



PRINCE WILLIAM
COUNTY

Revenue & Expenditure **REPORT**

1st Quarter
FY 2026

Published 11/14/2025

PRINCE WILLIAM COUNTY

1st Quarter FY 2026 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.

Overall, first-quarter results indicate revenues are tracking in line with expectations, supported by continued job and income growth in Northern Virginia and stable housing fundamentals. However, emerging risks – including the ongoing impact from federal government furlough effects, potential moderation in state revenue growth, and softening consumer sentiment – will require close monitoring through the second quarter. The FY 2026 Adopted Budget estimates general revenues to be \$1.733 billion.

General Revenue Sources	Prior Year FY 2025 Year-End (Preliminary Unaudited)	Current Year FY 2026			
		Adopted Forecast	Q1 Revised	\$ Change Q1/ Adopted	% Change Q1/ Adopted
Real Property Tax	\$916,208,252	\$1,025,922,000	\$1,025,922,000	\$0	0.00%
Personal Property Tax	404,601,974	436,245,500	436,245,500	0	0.00%
Motor Vehicle License Tax	13,488,811	13,390,000	13,390,000	0	0.00%
Local Sales Tax	99,383,391	102,500,000	102,500,000	0	0.00%
Food and Beverage Tax	46,294,990	40,250,000	40,250,000	0	0.00%
Consumer Utility Tax	14,721,792	15,500,000	15,500,000	0	0.00%
Communications Sales and Use Tax	11,487,049	11,500,000	11,500,000	0	0.00%
BPOL Tax	41,412,532	37,167,000	37,167,000	0	0.00%
Investment Income	37,948,949	29,400,000	29,400,000	0	0.00%
All Other Revenue	17,829,701	20,799,000	20,799,000	0	0.00%
TOTAL GENERAL REVENUES	\$1,603,377,442	\$1,732,673,500	\$1,732,673,500	\$ -	0.0%

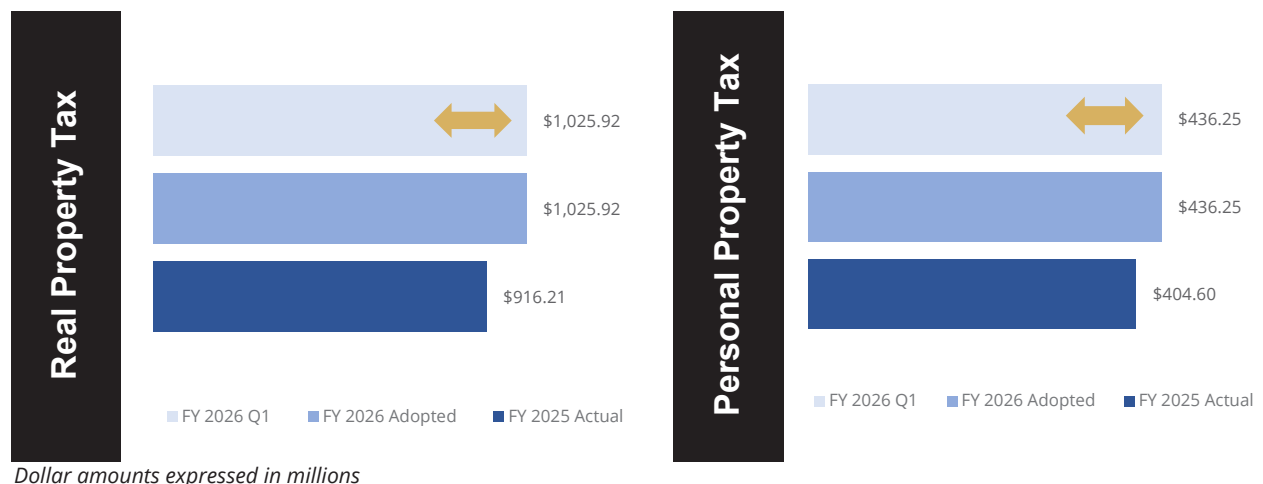
Revenues At-A-Glance

Real Property Tax collections to date suggest this category is on course to meet the FY2026 forecast of \$1,025.9 million. Property values have remained stable, and no material deviations have been observed in the collection trend. Programs that affect net proceeds – including real estate tax relief, exonerations, and lawsuit reserves – are being closely tracked.

Recent data from the Weldon Cooper Center indicate that Virginia's housing market remains relatively balanced despite higher mortgage rates, with home price growth moderating rather than declining. Consequently, the outlook for property tax receipts remains solid, with no adjustments recommended at this time.

Personal Property Tax revenues from vehicles and business tangible property are forecast at \$214.9 million and \$217.9 million, respectively. Including deferrals and penalties, the total forecast for Personal Property Tax stands at \$436.2 million.

Collections are steady but warrant attention given recent shifts in regional labor conditions. The county's unemployment rate has inched up from 3.1 percent in April to 3.7 percent by August 2025, mirroring a statewide uptick in joblessness. Federal furloughs may temporarily delay payments; however, underlying assessed values remain stable. Staff will continue to monitor delinquency and deferral trends for any signs of fiscal stress.

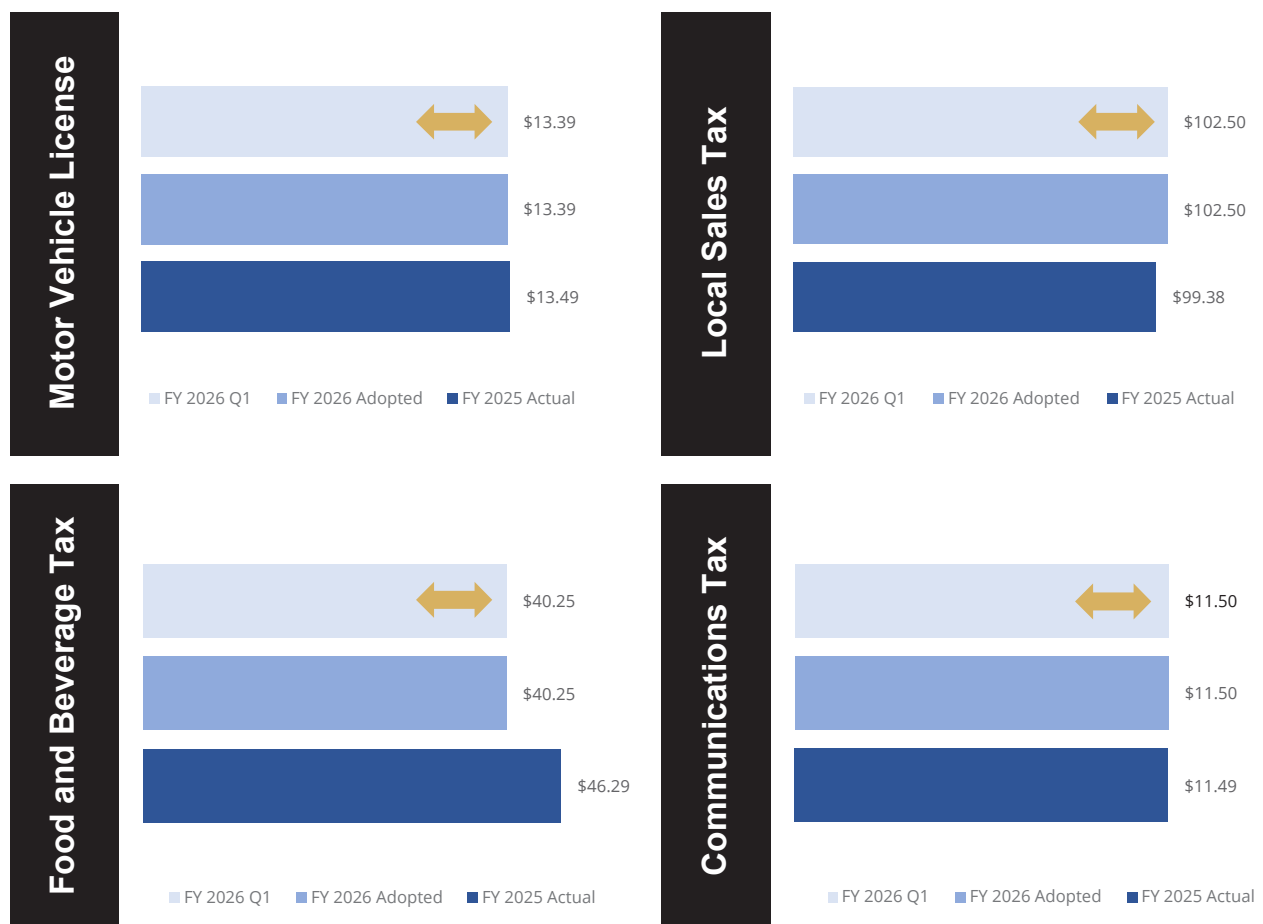


Local Sales Tax collections for the first quarter are on pace with the FY2026 adopted forecast of \$102.5 million.

