively. The gains were largely concentrated in the education sector. Bloomberg Economics framed the outlook for the labor market with the following observation - "We think payrolls this year are overstated by an average of roughly 80k per month, partly due to the Bureau of Labor Statistics' "birth-death" model, which adjusts the establishment survey to account for business formations and closures. The model is on track to add 1.1 million jobs for all of 2025 - far more than the 750k we think is a more realistic estimate. Adjusted for this overstatement - and assuming our forecast is correct - underlying job growth would be around 67k per month."

** Subsequent Bureau of Labor Statistics (BLS) employment data released after the June employment report has exposed a labor market softer than earlier portrayed. Combined, May and June employment figures were revised down by 258,000 jobs. Furthermore, preliminary benchmark revisions released by the BLS for the period April 2024 to March 2025 suggest nonfarm payrolls were 911,000 lower than previously reported. Final benchmark revisions will become official in February 2026.*

Retail Sales Following a contraction in May, retail sales reclaimed a measure of upward momentum in June. While improved sales figures in several categories demonstrate consumers have not fully capitulated, it is challenging to gauge whether firm demand or price increases buttressed the overall gain in retail sales. But given tepid consumer confidence and signs of weakness in some discretionary spending categories, consumers are clearly exercising caution amid an unsettled economic climate. The advance estimate of retail sales for June rose 0.6%, preceded by a -0.9% decline the previous month. The headline figure increase was largely attributed to stronger sales in motor vehicle and parts dealers (1.2%), while additional contributions from miscellaneous store retailers (1.8%) and building material supplies (0.9%) also supported overall sales. Additional details from the June report revealed sales excluding vehicles and gasoline rose 0.6% versus the prior month mark of 0.0%. Control-group sales - which exclude food services, auto dealers, building-material stores, and gasoline stations - rose 0.5% following a downwardly revised 0.2% in May. This category is often viewed as a key indicator of underlying consumer spending trends. Spending at food services & drinking places - a proxy for services consumption - increased 0.6% in June, rebounding from a 0.9% decline in May. However, growth remained below the average pace of the past three months. Notwithstanding cost-of-living challenges for countless households throughout the nation, consumer resilience has been an essential catalyst of economic growth over the past several years. But if the Conference Board's recent appraisals of consumer confidence represent a reasonable indication of future consumption behavior, Americans appear poised to curb discretionary spending over the near-term.

Automobile Industry The National Automobile Dealers Association (NADA) reported Seasonally Adjusted Annual Rate (SAAR) new light-vehicle sales of 16.3 million units through June, an increase of 5.0% over the same period last year. But with consumers scurrying to front-run the impact of tariffs, J.D. Power estimates 173,000 sales were pulled forward into March and April. NADA anticipates the surge in volume will likely translate into reduced new-vehicle sales as the remainder of this year progresses. The combination of robust sales in March and April and tariff induced vehicle production disruptions is also expected to shrink new light-vehicle inventory from the current year high of 2.78 million units in February. Omdia forecasts inventory of 2.3 million vehicles by the end of August before climbing to 2.5 million units as of year-end 2025. J.D. Power estimates average incentive spending per unit for June was approximately \$2,727. But, according to NADA, as inventory becomes tighter Original Equipment Manufacturers are expected to reduce incentive spending in the near-term. All told, consumers should anticipate affordability challenges will remain persistent despite strategic maneuverings by automobile

manufacturers to mitigate rising production costs. As of June, J.D. Power noted the average monthly payment for a financed new vehicle was approximately \$747, a \$22 increase over the previous twelve months. Moving forward, NADA predicts new-vehicle sales to decrease through the second half of this year as consumers assess the impact of a new tariff regime on the cost and availability of new vehicles. NADA's revised new vehicle sales estimate for 2025 is 15.3 million units, down from 16.2 million at the beginning of the year. While the new vehicle sector has grappled with pricing and supply headwinds, the used automobile market has remained relatively stable and resilient. "The Manheim index has generally been rising since last June, and we typically see the strongest changes for the year in the second quarter as the 'spring bounce' comes to an end," said Jeremy Robb, senior director of Economic and Industry Insight at Cox Automotive. "As we move through the second half of 2025, it's likely that some of the reported strength in the market tapers, as the year-over-year comparisons are tougher in the back half of the year. Even so, retail sales continue to run a bit hotter than prior years, and off-lease supply into the market is still on a downward path, two factors which should be fairly supportive of higher values as we move onward."

Virginia The Secretary of Finance's report to the Joint Money Committee indicated the Commonwealth's FY 2025 general fund revenues were \$572 million (1.9%) higher than the "official forecast assumed in the 2025 Appropriation Act (Chapter 725, 2025 Acts of Assembly)." Total general fund revenues for fiscal year 2025 increased by \$1.78 billion compared to fiscal year 2024, reflecting growth across multiple revenue sources. Individual income tax withholding, which accounted for 56% of general fund revenues, rose \$842.9 million (5.0%) versus FY 2024. Sales tax collections, comprising 15% of general fund revenues, also increased \$103.1 million (2.2%) over the prior fiscal year. In prepared remarks to the Joint Money Committee, Governor Glenn Youngkin noted the "strength and success we see today is no accident - it is the result of very intentional decisions made by all of us. Intentional decisions to lift up opportunity in the Commonwealth of Virginia and these decisions are yielding dividends. They're enabling us to Compete and to Win." "We have large carry over balance, funds appropriated, but not spent, thanks to prudent fiscal management and bringing efficiency back to government. We have maintained a conservative debt load, with an incremental borrowing capacity available of \$1.3 billion per year."

