



PRINCE WILLIAM
COUNTY

Revenue & Expenditure **REPORT**

2nd Quarter
FY 2026

Published 2/13/2025

PRINCE WILLIAM COUNTY

2nd 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.

The FY 2026 Adopted Budget estimates general revenues to be \$1.733 billion.

As of the second quarter, general revenues are projected to generate an estimated surplus of \$65.6 million or 3.8% compared to the FY 2026 Adopted Budget.

General Revenue Sources	Prior Year FY 2025	Current Year FY 2026				
	Year-End	Adopted Forecast	Q1 Revised	Q2 Revised	\$ Change Q2/ Adopted	% Change Q2/ Adopted
Real Property Tax	\$916,208,252	\$1,025,922,000	\$1,025,922,000	\$1,025,922,000	\$0	0.00%
Personal Property Tax	404,601,974	436,245,500	436,245,500	494,250,000	58,004,500	13.30%
Motor Vehicle License Tax	13,488,811	13,390,000	13,390,000	13,390,000	0	0.00%
Local Sales Tax	99,383,391	102,500,000	102,500,000	102,500,000	0	0.00%
Food and Beverage Tax	46,294,990	40,250,000	40,250,000	40,250,000	0	0.00%
Consumer Utility Tax	14,721,792	15,500,000	15,500,000	15,500,000	0	0.00%
Communications Sales and Use Tax	11,487,049	11,500,000	11,500,000	11,500,000	0	0.00%
BPOL Tax	41,412,532	37,167,000	37,167,000	37,167,000	0	0.00%
Investment Income	37,948,949	29,400,000	29,400,000	37,000,000	7,600,000	25.85%
All Other Revenue	17,829,701	20,799,000	20,799,000	20,799,000	0	0.00%
TOTAL GENERAL REVENUES	\$1,603,377,442	\$1,732,673,500	\$1,732,673,500	\$1,798,278,000	\$65,604,500	3.8%

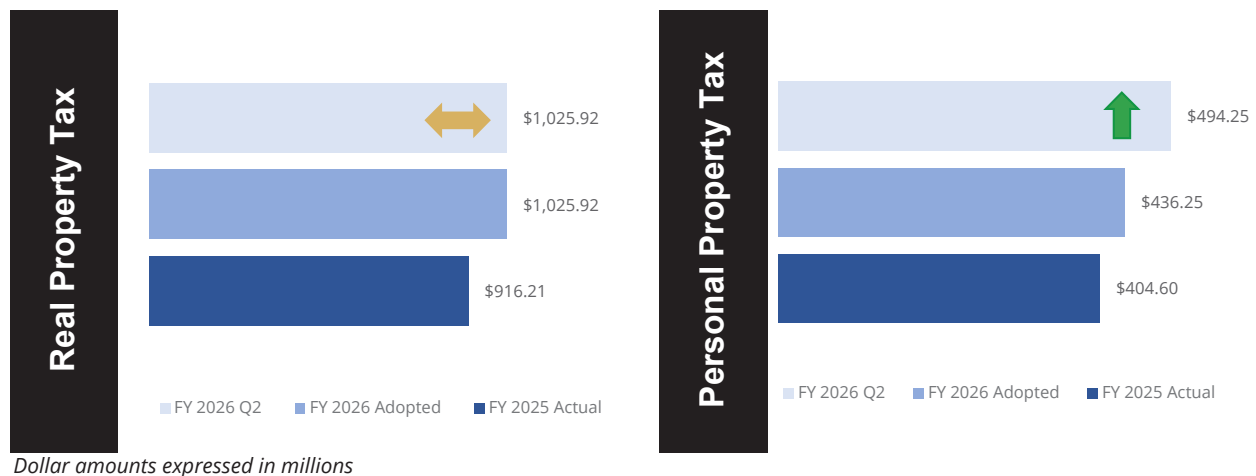
Overall results from the second quarter show that most major revenue sources continue to perform in line with expectations. These trends reflect sustained job and income growth in Northern Virginia, along with stable conditions in the regional housing market. At the same time, several emerging risks warrant attention. Ongoing uncertainty surrounding federal government furloughs, the potential for slower state revenue growth, and signs of softening consumer sentiment could affect performance in the months ahead. Staff will monitor these factors closely through the third quarter to determine whether any adjustments are needed.