Despite inflationary pressure and slower statewide job growth, consumer demand across Northern Virginia remains more resilient than anticipated. Year-to-date, the Virginia Department of Planning and Budget reports General Fund revenue growth of approximately 5 percent, driven by strong payroll withholding performance. While the ongoing federal shutdown presents a downside risk to retail spending, current trends remain within anticipated levels. Staff will closely monitor collection trends for potential impacts during the holiday quarter.

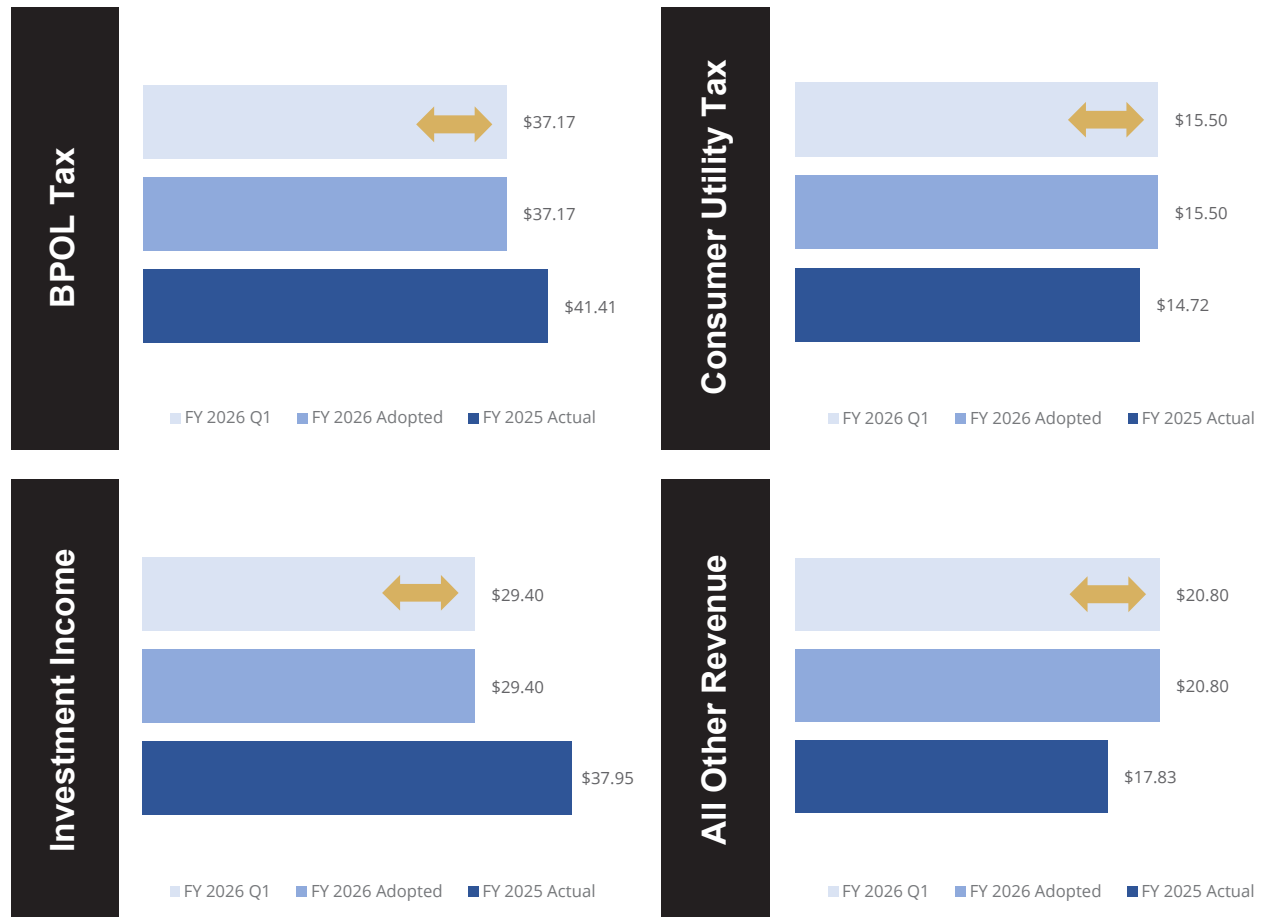
Food and Beverage Tax collections are currently aligned with the FY2026 forecast of \$40.3 million.

This category reflects broad consumer dining behavior, making it particularly sensitive to disposable income and consumer confidence levels. The Virginia Consumer Sentiment Index, compiled by Roanoke College, rebounded modestly in summer 2025 but remains near historic lows. Federal furloughs and inflation could briefly temper dining-out frequency; however, first-quarter receipts show steady participation in local dining and hospitality venues.



Dollar amounts expressed in millions

Investment Income received through the first quarter of FY2026 was consistent with the prevailing interest rate climate and the profile of invested assets within the County's general portfolio. On October 29th, the Federal Reserve lowered the Federal Funds rate by 25 basis points to a target range of 3.75% - 4.00%, marking the second consecutive rate cut in as many months. The decision was widely anticipated, reflecting policymakers' current inclination to prioritize support for the U.S. labor market amid recent signs of weakness. Currently, the bond market has priced in a ~67% probability the Federal Reserve will implement another 25 basis points cut at its December meeting. While multiple interest rate cuts were built into the investment income forecast, further deterioration in economic conditions could place downward pressure on the projection. The FY2026 adopted forecast for investment income is \$29.4 million.



Dollar amounts expressed in millions

Looking Ahead

Economy At-A-Glance

Indicator	Pri Year 09/30/2024	Prior Qtr 06/30/2025	Current 1 09/30/2025	Short-Term Outlook					Notes
General									
Consumer Price Index (CPI)	2.4%	2.7%	3.0%						Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	2.8%	3.0%	N/A 4						Measures the final market price for goods and services produced within the U.S.
Federal Funds Rate	4.83%	4.33%	4.09%						Target interest rate set by the Federal Open Market Committee (FOMC). Establishes baseline lending rates and short term rates of return.
S&P 500 Index	5,762	6,205	6,688						Considered the best single gauge of large-cap U.S. equities. The index contains 500 leading companies and captures approximately 80% of available market capitalization.
Unemployment Rate									
National	4.1%	4.1%	4.3% 5						Tracks the number of unemployed persons as a percentage of the total U.S. labor force.
Virginia	2.9%	3.5%	3.6% (P) 5						Tracks the number of unemployed persons as a percentage of the total VA labor force.
Prince William County	2.7%	3.7%	3.7% (P) 5						Tracks the number of unemployed persons as a percentage of the total PWC labor force.
Average Weekly Wages 2									
National	\$1,550	\$1,507	\$1,589						Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.
Virginia	\$1,554	\$1,546	\$1,605						Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.
Prince William County	\$1,227	\$1,288	\$1,263						Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.
Employment Establishments 3									
Virginia	318,255	320,884	321,899						Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.
Region	83,911	98,935	99,252						Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.
Prince William County	10,558	10,834	10,754						Tracks the total number of physical locations where business, services, or industrial operations are performed in Prince William County.
Revenue									
Retail Sales: National	0.4%	0.6%	0.6% 5						Retail sales tracks the resale of new and used goods to the general public for personal or household consumption.
Sales and Use Tax: Virginia	1.5%	2.2%	5.4%						Tracks the percentage of state collections for sales and use tax.
Sales and Use Tax: Prince William County	7.8%	5.4%	0.4%						Tracks the percentage of collections for sales and use tax in Prince William County. Current sales tax rate is 6.0%.
Revenue Collections: Virginia	9.9%	6.1%	5.1%						Aproximately 88% of Virginia's revenue consists of net individual income tax and sales tax.
Vehicles									
National Automobile Sales (units in millions)	15.6	16.3	16.4						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	\$600,000	\$602,000						Reflects the median sold price for a home.
Closed Sales	402	509	397						Reflects the number of closed home sales.
Average Days on Market	18	16	24						Reflects the average time a home is on the market from listing to closing.
Ratio of Homes on the Market to Homes Sold	1.29	1.33	1.96						A ratio > 1 suggests supply of homes on the market exceeds current demand. A ratio < 1 suggests supply of homes on the market is below current demand.
Occupancy Permits Issued	203	192	287						Establishes that a property is suitable for habitation after meeting the requirements of the Uniformed Statewide Building Code.
Building Permits Issued	121	147	181						Tracks the number of new building permits issued for residential dwellings.
Commercial Vacancy Rate	3.4%	2.9%	3.1%						Tracks the percentage of vacant store front property by square feet.