Virginia's seasonally adjusted unemployment rate rose during the quarter to 3.5% in June from 3.2% in March. The Commonwealth's Department of Workforce Development and Advancement indicated Virginia's labor force decreased by 10,116 workers to 4,558,145. The number of unemployed residents rose by 4,025 to 160,116, while the number of employed Virginians decreased 14,141 to 4,440,945. The June report also revealed employment rose in one of eleven major categories versus the prior month, with nine registering a decline. The lone sector credited with job gains was Construction (1,700). Within the nine categories that declined, the top five sectors that shed jobs included Professional and Business Services (-3,500), Education and Health Services (-2,200), Leisure and Hospitality (-1,500), Miscellaneous Services (-1,200), and Manufacturing (-700).

Local When assessed through the lens of unemployment rates, Prince William County's labor market exhibited a softening trend over the quarter, as the unemployment rate rose to 3.7% in June from 3.3% in March. According to data published by the Bureau of Labor Statistics, the County's labor force grew slightly from 269,783 to 270,023 over the quarter. However, the number of employed residents shrank by 824, while the number of unemployed individuals increased by 1,064 during the same period. While the availability of granular data to assess the health of the County's job market at a sector level is limited, a leading indicator that can be utilized to measure labor market conditions are initial claims for unemployment insurance. For the period spanning April through June, average initial claims per month fell modestly to 533 versus a per month average of 594 from January through March. Considering the trajectory of claims throughout the quarter, a reasonable conclusion can be made that reductions in the federal workforce and contractors serving the federal government are likely buttressing the County's current labor market profile.

Prince William County Real Estate Market

Residential Sales Activity The following highlights are based on Metropolitan Regional Information Systems (MRIS) data for the quarters ended June 2025 and June 2024.

Category	June 2025	June 2024	Increase/(Decrease)
Median Sold Price	\$600,000	\$635,000	(5.5%)
Units Sold	509	541	(5.9%)
Active Listings	678	476	42.4%
Average Days on Market	16	10	60.0%
New Listings	491	547	(10.2%)

After reaching a 2025 high of approximately 7.04% in mid-January the average 30-year mortgage rate has trended down, triggered in part by concerns economic growth could come under pressure amid the Trump administration's attempt to reset global trade conditions and a softening labor market. Still, against a backdrop of elevated - albeit cooling - prices, high financing rates, and reluctance by current homeowners to relinquish lower interest mortgages, housing affordability challenges have remained persistent. Freddie Mac's Primary Mortgage Market Survey indicates the average 30-year fixed rate mortgage stands at approximately 6.26%. "With affordability still stretched and inventory constrained, national home prices are holding steady, but barely," Nicholas Godec, S&P Dow Jones Indices' head of fixed income tradeables & commodities, said in a statement. "The slowdown is now more than just a story of higher mortgage rates," he said. "It reflects a market recalibrating around tighter financial conditions, subdued transaction volumes, and increasingly local dynamics." Virginia Realtors monthly Flash Survey indicated the organization's Buyer Activity Index decreased to 35 in June from 43 the prior month. Approximately 12% of realtors assessed buyer activity in their local market as "high" or "very high", while roughly 42% rated buyer activity as "low" or "very low". According to Virginia Realtors, 20% of realtors that responded to the survey cited "limited housing options in Virginia as a major obstacle for their clients", and nearly 22% referenced high interest rates as the "main factor holding their clients back in June." Roughly 8% of realtors indicated buyers are having difficulty saving for a down payment. A separate index produced by Virginia Realtors that measures realtors' opinions about market performance three months forward declined to 42 in June versus 47 in May. Approximately 14% of survey participants thought buyer activity over the next three months would be higher in their respective markets, while 30% indicated buyer activity would decline.

Commercial Sector For the quarter ended June 2025, Costar Realty Group (Costar) reported the County's commercial inventory included 57.9 million square feet (sq. ft.) spread over 2,292 properties and 1.7 million sq. ft. of vacant space. The vacancy rate was 2.9% compared to 2.7% at the end of the prior quarter. Highlights from Virginia Realtors Q2 2025 statewide commercial real estate report are as follows:

- Office: "Virginia's office market remains sluggish through Q2 2025. New absorption was negative in the second quarter, vacancy rose, and construction activity is way down. Rent levels inched up for Class A space, but dipped for Class B/C offices."
- Retail: "The retail real estate market moderated in the second quarter in Virginia. Net absorption was flat, and the vacancy rate inched up. The construction pipeline is smaller than the second quarter last year but new deliveries are up as are rent levels."
- Industrial: "After showing signs of slowing last quarter, the industrial market picked up slightly in the second quarter. Net absorption was up from last year, and rent levels rose overall. However, vacancy rates increased in most regional markets even with deliveries slowing. New construction was relatively flat from last year."
 - While other sectors within the industrial space may be experiencing a cooling trend, data center growth is anticipated to remain robust. According to Jones Lang LaSalle's 2025 Global Data Center Outlook, baseline expansion is estimated at a 15% compound annual growth rate through 2027, with upside potential for a 20% compound annual growth rate.