Revenues At-A-Glance

Key highlights from the FY 2026 Adopted Budget performance include the following:

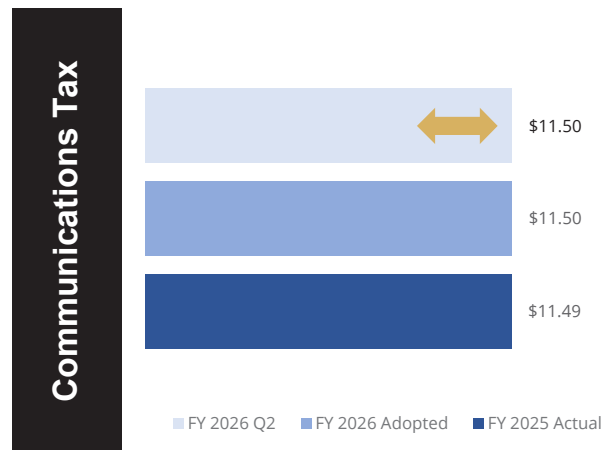
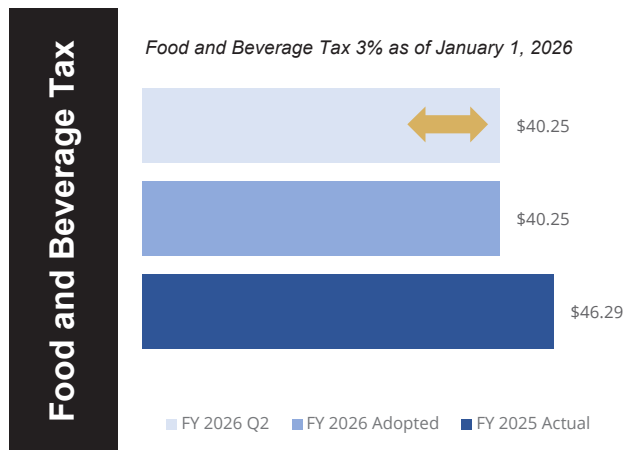
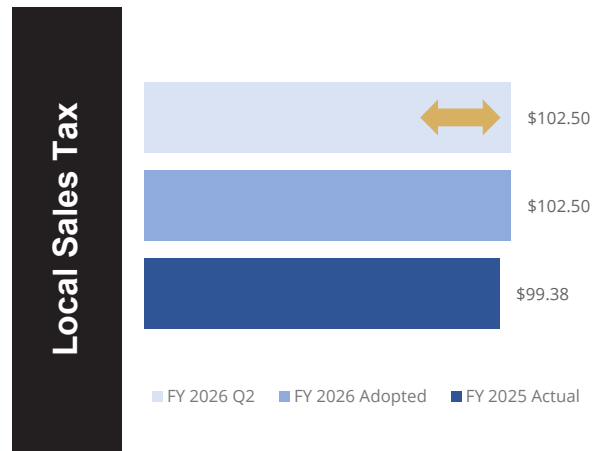
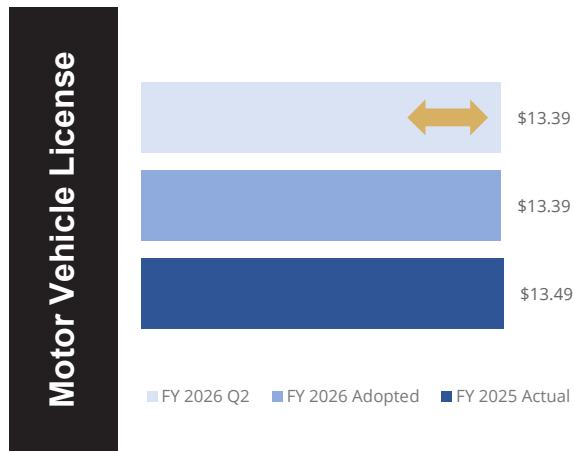
Real Property Tax collections throughout the second quarter indicate that real property tax revenues remain on track to meet the adopted budget. Property values have remained steady, and current collection patterns show no meaningful deviations from expectations. Revenue projections include adjustments for real estate tax relief, exonerations, and lawsuit reserves. Recent analysis from the Weldon Cooper Center reinforces a positive outlook, noting that Virginia's housing market remains relatively balanced despite elevated mortgage rates. Although home price growth has moderated from prior years, it has not reversed, providing continued stability in the property tax base and supporting current revenue assumptions.