1 Reflects data available as of the date displayed.

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

3 Employment Establishments lags current and prior period by 2 quarters.

4 Government shutdown prevented the release of GDP data.

5 As of 8/31/25. 9/30/25 data unavailable.

Negative

Slightly Negative

Neutral

Slightly Positive

Positive

National, State, and Local Trends

National As the U.S. government shutdown extends into a second month, the lack of official economic data has created a vacuum, prompting economists and financial markets to lean on private sector sources of information for insight into the economy's health. But as Bloomberg notes, "The noise-to-signal ratio from the alternative indicators is high." Accurately determining the present state and future direction of the economy is inherently challenging, even under normal conditions. The suspension of federal data releases exacerbates this uncertainty. Depending on the duration of the shutdown, the decline in data quality could not only complicate decision-making for investors and business leaders but also raises the risk of a policy misstep by the Federal Reserve. Bloomberg economists David Wilcox and Andrej Sokol recently noted that "The longer the shutdown persists, the more the situation will deteriorate. Confidence bands around data points the committee normally would know will widen as the data drought continues. The increase in uncertainty about the economic situation will boost the odds of the FOMC (Federal Open Market Committee) making a decision it will come to regret."

Current signals from alternative data sources offer a mixed view of the U.S. economic landscape. Automatic Data Processing's (ADP) measure of private sector employment rose 42,000 in October, rebounding from a 29,000 decline in September. Despite the recovery, the three-month moving average of employment gains was merely 3,000. The concentration of hiring primarily occurred at large firms, while smaller companies shed employees. Revelio Labs', which includes public sector workers, indicated employment declined by 9,000 in October versus an increase of 33,000 in September. The Institute for Supply Management's (ISM) October services sector survey suggests companies may be employing passive measures as a cost control mechanism as opposed to laying off workers. One firm reported that "We have lost employees due to normal attrition and are pausing back-filling these positions at this time." If that tactic is being leveraged by firms across various sectors of the economy, it could explain why initial claims for unemployment insurance have remained relatively well behaved. But as Wells Fargo recently highlighted, "Firms becoming more cautious on headcounts is a potential sign of broadening input cost pressures, which firms across the service and manufacturing sectors largely attribute to hiked tariffs." Comments from a utility provider presented in the ISM report summarize the challenge confronting many businesses - "Tariffs continue to cause disruption in contracts and contracting, driving up pricing on goods, particularly engineered and manufactured equipment."

A critical component to the near-term outlook will rest on how consumers respond to a backdrop of weaker hiring and persistent price pressures. While Americans can exhibit bouts of fickle sentiment from one month to the next, a pervasive environment of political turmoil and looking through how Americans feel about their own vision of economic prosperity could slowly undermine consumption behavior. The latest University of Michigan consumer sentiment index provides an example, with the preliminary November reading falling to 50.3 from the previous mark of 53.6. A deterioration in current conditions and expectations were driven by a 17% plunge in assessments of current personal finances and an 11% decline in expectations for business conditions over the next year. Additionally, 71% of respondents expect unemployment to rise over the next year, the largest share since 1980.

Consumer Price Index (CPI) Despite the federal government shutdown, the White House directed the recall of Bureau of Labor Statistics (BLS) staff to release the September CPI report. The sole rationale for the decision was to ensure the Social Security Administration had the necessary data to calculate annual cost-of-living adjustments for Social Security benefits. Because September's inflation data was collected prior to the shutdown, the report can be viewed with a normal level of confidence. But according to some economists, inflation measurements stand to become less accurate in the months ahead, with the BLS relying on imputed calculations in the absence of actual price quotes. Headline CPI for September moderated slightly, rising 0.3% versus an increase of 0.4% the prior month. Measured year-over-year, inflation rose 3.0% compared to 2.9% in August. Within the energy sector, gasoline prices increased 4.1% in September compared to 1.9% the prior month, while electricity and natural gas costs declined 0.5% and 1.2%, respectively. Food at home prices remained a key driver of household costs, albeit at a slower pace in September, increasing 0.3% versus 0.6% the previous month. Evidence of inflationary pressure was seen in prices for meat (1.3%) and cereals and bakery products (0.7%). Core inflation,

which excludes food and energy and will be scrutinized over the near-term for signs of ongoing price pressures, rose 0.2% in September versus 0.3% the prior month. The year-over-year pace rose to 3.0% preceded by a 3.1% increase in August. Core goods prices decelerated modestly to 0.2% compared to 0.3% in August. While the overall pace of price increases slowed in September, categories such as appliances (0.8%), apparel (0.7%) and recreational goods (0.4%) rose briskly on a month-over-month basis. Partially offsetting the increase in goods prices was an abrupt decline in used vehicle prices of 0.4% versus a 1.0% gain in August. Core services' inflation continued to display a softening trend that has unfolded over the past several months. In September, service sector prices rose 0.2%, preceded by increases of 0.4% in July and 0.3% in August. Easing costs for services during September was led primarily by the shelter component. Owner's equivalent rent, which measures the cost a homeowner would pay to rent their home, rose 0.1% versus a 0.4% increase in August. Rent of a primary residence, a reflection of the actual cost of renting a home, also edged down to 0.2% in September from 0.3% the previous 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. In a note, Bloomberg Economics framed the outlook for inflation with the following statement - "Considering that most firms weren't able to pass through all the tariff increase this year, we expect they'll try to do so next year, when the economy likely will pick up. As of now, our baseline is for core CPI to remain at 3.0% in 4Q26."

Gross Domestic Product (GDP) Originally scheduled for release on October 30th, the Bureau of Economic Analysis's advance estimate of third quarter GDP has been delayed due to the government shutdown. The Federal Bank of Atlanta's GDPNow model, which incorporates various economic data inputs to assess the economy's growth profile, suggests GDP for the third quarter was approximately 3.93% as of October 24th. A separate forecast of GDP provided by fifty-eight contributors to a Bloomberg survey pointed to a less robust median estimate of 2.8%. Utilizing available data for July and August, Bloomberg Economics projects the U.S. economy grew at a 3.0% pace, led by an estimated increase in consumer spending of 3.2%, up from 2.5% the previous quarter. According to Bloomberg, the rise in consumption activity reflected a "solid back-to-school shopping season and higher-income households' appetite for discretionary purchases", while "lower- and middle-income households continued to seek discounts." Business investment, propelled by spending on AI and data center construction, was also identified as a factor supporting economic expansion. Still, survey data indicates business sentiment across various sectors of the economy is uneven. The Federal Reserve's Beige Book pointed to accelerated depreciation under the One Big Beautiful Bill Act potentially offsetting tariff price pressures and stimulating investment. But many businesses appear tentative to commit to long run investment decisions against a backdrop of cost uncertainty.