PRINCE WILLIAM COUNTY

4th Quarter FY 2025 Expenditures

General Information

The Board of County Supervisors (BOCS) adopted the ***Principles of Sound Financial Management***; the County government's guiding financial policies. The Principles require that the BOCS receive a quarterly general fund revenue and expenditure update within 45 days of the end of each quarter. A preliminary 4th quarter report shall be provided to the BOCS within ninety (90) days after the end of the fiscal year.

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

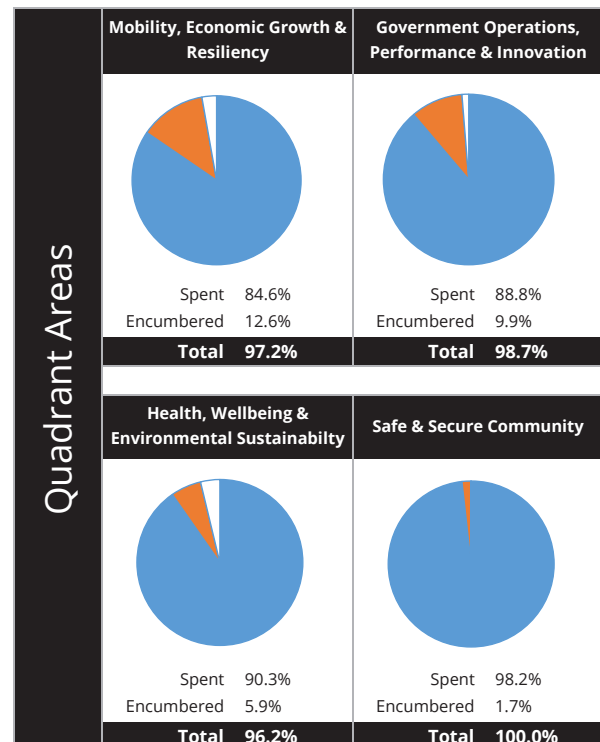
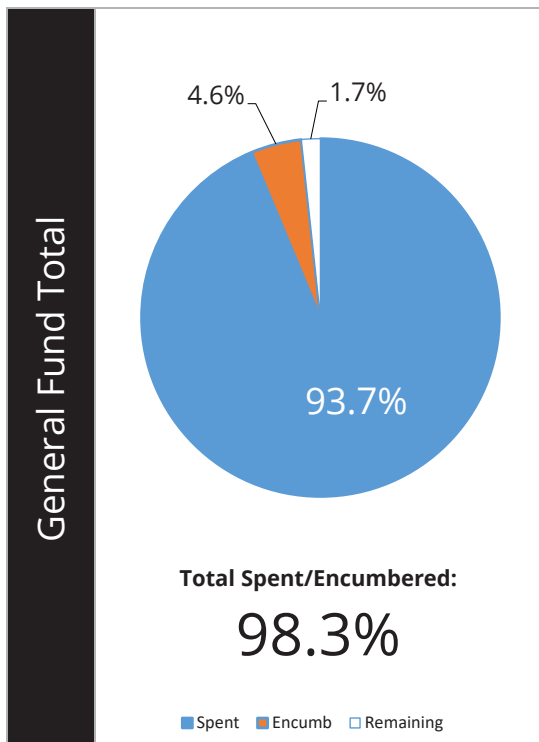
- \$911 million adopted School transfer, in accordance with the County-Schools revenue sharing agreement.
- \$898 million adopted County government general fund budget, including transfers.

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

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

Fourth 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. **Pre-Audit FY 2025 Reporting** – This report provides the most up-to-date information available as of this date; however, the figures are subject to change, as the FY 2025 year-end audit is ongoing and final audited amounts have not been determined.
3. **Revised FY 2025 Budget** – As of June 30, 2025, the revised County government unrestricted general fund budget, excluding transfers, was \$866.4 million.
4. **Fourth Quarter General Fund Expenditures** – As of June 30, 2025, 93.7% of the expenditure budget was spent.
5. **Remaining Encumbrances in FY 2025** – An additional \$39.7 million of the pre-audit general fund expenditure budget was obligated for encumbrances. Therefore, 98.3% of the FY 2025 expenditure budget was either spent or obligated for encumbrances in the fiscal year.
6. **FY 2025 Unrestricted General Fund Expenditure Savings** – **The County government pre-audit unrestricted general fund expenditure savings (budget minus spent and obligated) is \$14.7 million or 1.7% of the final budget.** Please note agency expenditure savings are offset by projected agency revenue shortfalls detailed below.
7. **Agency Revenue Shortfall** – **General fund agency revenue is projected to be \$3.5 million below budget.** The projected agency revenue shortfall primarily occurs in the Health, Wellbeing & Environmental Sustainability area due to Community Services reimbursements from the Commonwealth and federal government.
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.