Personal Property Tax revenues in the Business Tangible Property category are performing above plan and are currently projected to produce a surplus of approximately \$58 million. This stronger performance is being driven primarily by data center growth in the county, which has generated additional taxable assessments beyond initial estimates. Vehicle-related personal property tax collections align with forecast.



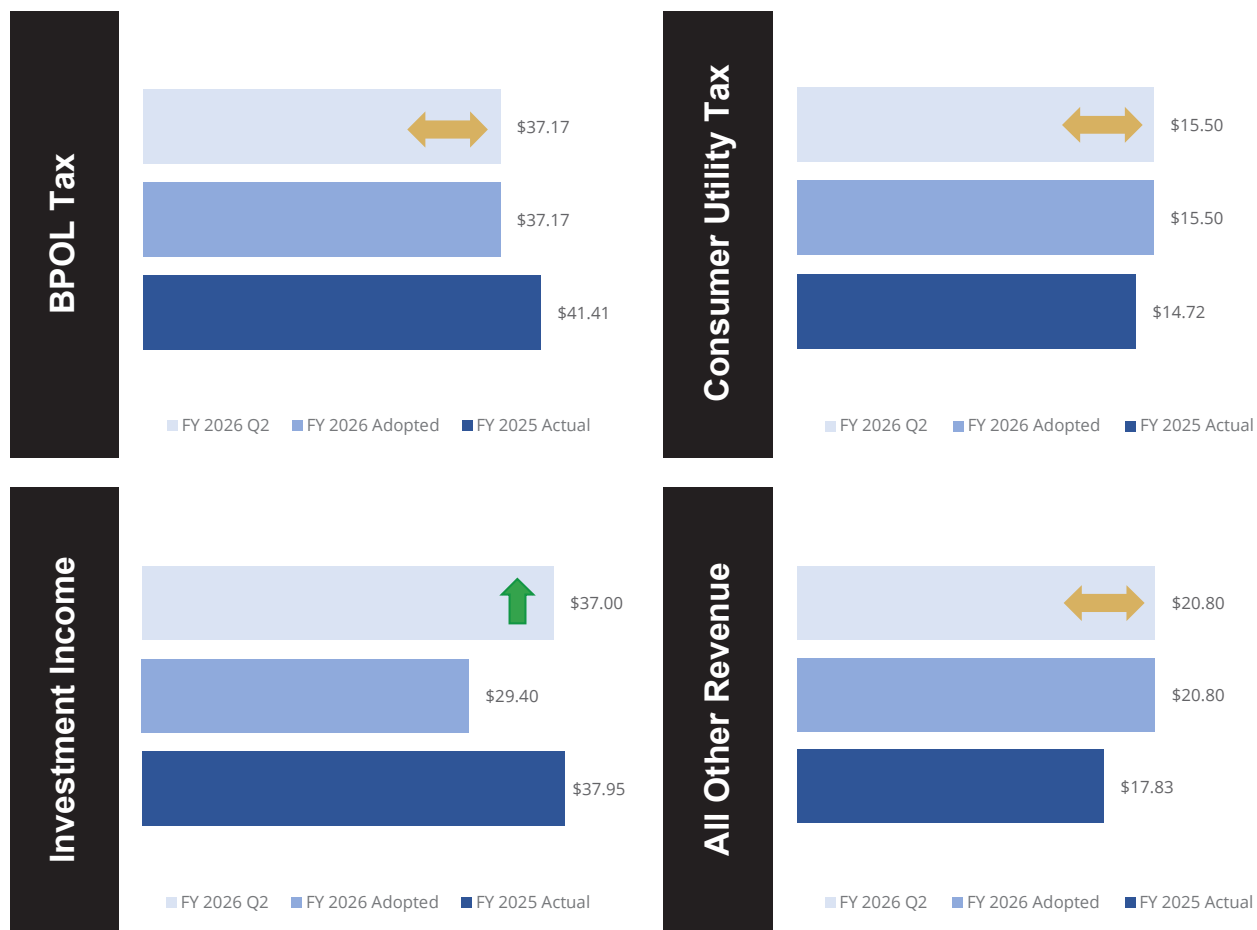
Local Sales Tax collections for the second quarter remain on pace with the adopted FY 2026 forecast of \$102.5 million. Statewide reporting for late 2025 shows continued strength in Virginia sales and use tax receipts, supported by solid consumer spending and a healthy labor market. While inflationary pressure and slower job growth at the state and federal levels present potential headwinds, local spending activity has remained resilient. Current trends suggest that consumer demand in Northern Virginia continues to provide a stable foundation for sales tax performance.