Labor Market The latest official employment report published by the Bureau of Labor Statistics (BLS) revealed August nonfarm payrolls increased a tepid 22,000, below the consensus projection of 75,000. The unemployment rate edged up to 4.3% from 4.2% in July, driven in part by a labor force that grew by 436,000 workers. The participation rate advanced slightly to 62.3 from 62.2 in July. Additional signs of a softening employment landscape include a rising number of people unemployed for twenty-seven weeks or more and a decline in private sector hiring of 38,000 in August versus 77,000 the prior month. The slowdown in payrolls growth was spread across various sectors, driven primarily by job losses in professional and business services (-17k), government (-16k), and manufacturing (-12k). If not for the number of jobs added in private education and health services (46k) and leisure and hospitality (28k), the headline employment gain would have been weaker. The absence of government data has seen investors and economists lean on alternative sources of information or incorporate workarounds to assess the health of the labor market. Automatic Data Processing (ADP) has produced a monthly private-sector jobs report for over fifteen years. However, its usefulness for broader interpretation is limited, as it relies on data from the company's client network. Furthermore, the report has a mixed track record regarding the data's correlation to nonfarm payrolls. Still, given the dearth of available economic indicators generated by federal government agencies, there is a degree of informational value offered by the ADP employment report. ADP estimates suggest private payroll growth contracted in September by 29,000 jobs, followed by an increase of 42,000 in October. Another measurement

of labor market conditions is initial and continuing claims for unemployment insurance. Because the source of this data exists at the state level, the information is available. But without BLS compiling and publishing the information on a weekly basis, private sector entities must leverage their own resources to track these key metrics. According to Bloomberg, initial and continuing claims as of October 18th were 218,000 and 1,950,000, respectively. Both figures fall in a range that is consistent with BLS releases from June through September. Although the labor market backdrop remains fragile, available hard data, combined with business community survey results, currently reflects a weak hiring environment void of broad and elevated layoffs.

Retail Sales Prior to the government shutdown, the August retail sales report issued by the U.S. Census Bureau saw consumer spending advance at a sturdy pace, likely supported by back-to-school shopping. Bloomberg Economics suggests “pushback by consumers is deterring firms from passing on tariff costs, helping demand rebound after a dip following the Liberation Day tariff announcement.” Though concerns of a consumer led downturn have yet to materialize under the weight of cost-of-living challenges for many Americans, higher-income households remain a critical pillar of support for discretionary spending. Meanwhile, middle- and lower-income consumers continue to focus on value, actively pursuing promotions and discounts to stretch their budgets. The advance estimate of retail sales for August rose 0.6%, above the consensus estimate of 0.2%. The increase was largely driven by sales in categories such as nonstore retailers (2.0%), clothing and accessory stores (1.0%) and sporting goods and hobby stores (0.8%). Additional details from the August report revealed sales excluding vehicles and gasoline rose 0.7% versus the prior month mark of 0.3%. Control-group sales - which exclude food services, auto dealers, building-material stores, and gasoline stations - rose 0.7% compared to 0.5% in July. 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 0.7% in June, rebounding from a 0.1% decline in July. Despite signs of consumer resilience, executive management across multiple sectors struck a cautious tone during third quarter earnings calls, highlighting the potential impact of tariffs and financial strain on lower-income consumers.

Automobile Industry The National Automobile Dealers Association (NADA) reported Seasonally Adjusted Annual Rate (SAAR) new light-vehicle sales of 16.4 million units through September, an increase of 5.1% over the same period last year. With electric vehicle tax credits expiring on September 30th, purchase activity for battery electric vehicles surged to 11.8% of all new vehicles sold in September. Despite the tax credit applying to plug-in hybrid vehicles as well, the segment’s performance lagged battery electric vehicle sales, accounting for only 1.7% of new vehicles sold. J.D. Power estimates average incentive spending per unit for September was approximately \$3,116, up a mere \$24 versus one year prior. But J.D. Power noted that manufacturers allocated a higher level of incentive spending to electric vehicles. New light-vehicle inventory available at dealerships and in transit by the end of September was 2.65 million units, a decrease of 5.9% from the previous year. NADA anticipates new-vehicle inventory to fall modestly as of year-end from third quarter levels. According to NADA, some Original Equipment Manufacturers (OEMs) have confirmed price increases for 2026 models in the mid-single digit percentage range and will be monitoring the timing and amount of tariff related pass through. Citing solid sales figures through the first nine months of this year, NADA’s revised new vehicle sales estimate for 2025 is 15.9 million units, up from 15.3 million in June. While the new vehicle sector has grappled with pricing and supply headwinds, the used automobile market, which had remained relatively stable for most of 2025, has recently come under pressure amid affordability challenges. According to Cox Automotive, used vehicle sales plunged 5.2% in September from the previous month on a per unit basis. In a potential sign of weakening demand, the supply of used vehicles on dealer lots rose to 2.26 million units at the beginning of October, a 3.0% increase from early September and 10.0% higher than the same time last year. “Used-vehicle retail sales fell more sharply than new-vehicle sales in September. Seasonal patterns and affordability pressures were likely the main drivers of this pullback,” said Scott Vanner, manager of Economic and Industry Insight at Cox Automotive. “The recent reduction in the Federal Reserve’s rate has not yet resulted in lower used auto loan rates. Rather, a modest rise in subprime rates and an increased proportion of subprime loans have elevated average used auto loan rates to over 14%.”

Virginia The Secretary of Finance's September revenue report noted general fund revenues are tracking \$374.4 million (5.1%) higher through first three months of FY 2026 versus the same period one year prior. The increase was largely attributable to payroll withholding and sales tax collections surpassing original projections. Individual income tax withholding, which accounted for 57% of general fund revenues, grew \$427.1 million (10.6%) through September, while sales tax receipts, comprising 16% of general fund revenues, rose \$65.6 million (5.4%). "Three months into this fiscal year, Virginia is in an incredibly strong financial position, with increased revenues from job growth and record capital investment," said Governor Glenn Youngkin. "As we begin the process of developing the next biennial budget that I will introduce in December, the Commonwealth continues to exceed projections. The financial strength of the Commonwealth underpins our ability to invest in key priorities like education, health care and law enforcement all while lowering costs for families and providing Virginians with historic tax relief like the rebate checks this month."

As of August, Virginia's seasonally adjusted unemployment rate rose to 3.6% from 3.5% in June. The Commonwealth's Department of Workforce Development and Advancement indicated Virginia's labor force decreased by 5,081 workers to 4,547,540. The number of unemployed residents decreased by 51 to 162,662, while the number of employed Virginians declined by 5,030 to 4,384,878. The August report revealed employment rose in five of eleven major categories over the prior month, with five registering a decline and one remaining unchanged. The sectors credited with creating the largest portion of job gains were Education and Health Services (4,600), Miscellaneous Services (3,100), and Professional and Business Services (1,900). Within the five categories that declined, the top three sectors that shed jobs included Government (-2,100), Financial Activities (-600), and Information (-600).

Local When assessed through the lens of unemployment rates, Prince William County's labor market appeared to stabilize based on data available through August. The unemployment rate remained steady at 3.7% in August, unchanged from June. According to data published by the Bureau of Labor Statistics, the County's labor force declined from 270,023 to 267,812 over the first two months of the quarter. The number of employed residents shrank by 2,147, while the number of unemployed individuals fell by 64 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 July through September, average initial claims per month rose modestly to 558 versus a per month average of 533 from April through June. The pattern of claims throughout the quarter suggests reductions in the federal workforce and its contractor base are likely underpinning the County's labor market dynamics.

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 September 2025 and September 2024.

Category	Sept. 2025	Sept. 2024	Increase/(Decrease)
Median Sold Price	\$602,000	\$550,000	9.5%
Units Sold	397	402	(1.2%)
Active Listings	780	519	50.3%
Average Days on Market	24	18	33.3%
New Listings	499	436	14.5%

After reaching a 2025 high of just over 7.0% earlier this year, the average 30-year mortgage rate has trended down, triggered in part by concerns economic growth could come under pressure amid a softening labor market and wavering consumer sentiment. Still, against a backdrop of elevated - albeit cooling - prices and challenging financing rates for many Americans, housing affordability obstacles have remained persistent. Freddie Mac's Primary Mortgage Market Survey reports the average 30-year

fixed rate mortgage is roughly 6.22%. Virginia Realtors monthly Flash Survey indicated the organization's Buyer Activity Index increased slightly to 35 in September from 34 the prior month. Approximately 10% of realtors assessed buyer activity in their local market as "high" or "very high", while roughly 39% rated buyer activity as "low" or "very low." According to Virginia Realtors, 21% of realtors that responded to the survey cited "limited housing options in Virginia as a key obstacle for their clients", and nearly 18% referenced high interest rates as the "main challenge this month." 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 45 in September from 47 the prior month. Approximately 18% of survey participants thought buyer activity over the next three months would be higher in their respective markets, while 29% indicated buyer activity would decline.