*Totals may not add due to rounding

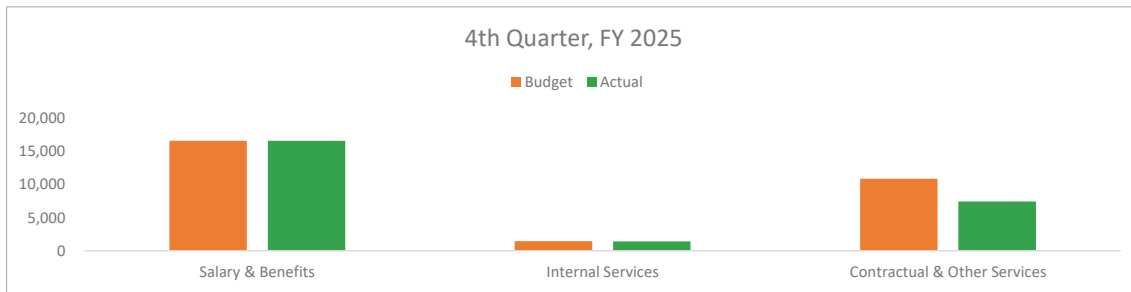
Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Mobility, Economic Growth & Resiliency	Salary & Benefits	16,587.90	16,617.37	
	Internal Services	1,439.18	1,401.90	
	Contractual & Other Services	10,885.61	7,443.66	
	Reserves & Contingencies	(5,207.20)	(5,419.14)	
		23,705.49	20,043.80	84.55%




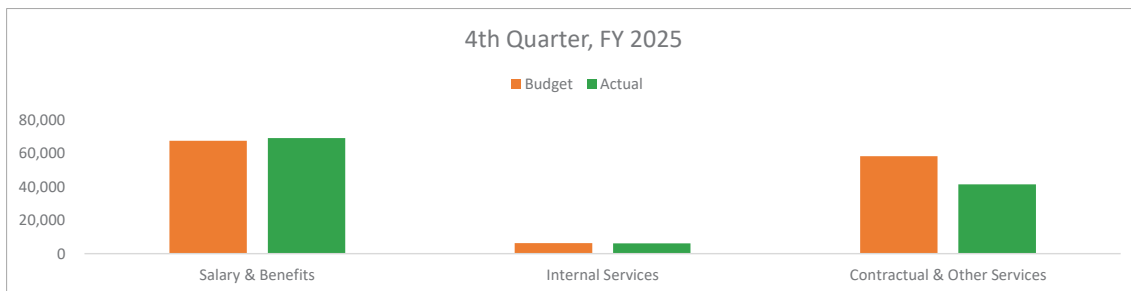
Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Government Operations, Performance & Innovation	Salary & Benefits	67,636.07	69,232.67	
	Internal Services	6,307.18	6,229.72	
	Contractual & Other Services	58,426.45	41,546.26	
	Reserves & Contingencies	(5,323.65)	(4,155.12)	
		127,046.05	112,853.53	88.83%




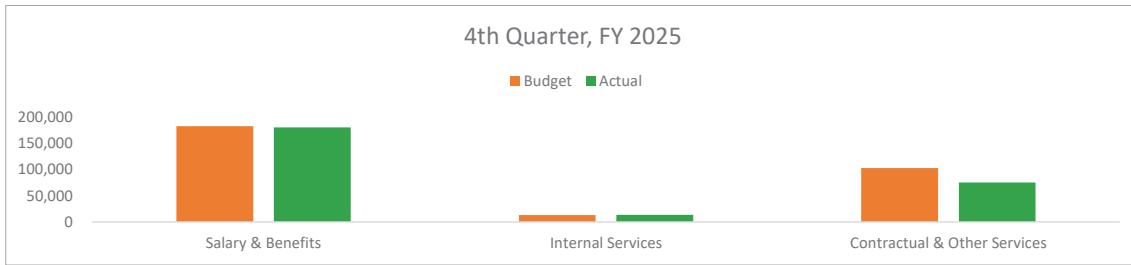
Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Health, Wellbeing & Environmental Sustainability	Salary & Benefits	182,174.82	179,983.74	
	Internal Services	13,066.74	13,128.32	
	Contractual & Other Services	102,353.15	75,032.78	
	Reserves & Contingencies	(846.91)	(161.14)	
		296,747.79	267,983.69	90.31%