Food and Beverage Tax collections are currently aligned with the FY 2026 forecast of \$40.3 million. The Virginia Consumer Sentiment Index, compiled by Roanoke College in November 2025, remains steady at 65.8, well above the final November national reading of 51.0. Although the index sits roughly five points below the five-year average, reflecting some softening in consumer outlook, it continues to indicate relative confidence among Virginia households. This supports the expectation that local dining and hospitality activity will remain consistent with budget assumptions.



Dollar amounts expressed in millions

Investment Income received through the first half of FY 2026 is on track to exceed the adopted forecast of \$29.4 million. Despite a tepid pace of hiring dating back to mid-2025, layoffs have remained relatively contained. Concurrently, recent measures of inflation suggest price pressures could persist in the near term while economic growth has proven to be sturdy. Barring a significant deterioration in economic conditions, the projected interest rate climate is expected to support returns on cash/cash equivalent investments - the primary driver of investment income to date - leading into the end of the fiscal year. Staff are of the opinion the prevailing backdrop driving investment earnings supports raising the FY 2026 Investment Income forecast by \$7.6 million to \$37.0 million.



Dollar amounts expressed in millions

Looking Ahead

Indicator	Prior Year 12/31/2024	Prior Qtr 09/30/2025	Current ¹ 12/31/2025	Short-Term Outlook					Notes
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General

Consumer Price Index (CPI)	2.9%	3.0%	2.7%		●				Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	2.4%	4.4%	N/A ⁴			●			Measures the final market price for goods and services produced within the U.S.
Federal Funds Rate	4.33%	4.09%	3.64%			●			Target interest rate set by the Federal Open Market Committee (FOMC). Establishes baseline lending rates and short term rates of return.
S&P 500 Index	5,882	6,688	6,845			●			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%	4.4%	4.4%			●			Tracks the number of unemployed persons as a percentage of the total U.S. labor force.
Virginia	3.0%	3.5%	3.6% (P)			●			Tracks the number of unemployed persons as a percentage of the total VA labor force.
Prince William County	2.3%	3.2%	3.3% (P)			●			Tracks the number of unemployed persons as a percentage of the total PWC labor force.

Average Weekly Wages ²

National	\$1,390	\$1,589	\$1,436			●			Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.
Virginia	\$1,436	\$1,605	\$1,471			●			Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.
Prince William County	\$1,197	\$1,263	\$1,231			●			Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.

Employment Establishments ³

Virginia	319,920	321,899	323,260			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.
Region	97,518	99,252	98,719			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.
Prince William County	10,637	10,754	10,847			●			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%	0.1%	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	1.6%	5.4%	5.6%			●			Tracks the percentage of state collections for sales and use tax.
Sales and Use Tax: Prince William County	4.8%	0.4%	3.0%			●			Tracks the percentage of collections for sales and use tax in Prince William County. Current sales tax rate is 6.0%.
Revenue Collections: Virginia	6.7%	5.1%	8.6%			●			Approximately 88% of Virginia's revenue consists of net individual income tax and sales tax.