Commercial Sector For the quarter ended September 2025, Costar Realty Group (Costar) reported the County's commercial inventory included 60.5 million square feet (sq. ft.) spread over 2,304 properties and 1.9 million sq. ft. of vacant space. The vacancy rate was 3.1% compared to 2.7% at the end of the prior quarter. Highlights from Virginia Realtors Q3 2025 statewide commercial real estate report are as follows:

- Office: "It was a relatively slow Q3 in office markets around Virginia. Overall absorption was slightly positive, but essentially flat, and rent levels softened in some sectors. Vacancy rates climbed, and the construction pipeline continues to get smaller."
- Retail: "The retail real estate market was relatively slow in Q3. Net absorption was negative again, rent levels are rising overall, but at a similar level as last quarter. Vacancy rates were unchanged, and the construction pipeline is smaller than a year ago."
- Industrial: "The industrial market picked up in Q3. Net absorption was up, rent levels are rising across property types, and the construction pipeline is expanding. Vacancy rates drifted up, most of which was manufacturing space."
 - According to CoStar, Amazon recently closed on a site in Prince William County's Bristow community. The amount paid for the parcel was \$700 million. In an interview with CoStar news, Chuck Kuhn, founder of Sterling, Virginia-based JK Moving Services, said "I've never seen higher demand, a stronger demand or more demand for data in the Northern Virginia marketplace." Kuhn mentioned AI-related demand has led to firms scrambling to secure "prime development locations."

PRINCE WILLIAM COUNTY

1st Quarter FY 2026 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 2026 general fund budget of \$1.98 billion.

- \$991.6 million adopted School transfer, in accordance with the County-Schools revenue sharing agreement.
- \$989.9 million adopted County government general fund budget, including transfers.

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

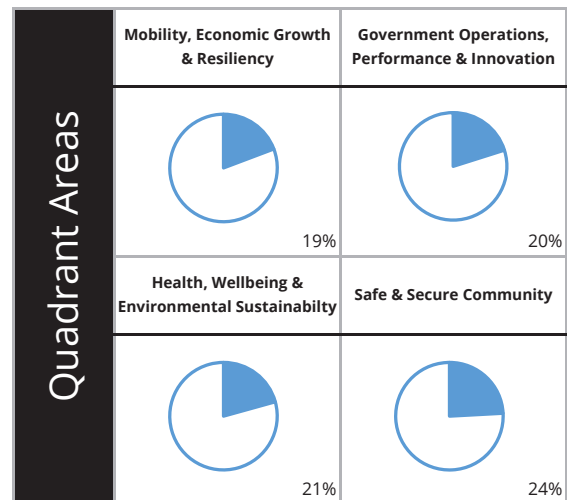
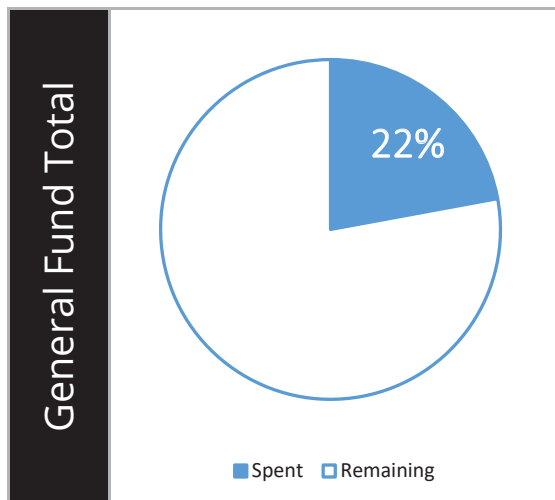
County agencies may have revenue sources other than local taxes that support the general fund expenditure budget. These include charges for services, federal and state revenue, court fines, and fees.

First 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 2026 Budget** – As of September 30, 2025, the revised County government unrestricted general fund budget, excluding transfers, was \$931.4 million.
3. **First Quarter General Fund Expenditures** – As of September 30, 2025, 24.7% of the expenditure budget was spent. Excluding Non-Departmental and Debt Service, which are not indicators of direct County agency operations and have a disproportionate share of expenditures during the first quarter, agencies spent 22.1% of the expenditure budget.

Percent of Budget Spent (Including Debt Service & Non-Departmental)	Percent of Budget Spent (Excluding Debt Service & Non-Departmental)
24.7%	22.1%

4. **First Quarter Salary & Benefit Expenses** – Agency salary and benefit expenses as a percentage of budget will be lower in the first quarter as there were six (6) pay periods out of a total of 26 pay periods for the entire fiscal year. This means salary and benefit expenses are not evenly distributed throughout the fiscal year.
5. **Projected Expenditure Savings** - Current projections indicate 99.0% 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 \$10.0 million.
6. **Agency Variances** – Notable variances are reported based on the 'Spent %' column on the following pages. Encumbrances are not included in the agency detailed tables and charts.



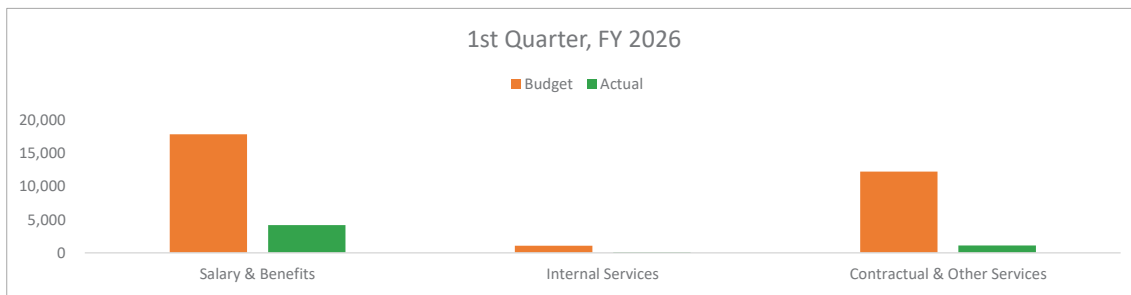
Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Mobility, Economic Growth & Resiliency	Salary & Benefits	17,861.40	4,188.86	
	Internal Services	1,078.03	103.39	
	Contractual & Other Services	12,238.68	1,103.40	
	Reserves & Contingencies	(5,495.56)	(448.53)	
		25,682.56	4,947.11	19.26%



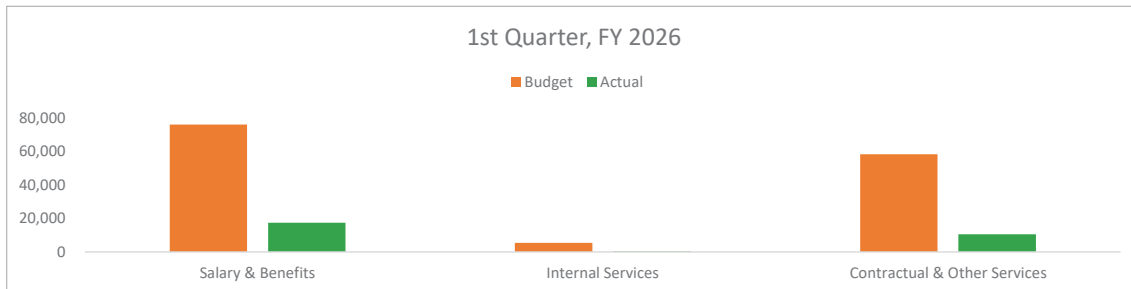
Government Operations, Performance & Innovation Quadrant Area

(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	76,012.89	17,526.36	
	Internal Services	5,496.89	370.80	
	Contractual & Other Services	58,383.42	10,526.80	
	Reserves & Contingencies	(5,861.49)	(1,450.35)	
		134,031.70	26,973.62	20.12%