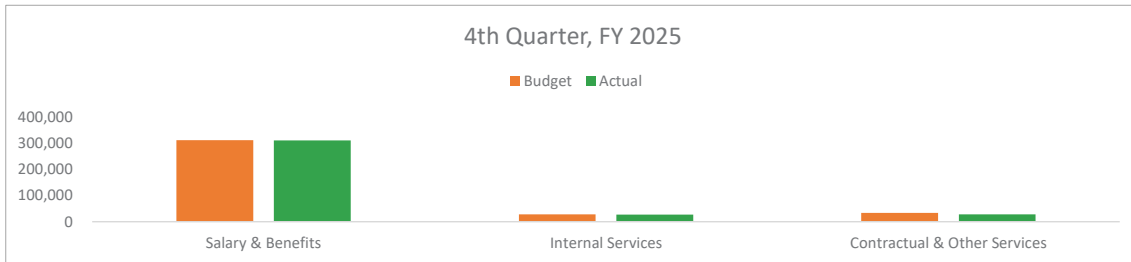
Safe & Secure Community Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies





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

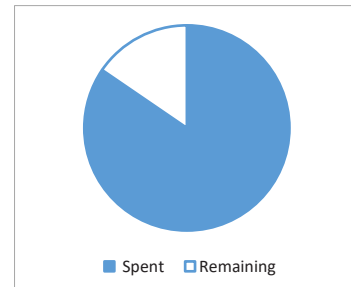
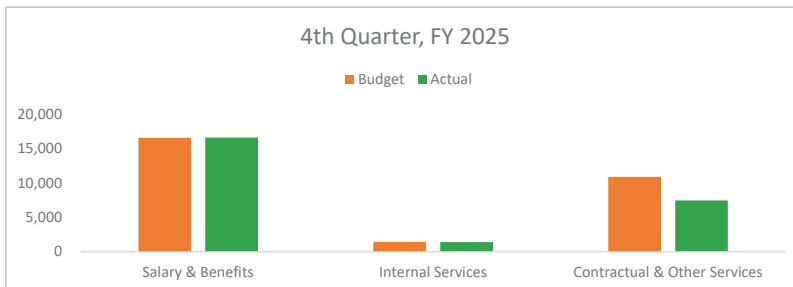
Quadrant Area	Spending Category	Budget	Actual	Spent %
Safe & Secure Community	Salary & Benefits	310,791.39	309,962.89	
	Internal Services	27,523.96	27,398.93	
	Contractual & Other Services	33,070.27	27,703.91	
	Reserves & Contingencies	(164.80)	(457.88)	
		371,220.83	364,607.85	98.22%



Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Economic Development & Tourism	Salary & Benefits	3,113.90	2,946.50	
	Internal Services	193.30	194.13	
	Contractual & Other Services	2,226.67	2,176.16	
	Reserves & Contingencies	(15.40)	0.00	
		5,518.47	5,316.79	96.35%
Planning	Salary & Benefits	2,637.11	2,372.79	
	Internal Services	227.55	227.55	
	Contractual & Other Services	2,552.53	1,339.10	
	Reserves & Contingencies	(8.06)	0.00	
		5,409.13	3,939.43	72.83%
Public Works	Salary & Benefits	4,596.09	4,532.66	
	Internal Services	638.16	587.00	
	Contractual & Other Services	2,508.82	1,432.97	
	Reserves & Contingencies	(218.61)	(169.22)	
		7,524.46	6,383.40	84.84%
Transportation	Salary & Benefits	6,240.81	6,765.43	
	Internal Services	380.17	393.23	
	Contractual & Other Services	3,597.59	2,495.43	
	Reserves & Contingencies	(4,965.13)	(5,249.92)	
		5,253.44	4,404.17	83.83%












Notable Variances

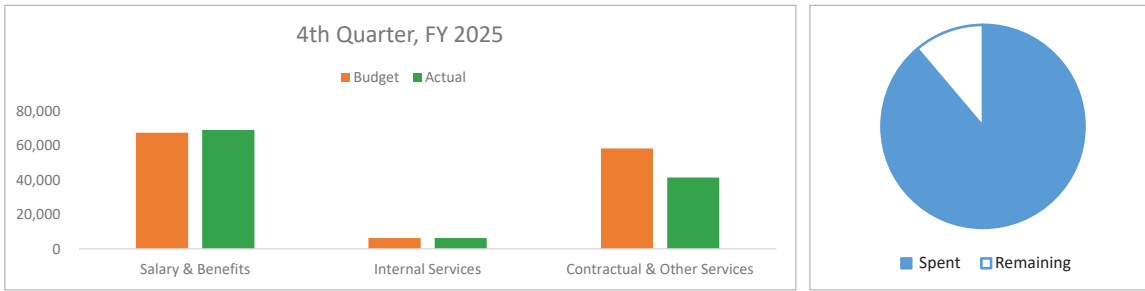
- Planning** - Contractual & Other Services are underspent due to contract encumbrances related to planning studies being transferred to FY2026. Also, there were savings of \$300,000 in Salary & Benefits due to staff vacancies.
- Public Works** - Contractual & Other Services are underspent due to contract encumbrances related to a groundwater study and district beautification projects being transferred to FY2026.
- Transportation** - Contractual & Other Services are underspent due to contract encumbrances being transferred to FY2026. Without this the department would have spent 99.8% of its operating budget.

Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Board of County Supervisors	Salary & Benefits	4,439.27	4,010.24	
	Internal Services	388.60	388.60	
	Contractual & Other Services	2,822.40	1,612.61	
	Reserves & Contingencies	(12.90)	0.00	
		7,637.36	6,011.45	78.71%
County Attorney	Salary & Benefits	5,408.13	5,386.99	
	Internal Services	326.04	325.97	
	Contractual & Other Services	1,772.96	1,133.87	
	Reserves & Contingencies	(181.85)	(159.27)	
		7,325.28	6,687.55	91.29%
Elections	Salary & Benefits	2,745.65	2,823.31	
	Internal Services	667.32	671.07	
	Contractual & Other Services	1,608.39	1,446.57	
	Reserves & Contingencies	(14.08)	0.00	
		5,007.27	4,940.95	98.68%
Executive Management	Salary & Benefits	8,414.22	8,949.57	
	Internal Services	422.25	422.07	
	Contractual & Other Services	1,576.73	533.94	
	Reserves & Contingencies	(257.49)	(249.37)	
		10,155.71	9,656.21	95.08%
Facilities & Fleet Management	Salary & Benefits	13,948.17	14,955.58	
	Internal Services	1,661.24	1,580.22	
	Contractual & Other Services	42,912.56	32,459.11	
	Reserves & Contingencies	(3,847.44)	(2,765.34)	
		54,674.53	46,229.57	84.55%
Finance	Salary & Benefits	23,628.43	24,190.96	
	Internal Services	2,086.99	2,086.99	
	Contractual & Other Services	5,926.28	3,320.97	
	Reserves & Contingencies	(311.87)	(273.94)	
		31,329.83	29,324.98	93.60%
Human Resources	Salary & Benefits	5,858.91	5,786.79	
	Internal Services	573.71	573.72	
	Contractual & Other Services	1,683.23	951.11	
	Reserves & Contingencies	(696.61)	(707.21)	
		7,419.23	6,604.41	89.02%
Human Rights Office	Salary & Benefits	918.08	905.85	
	Internal Services	53.41	53.41	
	Contractual & Other Services	72.70	67.03	
	Reserves & Contingencies	(0.69)	0.00	
		1,043.50	1,026.29	98.35%
Management & Budget	Salary & Benefits	2,275.23	2,223.39	
	Internal Services	127.63	127.68	
	Contractual & Other Services	51.20	21.05	
	Reserves & Contingencies	(0.72)	0.00	
		2,453.34	2,372.12	96.69%

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












Notable Variances

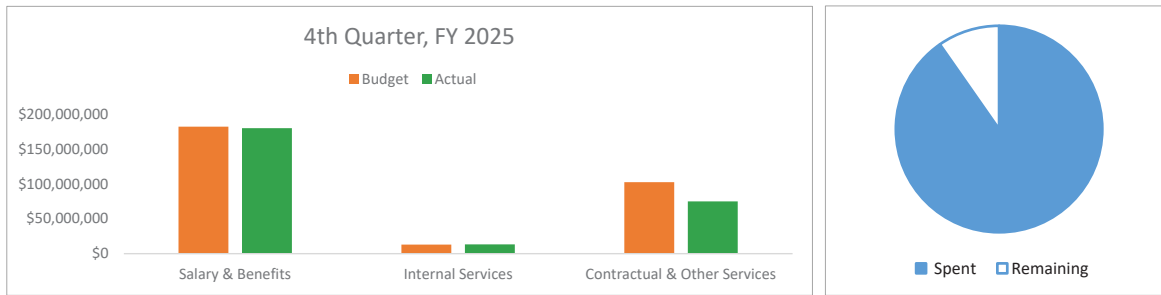
- County Attorney** - Contractual & Other Services are underspent due to contract encumbrances related to legal support services being transferred to FY2026.
- Facilities & Fleet Management** - Contractual & Other Services are underspent due to \$8.1 million in contract encumbrances to continue active tasks and projects being transferred to FY 2026.
- Finance** - Contractual & Other Services are underspent due to \$1.8 million in contract encumbrances related to audit and financial system support being transferred to FY 2026.
- Human Resources** - Contractual & Other Services are underspent due to contract encumbrances related to the ongoing general services classification and compensation study, recruitment for vacant positions and staff training being transferred to FY 2026.

Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Aging	Salary & Benefits	4,449.37	4,720.09	
	Internal Services	296.58	297.44	
	Contractual & Other Services	5,141.86	4,323.40	
	Reserves & Contingencies	(47.66)	0.00	
		9,840.16	9,340.93	94.93%
Community Services	Salary & Benefits	64,307.36	62,928.98	
	Internal Services	3,236.90	3,251.91	
	Contractual & Other Services	34,922.73	14,664.95	
	Reserves & Contingencies	(158.98)	0.00	
		102,308.01	80,845.84	79.02%
Cooperative Extension Service	Salary & Benefits	1,428.23	1,087.86	
	Internal Services	148.84	148.84	
	Contractual & Other Services	94.30	425.49	
	Reserves & Contingencies	(0.43)	0.00	
		1,670.93	1,662.19	99.48%
Juvenile Court Service Unit	Salary & Benefits	657,397	595,009	
	Internal Services	37,018	39,050	
	Contractual & Other Services	191,147	72,583	
	Reserves & Contingencies	(4,006)	0	
		881,557	706,642	80.16%
Library	Salary & Benefits	20,573.21	19,473.15	
	Internal Services	1,905.58	1,909.94	
	Contractual & Other Services	3,760.31	3,604.14	
	Reserves & Contingencies	(30.76)	0.00	
		26,208.34	24,987.23	95.34%
Parks & Recreation	Salary & Benefits	32,187.78	31,982.57	
	Internal Services	3,999.33	3,997.48	
	Contractual & Other Services	13,469.79	10,869.30	
	Reserves & Contingencies	(242.15)	(161.14)	
		49,414.75	46,688.21	94.48%
Public Health	Salary & Benefits	1,885.61	1,710.58	
	Internal Services	73.71	74.39	
	Contractual & Other Services	3,105.82	3,083.07	
	Reserves & Contingencies	(30.97)	0.00	
		5,034.18	4,868.05	96.70%
Social Services	Salary & Benefits	46,649.63	47,592.48	
	Internal Services	2,606.60	2,618.39	
	Contractual & Other Services	40,060.98	36,687.77	
	Reserves & Contingencies	(324.60)	0.00	
		88,992.60	86,898.64	97.65%
Youth Services	Salary & Benefits	10,036.24	9,893.02	
	Internal Services	762.18	790.87	
	Contractual & Other Services	1,606.21	1,302.08	
	Reserves & Contingencies	(7.36)	0.00	
		12,397.26	11,985.96	96.68%

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











Notable Variances

- 1. Aging** - Contractual & Other Services are underspent due to contract encumbrances related to home based services and congregate meal support being transferred to FY 2026.
- 2. Community Services** - The delayed opening of the CRC has impacted approximately \$8.0 million in planned startup spending on contract costs associated with onboarding staffing, training, and one-time purchases of equipment and supplies. In addition, \$3.5 million in advanced state funding for Permanent Supportive Housing, workforce initiatives, and STEP-VA expansion is being finalized as a potential carry-forward of budget as part of the year-end process.
- 3. Juvenile Court Service Unit** - Salary & Benefits are underspent due to savings from the local salary supplement support.
- 4. Parks & Recreation** - Contractual & Other Services are underspent due to contract encumbrances of \$2.5 million related to parks operations and recreation services and project planning services being transferred to FY 2026.




Safe & Secure Community Quadrant Area

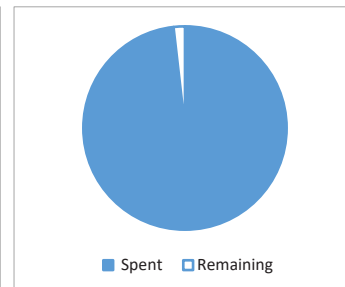
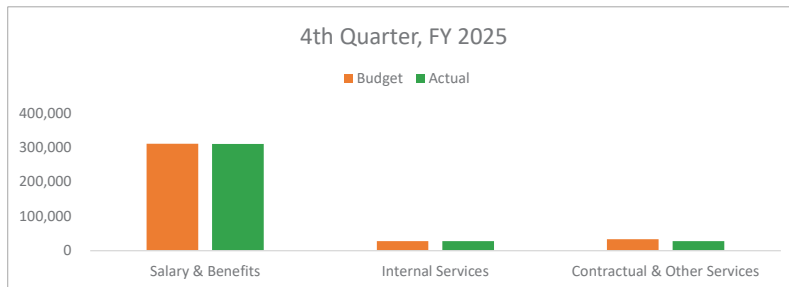
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Circuit Court Clerk	Salary & Benefits	5,384.54	5,470.58	
	Internal Services	282.99	283.00	
	Contractual & Other Services	897.26	584.54	
	Reserves & Contingencies	(3.74)	0.00	
		6,561.06	6,338.12	96.60%
Circuit Court Judges	Salary & Benefits	1,841.83	1,802.63	
	Internal Services	91.63	82.57	
	Contractual & Other Services	101.51	90.56	
	Reserves & Contingencies	(0.94)	0.00	
		2,034.03	1,975.76	97.14%
Commonwealth Attorney	Salary & Benefits	11,814.92	11,692.49	
	Internal Services	698.55	698.55	
	Contractual & Other Services	766.12	642.44	
	Reserves & Contingencies	(4.55)	0.00	
		13,275.04	13,033.48	98.18%
Criminal Justice Services	Salary & Benefits	7,002.82	6,848.06	
	Internal Services	430.77	430.77	
	Contractual & Other Services	871.89	796.15	
	Reserves & Contingencies	(6.05)	0.00	
		8,299.43	8,074.98	97.30%
Fire & Rescue	Salary & Benefits	125,355.75	125,060.10	
	Internal Services	8,779.64	8,793.08	
	Contractual & Other Services	10,726.18	9,146.94	
	Reserves & Contingencies	(53.06)	0.00	
		144,808.51	143,000.12	98.75%
General District Court	Salary & Benefits	1,764.01	1,430.05	
	Internal Services	31.03	31.03	
	Contractual & Other Services	353.00	251.02	
	Reserves & Contingencies	(1.75)	0.00	
		2,146.29	1,712.11	79.77%
Juvenile & Domestic Relations Ct	Salary & Benefits	641.87	624.29	
	Internal Services	32.92	32.92	
	Contractual & Other Services	113.20	95.90	
	Reserves & Contingencies	(0.66)	0.00	
		787.33	753.11	95.65%
Magistrates	Salary & Benefits	88.73	88.73	
	Internal Services	20.13	20.13	
	Contractual & Other Services	10.39	7.17	
	Reserves & Contingencies	(0.08)	0.00	
		119.16	116.03	97.37%