Vehicles

National Automobile Sales (units in millions)	15.8	16.4	16.2			●			Tracks the total number of year-to-date light-vehicle sales in the U.S. on a Seasonally Adjusted Annual Rate basis.
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Real Estate Market: Prince William County

Median Sold Price	\$565,000	\$602,000	\$584,995			●			Reflects the median sold price for a home.
Closed Sales	427	397	376			●			Reflects the number of closed home sales.
Average Days on Market	25	24	33			●			Reflects the average time a home is on the market from listing to closing.
Ratio of Homes on the Market to Homes Sold	0.65	1.96	1.22			●			A ratio > 1 suggests supply of homes on the market exceeds current demand. A ratio < 1 suggests supply of homes on the market is below current demand.
Occupancy Permits Issued	179	287	240			●			Establishes that a property is suitable for habitation after meeting the requirements of the Uniformed Statewide Building Code.
Building Permits Issued	281	181	200			●			Tracks the number of new building permits issued for residential dwellings.
Commercial Vacancy Rate	3.1%	3.1%	2.5%			●			Tracks the percentage of vacant store front property by square feet.

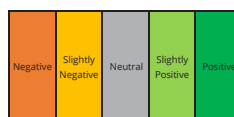
¹ Reflects data available as of the date displayed.

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

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

⁴ Fourth quarter GDP is scheduled to be released on 2/20/2026.

⁵ As of 11/30/25. December report scheduled to be released on 2/10/2026.



Economy At-A-Glance

National, State, and Local Trends

National While uncertainty and turbulence characterized both the domestic and international landscape in 2025, the spillover effects on the U.S. economy remained relatively contained. Anticipated price pressures stemming from the Trump administration's tariff regime failed to materialize at the scale feared, proving less damaging to economic growth and inflation alike. The high-level explanation for restrained tariff pass through is rather straightforward – firms had limited pricing power, however, the factors constraining companies' ability to pass on higher production costs are multifaceted. In the opinion of Bloomberg Economics, "Households suffered a negative income shock in 2025, and AI-driven productivity gains reduced labor demand. As a result, firms absorbed much of the tariff costs - squeezing profits, slowing hiring and wage growth, and pushing unemployment higher". A perfectly plausible explanation. But possibly a simpler reason, highlighted in a research paper issued by the Richmond Federal Reserve, is that firms worried about forfeiting market share if prices were increased too aggressively. Subsequent industry carveouts - particularly within the automotive, pharmaceutical, and technology sectors - and renegotiated tariff levels following the initial rollout in early April have also contributed to quelling acute price increases. Regardless of the strengths that muted a potentially punitive impact, the result has seen the economy remain resilient, supported by firm consumer spending and business investment.

Looking ahead, conditions in 2026 that could underpin economic expansion appear constructive, supported by fiscal stimulus from the One Big Beautiful Bill Act, easing trade uncertainty, and the promise of sustained business investment tied to the AI-related buildout. Nonetheless, key risks remain that could temper the bullish outlook held by some economists and investors. Emerging softness in the labor market - evident in hiring trends, job openings, and longer unemployment durations - suggests limited upside. At the same time, recent inflation data indicate that price pressures are poised to persist, further straining an already divided consumer landscape and increasing dependence on higher-income households to sustain spending. A central factor that has enabled higher-income earners to continue spending has been the extraordinary wealth generated by equity market performance. According to an October 2025 CNBC article, the top 10% of earners have added roughly \$40 trillion to their wealth since 2020. While equity market breadth has improved, the trajectory of future performance remains largely reliant on a handful of large technology firms. Moving forward, if anticipated investment in AI infrastructure fails to translate into earnings that meet elevated expectations, the risk of a market correction cannot be ruled out. The associated wealth effects from a correction could prompt higher-income households to temper spending, adding further strain to an already fragile labor market. As in 2025, the U.S. economy will likely face another test of resilience in the new year.