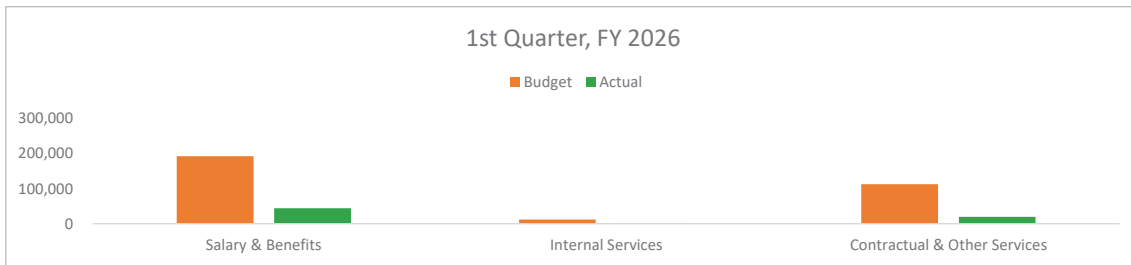
Health, Wellbeing & Environmental Sustainability Quadrant Area

(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	192,109.88	44,041.19	
	Internal Services	11,577.28	1,748.79	
	Contractual & Other Services	112,236.85	19,410.47	
	Reserves & Contingencies	(843.05)	(41.70)	
		315,080.95	65,158.75	20.68%



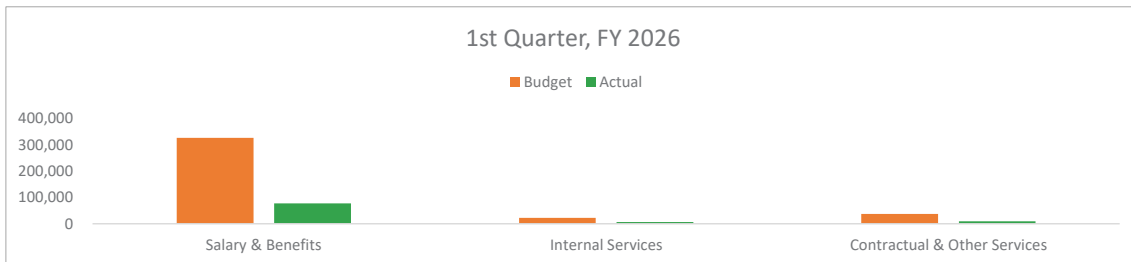
Safe & Secure Community Quadrant Area

(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

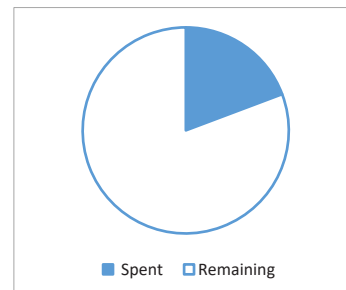
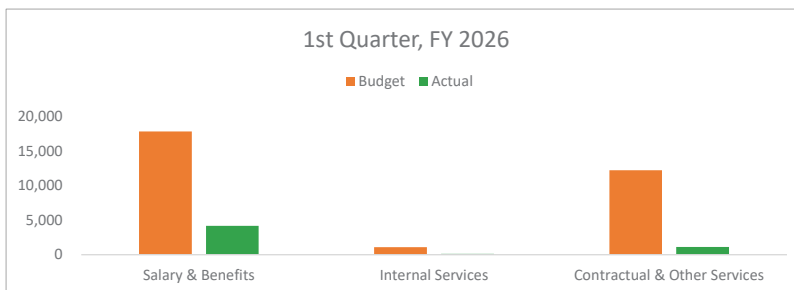
Quadrant Area	Spending Category	Budget	Actual	Spent %
Safe & Secure Community	Salary & Benefits	326,322.87	77,338.77	
	Internal Services	22,176.95	6,874.21	
	Contractual & Other Services	37,611.14	8,975.55	
	Reserves & Contingencies	(175.65)	0.00	
		385,935.32	93,188.53	24.15%



Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Development Services	Salary & Benefits	111.28	0.61	
	Internal Services	7.49	0.00	
	Contractual & Other Services	2.41	1.00	
	Reserves & Contingencies	0.00	0.00	
		121.18	1.62	1.33%
Economic Development & Tourism	Salary & Benefits	3,580.25	752.15	
	Internal Services	176.84	3.83	
	Contractual & Other Services	2,920.23	320.86	
	Reserves & Contingencies	(15.40)	0.00	
		6,661.91	1,076.84	16.16%
Planning	Salary & Benefits	2,992.97	710.97	
	Internal Services	222.67	2.85	
	Contractual & Other Services	2,212.31	(1.02)	
	Reserves & Contingencies	(8.06)	0.00	
		5,419.89	712.80	13.15%
Public Works	Salary & Benefits	4,745.26	1,119.30	
	Internal Services	335.61	71.97	
	Contractual & Other Services	3,041.21	332.41	
	Reserves & Contingencies	(218.61)	(55.72)	
		7,903.48	1,467.96	18.57%
Transportation	Salary & Benefits	6,431.63	1,605.83	
	Internal Services	335.43	24.74	
	Contractual & Other Services	4,062.53	450.15	
	Reserves & Contingencies	(5,253.49)	(392.81)	
		5,576.10	1,687.91	30.27%



Notable Variances

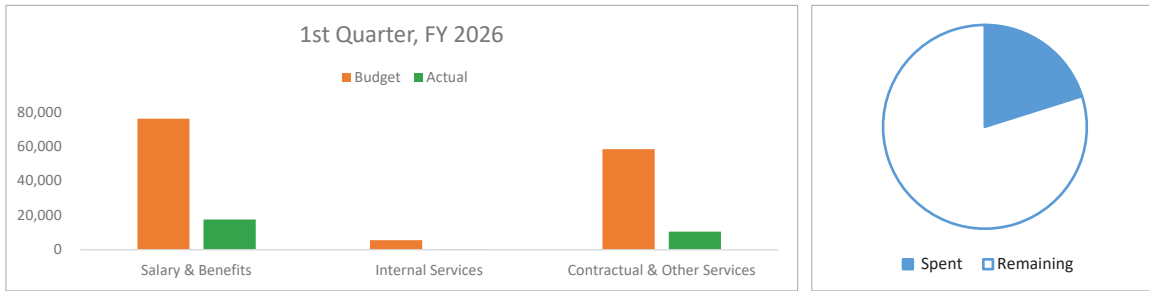
- Development Services** - The Affordable Housing Project Manager position was held vacant pending finalization of the ordinance. It is a hard-to-fill role and is currently in the recruitment process for the fifth time.
- Economic Development & Tourism** - Contractual and Other Services includes an additional \$0.5 million in encumbrances.
- Planning** - There are significant funds in the agency that support ongoing consultant services for numerous priorities, including small area plans and other development planning activities. Currently, there is \$1.1M encumbered which will be spent in the next three quarters of the fiscal year.
- Public Works** - The Contractual & Other Services section comprises \$0.85 million in encumbrances for groundwater studies (\$420K), reforestation and tree planting (\$201K), magisterial district beautification projects (\$143K), landscaping and maintenance services (\$71K), and encampment cleanup (\$13K).
- Transportation** - Personnel costs are cost-recovered from capital projects and the first quarter recovery has not yet been completed. Once processed, overall expenses will be reduced. Finally, contractual and other services has an additional \$2.05M in encumbrances that are not reflected in actuals. Actuals will increase when these encumbrances are paid later in the fiscal year.

Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Board of County Supervisors	Salary & Benefits	4,603.46	1,027.06	
	Internal Services	373.52	0.00	
	Contractual & Other Services	2,425.81	397.71	
	Reserves & Contingencies	(12.90)	0.00	
		7,389.89	1,424.77	19.28%
County Attorney	Salary & Benefits	5,882.28	1,338.93	
	Internal Services	298.54	0.08	
	Contractual & Other Services	1,922.96	486.46	
	Reserves & Contingencies	(181.85)	(24.81)	
		7,921.93	1,800.65	22.73%
Elections	Salary & Benefits	2,532.08	606.56	
	Internal Services	247.28	6.27	
	Contractual & Other Services	3,624.96	305.42	
	Reserves & Contingencies	(14.08)	0.00	
		6,390.23	918.25	14.37%
Executive Management	Salary & Benefits	7,470.35	1,536.69	
	Internal Services	385.42	3.35	
	Contractual & Other Services	1,192.61	(249.57)	
	Reserves & Contingencies	(7.39)	0.00	
		9,040.99	1,290.47	14.27%
Facilities & Fleet Management	Salary & Benefits	16,018.64	3,849.32	
	Internal Services	1,352.10	320.75	
	Contractual & Other Services	40,643.20	8,448.38	
	Reserves & Contingencies	(4,193.84)	(406.71)	
		53,820.10	12,211.73	22.69%
Finance	Salary & Benefits	26,127.85	6,142.35	
	Internal Services	2,012.93	39.86	
	Contractual & Other Services	5,999.37	764.63	
	Reserves & Contingencies	(503.32)	(176.03)	
		33,636.83	6,770.80	20.13%
Human Resources	Salary & Benefits	6,613.51	1,513.32	
	Internal Services	577.30	0.00	
	Contractual & Other Services	1,733.51	343.90	
	Reserves & Contingencies	(696.61)	(780.45)	
		8,227.70	1,076.78	13.09%
Human Rights Office	Salary & Benefits	954.05	233.48	
	Internal Services	46.01	0.00	
	Contractual & Other Services	122.70	4.20	
	Reserves & Contingencies	(0.69)	0.00	
		1,122.07	237.68	21.18%
Management & Budget	Salary & Benefits	2,671.23	569.65	
	Internal Services	141.66	0.00	
	Contractual & Other Services	233.33	3.65	
	Reserves & Contingencies	(0.72)	0.00	
		3,045.50	573.30	18.82%
Procurement Services	Salary & Benefits	3,139.45	709.00	
	Internal Services	62.12	0.50	
	Contractual & Other Services	484.98	22.03	
	Reserves & Contingencies	(250.10)	(62.34)	
		3,436.46	669.19	19.47%

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



Notable Variances

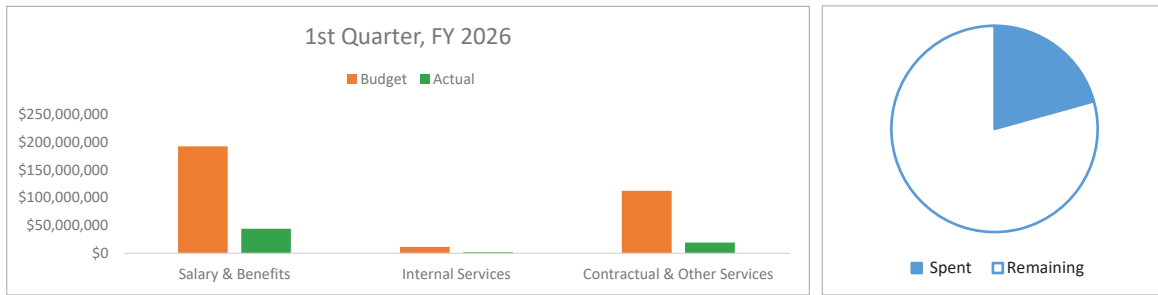
- 1. Elections** - Contractual & Other Services is underspent since elections generally occur during the second (November) and fourth quarters of each fiscal year.
- 2. Executive Management** - Salary and benefits is underspent due to vacancies (the vacant Deputy County Executive position was filled in the second quarter). Contractual and other services is negative due to an accrual reversal related to a carry-forward encumbrance that was initially housed in OEM and then moved to the newly-created Procurement Services department in FY 26.
- 3. Finance** - DoIT Internal Service Fees are yet to be billed, with \$2.2 million in encumbrances from Contractual & Other Services to be billed later.
- 4. Human Resources** - The DoIT Internal Service Fees have not yet been billed, and the Contractual & Other Services section contains \$255K in encumbrances for compensation studies. Personnel cost recovery for the entire fiscal year was billed to the Medical Insurance Internal Service Fund.
- 5. Management & Budget** - The newly established performance management program did not have any Salary & Benefits expense in the first quarter; however, the Performance Officer vacancy was completed in October. Two additional staff will be hired and contractual services funding to support a software solution are planned to be expended over the remainder of the fiscal year.
- 6. Procurement Services** - Salary and benefits is underspent due to vacancies. Contractual and other services has an additional \$0.33M in encumbrances that are not reflected in actuals. Actuals will increase when these encumbrances are paid later in the fiscal year.

Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Aging	Salary & Benefits	5,079.46	1,158.10	
	Internal Services	292.91	33.13	
	Contractual & Other Services	5,613.09	2,913.68	
	Reserves & Contingencies	(47.66)	0.00	
		10,937.80	4,104.91	37.53%
Community Services	Salary & Benefits	67,516.67	15,604.21	
	Internal Services	2,766.75	106.77	
	Contractual & Other Services	40,004.58	2,043.22	
	Reserves & Contingencies	(158.98)	0.00	
		110,129.02	17,754.20	16.12%
Cooperative Extension Service	Salary & Benefits	1,200.18	250.77	
	Internal Services	143.69	0.08	
	Contractual & Other Services	224.85	10.31	
	Reserves & Contingencies	(0.43)	0.00	
		1,568.28	261.16	16.65%
Library	Salary & Benefits	20,956.42	4,670.36	
	Internal Services	1,774.89	45.96	
	Contractual & Other Services	3,747.16	785.02	
	Reserves & Contingencies	(30.76)	0.00	
		26,447.71	5,501.34	20.80%
Juvenile Court Service Unit	Salary & Benefits	734.02	0.00	
	Internal Services	8.34	1.76	
	Contractual & Other Services	112.45	49.32	
	Reserves & Contingencies	(0.14)	0.00	
		854.67	51.08	5.98%
Parks & Recreation	Salary & Benefits	34,321.38	8,014.29	
	Internal Services	3,389.45	1,347.68	
	Contractual & Other Services	14,751.73	3,433.43	
	Reserves & Contingencies	(242.15)	(41.70)	
		52,220.41	12,753.70	24.42%
Public Health	Salary & Benefits	2,486.67	446.17	
	Internal Services	60.56	10.82	
	Contractual & Other Services	3,146.86	740.81	
	Reserves & Contingencies	(30.97)	0.00	
		5,663.12	1,197.80	21.15%
Social Services	Salary & Benefits	49,394.47	11,583.91	
	Internal Services	2,539.91	178.17	
	Contractual & Other Services	43,048.69	9,246.91	
	Reserves & Contingencies	(324.60)	0.00	
		94,658.47	21,009.00	22.19%
Youth Services	Salary & Benefits	10,420.60	2,313.37	
	Internal Services	600.79	24.42	
	Contractual & Other Services	1,587.44	187.77	
	Reserves & Contingencies	(7.36)	0.00	
		12,601.48	2,525.56	20.04%

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



Notable Variances

- 1. Aging** - Contractual & Other services actuals are elevated due to full-year costs associated with Birmingham Green (\$2.6 million) paid in the first quarter.
- 2. Community Services** - The delayed opening of the CRC contributed to underspending in Contractual & Other Services, as CRC operations did not begin until October 28, 2025. A large sum of encumbrances (\$8M) is tied to the operational start-up for the CRC, which will be billed later in the fiscal year. Additionally, DoIT Internal Service Fees have not yet been billed.
- 3. Cooperative Extension Service** - Salary & Benefits is underspent because the agency has not paid first quarter reimbursement to the State for salary supplements.
- 4. Library** - The DoIT Internal Service Fees have not yet been billed, and the Contractual & Other Services section includes \$1.3 million in encumbrances for significant material purchases from major vendors for the year.
- 5. Juvenile Court Service Unit** - Salaries and Benefits is underspent due to local salary supplement 1st quarter payment being processed after the quarter was over. Contractual & Other Services are underspent due to a \$32K in encumbrances that are not being captured in the quarter.
- 6. Youth Services** - Salary and benefits is underspent due to vacancies. Internal services is underspent because DoIT Internal Service Fees have not yet been billed. Contractual and other services has an additional \$0.56M in encumbrances that are not reflected in actuals. Actuals will increase when these encumbrances are paid later in the fiscal year.