Safe & Secure Community Quadrant (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Police	Salary & Benefits	127,152.74	126,939.29	
	Internal Services	14,806.28	14,698.35	
	Contractual & Other Services	15,268.08	12,528.69	
	Reserves & Contingencies	(64.46)	0.00	
		157,162.65	154,166.32	98.09%
Public Safety Communications	Salary & Benefits	13,697.08	13,708.26	
	Internal Services	696.12	693.82	
	Contractual & Other Services	2,798.48	2,656.82	
	Reserves & Contingencies	(21.25)	0.00	
		17,170.43	17,058.89	99.35%
Sheriff	Salary & Benefits	16,047.11	16,298.40	
	Internal Services	1,653.90	1,634.72	
	Contractual & Other Services	1,164.16	903.68	
	Reserves & Contingencies	(8.27)	(457.88)	
		18,856.90	18,378.93	97.47%




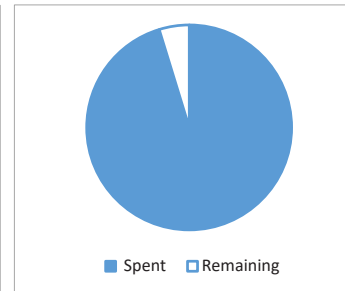
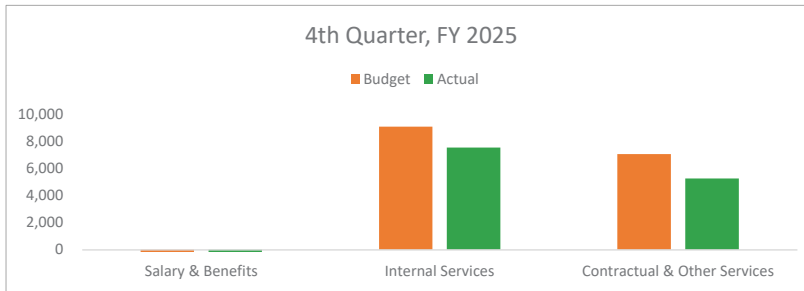
Notable Variances

1. **General District Court** - Salary & Benefits are underspent due to vacancies and savings from local salary supplement support. There was also \$154,000 local salary supplement support savings for the Office of the Public Defender.

Non-Departmental


(Dollar amounts expressed in thousands)

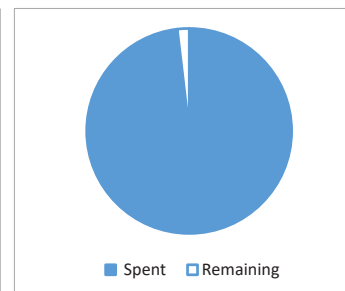
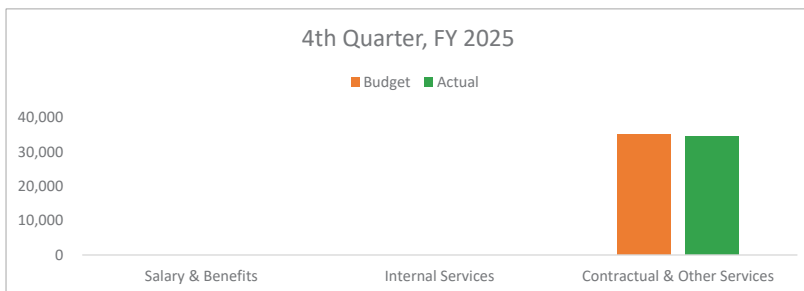
Department	Spending Category	Budget	Actual	Spent %
Non-Departmental	Salary & Benefits	(3,692.00)	(946.53)	
	Internal Services	9,073.05	7,526.43	
	Contractual & Other Services	7,047.17	5,260.07	
	Reserves & Contingencies	0.00	0.00	
		12,428.23	11,839.98	95.27%



Debt Service

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Debt Service	Salary & Benefits	0.00	0.00	
	Internal Services	0.00	0.00	
	Contractual & Other Services	35,218.68	34,564.65	
	Reserves & Contingencies	0.00	0.00	
		35,218.68	34,564.65	98.14%





**PRINCE
WILLIAM**
— COUNTY

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

1 County Complex Court
Prince William, VA 22192

www.pwcva.gov