Safe & Secure Community Quadrant Area

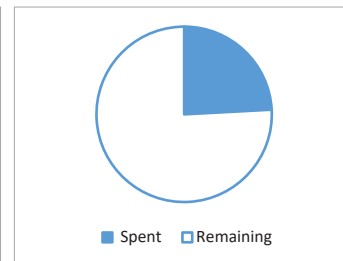
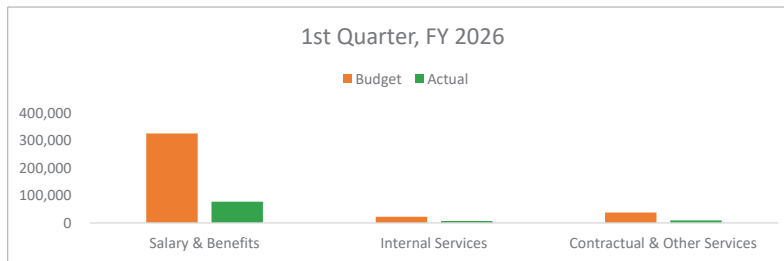
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Circuit Court Clerk	Salary & Benefits	5,831.72	1,403.84	
	Internal Services	274.28	0.00	
	Contractual & Other Services	1,087.99	123.65	
	Reserves & Contingencies	(3.74)	0.00	
		7,190.26	1,527.49	21.24%
Circuit Court Judges	Salary & Benefits	1,918.83	451.30	
	Internal Services	82.57	0.00	
	Contractual & Other Services	103.39	20.46	
	Reserves & Contingencies	(0.94)	0.00	
		2,103.85	471.77	22.42%
Commonwealth Attorney	Salary & Benefits	14,034.57	2,939.38	
	Internal Services	742.40	4.68	
	Contractual & Other Services	879.12	220.97	
	Reserves & Contingencies	(4.55)	0.00	
		15,651.54	3,165.03	20.22%
Criminal Justice Services	Salary & Benefits	7,585.04	1,724.25	
	Internal Services	416.39	6.80	
	Contractual & Other Services	919.21	149.34	
	Reserves & Contingencies	(6.05)	0.00	
		8,914.59	1,880.39	21.09%
Fire & Rescue	Salary & Benefits	131,384.37	31,192.51	
	Internal Services	5,751.79	1,197.24	
	Contractual & Other Services	11,082.59	2,572.03	
	Reserves & Contingencies	(53.06)	0.00	
		148,165.69	34,961.77	23.60%
General District Court	Salary & Benefits	1,991.31	356.55	
	Internal Services	23.11	0.00	
	Contractual & Other Services	398.81	141.33	
	Reserves & Contingencies	(1.75)	0.00	
		2,411.48	497.89	20.65%
Juvenile & Domestic Relations Ct	Salary & Benefits	658.81	177.42	
	Internal Services	32.92	0.00	
	Contractual & Other Services	109.27	25.68	
	Reserves & Contingencies	(0.66)	0.00	
		800.34	203.11	25.38%
Magistrates	Salary & Benefits	88.73	20.48	
	Internal Services	20.13	0.00	
	Contractual & Other Services	10.39	0.45	
	Reserves & Contingencies	(0.08)	0.00	
		119.16	20.92	17.56%

Safe & Secure Community Quadrant (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Police	Salary & Benefits	131,784.70	31,718.82	
	Internal Services	12,794.37	5,193.50	
	Contractual & Other Services	18,256.89	4,306.29	
	Reserves & Contingencies	(75.31)	0.00	
		162,760.65	41,218.62	25.32%
Public Safety Communications	Salary & Benefits	14,590.92	3,293.10	
	Internal Services	598.51	8.43	
	Contractual & Other Services	2,792.00	692.59	
	Reserves & Contingencies	(21.25)	0.00	
		17,960.18	3,994.12	22.24%
Sheriff	Salary & Benefits	16,453.85	4,061.11	
	Internal Services	1,440.50	463.57	
	Contractual & Other Services	1,971.49	722.75	
	Reserves & Contingencies	(8.27)	0.00	
		19,857.57	5,247.42	26.43%



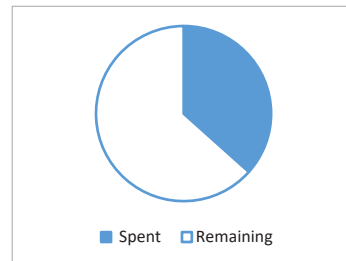
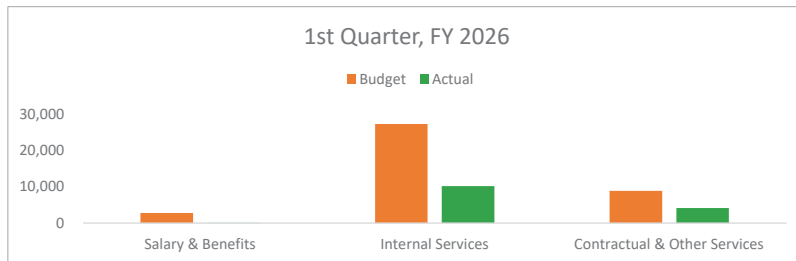
Notable Variances

- Commonwealth Attorney** - DoIT Internal Service Fees have not yet been billed. Contractual & Other Services are underspent due to a \$64K in encumbrances that are not being captured in the quarter.
- Criminal Justice Services** - Internal services is underspent because DoIT Internal Service Fees have not yet been billed. Contractual and other services has an additional \$0.46M in encumbrances that are not reflected in actuals. Actuals will increase when these encumbrances are paid later in the fiscal year.
- General District Court** - Salaries and Benefits is underspent due to local salary supplement savings for the GDC and the Office of Public Defender. The GDC's Contractual & Other Services is underspent do to \$45K in encumbrances that are not being captured in the quarter.
- Magistrates** - DoIT Internal Service Fees have not yet been billed, when this billing occurs spending for the agency will be on target.
- Public Safety Communications** - DoIT Internal Service Fees have not yet been billed. A large sum of encumbrances (\$725K) is associated with Next Generation 911, which will be billed later in the fiscal year.

Non-Departmental

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Non-Departmental	Salary & Benefits	2,728.33	28.37	
	Internal Services	27,262.10	10,105.20	
	Contractual & Other Services	8,852.70	4,086.41	
	Reserves & Contingencies	0.00	0.00	
		38,843.14	14,219.98	36.61%



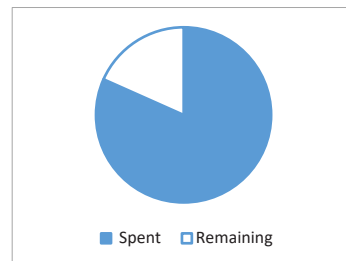
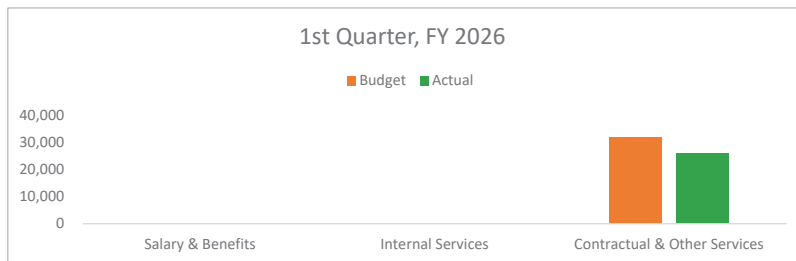
Notable Variances

1. **Non-Departmental** - The following payments were made during the first quarter of the fiscal year: Self-Insurance Workers Compensation (\$6.8M), Self Insurance Casualty Pool (\$3.3M), Property and Miscellaneous Insurance Premiums (\$0.7M), Hylton Performing Arts Center Contribution (\$2.0M), Council of Government membership dues (\$0.8M) and Northern Virginia Community College Contribution (\$0.3M).

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	31,791.43	25,966.31	
	Reserves & Contingencies	0.00	0.00	
		31,791.43	25,966.31	81.68%



Notable Variances

1. **Debt Service** - Most debt service obligations are scheduled for payment in the first quarter 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