Consumer Price Index (CPI) The permanent absence of October CPI data and the delayed collection of November prices have obscured the signal value of the December report, limiting insight into recent inflation dynamics. Meanwhile, a recent uptick in commodity prices - particularly metals and agricultural inputs - alongside rising freight costs and additional tariff pass-through suggest underlying price pressures could be poised to persist in the near term. Headline CPI for December increased 0.3%, while the year-over-year measurement remained at 2.7% compared to November. While the print versus consensus expectations were lower than anticipated, the reading was primarily driven by a decline in used-vehicle prices. Within the energy sector, gasoline prices fell 0.5% in December versus a 3.0% increase the prior month. Electricity costs declined 0.1% while natural gas prices rose 4.4%. Food at home prices remained a key driver of household costs, increasing 0.7%. Evidence of inflationary pressure was seen in prices for dairy and related products (0.9%), cereals and bakery products (0.6%) and fruits and vegetables (0.5%). 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 December. The year-over-year pace rose 2.6%, unchanged from November. Core goods prices remained flat month-over-month, led by decreases of 1.1% and 0.1% for used-vehicles and new cars, respectively. Prices for new trucks were unchanged in December. Partially offsetting the downward pressure applied to core goods prices by vehicles were increases

in apparel (0.6%) and household furnishings (0.5%). Core services' inflation rose 0.3% in December, underpinned primarily by an increase in shelter costs of 0.4%. On a year-over-year basis, core services' prices increased 3.0%. Owner's equivalent rent, which measures the cost a homeowner would pay to rent their home, rose 0.3%. Rent of a primary residence, a reflection of the actual cost of renting a home, also increased 0.3% in December. 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. Medical care services, a segment facing unrelenting cost pressures, advanced 0.4% in December and 3.5% over the prior year. But despite cost-of-living challenges confronting millions of households, a segment of the American consumer base has remained resilient. Discretionary spending in December rose sharply for airline fares (5.2%), hotels (3.5%) and recreational services (1.8%).

Gross Domestic Product (GDP) In the aftermath of the government shutdown, the Bureau of Economic Analysis has postponed publication of its advance estimate of fourth-quarter GDP to February 20. The Federal Bank of Atlanta's GDPNow model, a running estimate of economic growth based on available data for the current measured quarter, suggests GDP for the fourth quarter is tracking at 4.2%, as of February 2nd. A separate forecast of GDP provided by fifty-four contributors to a Bloomberg survey pointed to a less robust median estimate of 2.1%. Updated data released on January 22nd indicated a small upward revision to third-quarter GDP, lifting the headline figure to 4.4% from 4.3%. The pace of economic growth in the third quarter was primarily underpinned by consumer spending, which contributed 2.3 percentage points to the headline figure. In a note, Bloomberg Economics said, "The strength in demand reflected the economy's K-shaped dynamic, as higher-income households continued to outpace lower-income consumer spending". Additional drivers of GDP growth during the third quarter were net exports of 9.6% and business investment in equipment of 5.2%.

Labor Market December's employment report reflected a continuing theme of tepid hiring accompanied by downward revisions over the previous two months. The prevailing economic climate has seen businesses scale back on hiring while attempting to manage cost pressures through natural attrition. Although labor market conditions remain fragile, consensus expectations point to a hiring profile in 2026 that has the potential to stabilize the unemployment rate at approximately 4.5%. The preliminary nonfarm payrolls estimate for December increased 50,000 below the consensus projection of 70,000. Downward revisions to October and November payrolls corresponded to a net two-month decline of 76,000. Incorporating December employment data, the three-month moving average dropped to -22,000 versus the November three-month moving average of -3,000. The unemployment rate edged down to 4.4% from 4.5% in November, driven primarily by a decrease in re-entrants to the labor force. A decline in the participation rate to 62.4 from 62.5 in November provided an additional - albeit modest - level of support to lowering the unemployment rate. Private service-providing employment accounted for the largest portion of job growth, adding 37,000 to company payrolls. Consistent with prior months, job gains were narrowly concentrated in the health care and social assistance (38k) and leisure and hospitality (47k) sectors. Nearly all other private service sectors experienced declines, while goods producing employment declined 22,000. According to Bloomberg Economics, "We expect the unemployment rate to stay elevated at 4.6% for all of 2026, as an increase in job seekers offsets a pickup in hiring."

Retail Sales* Unsurprisingly, retail sales picked up in November, which captures a significant portion of holiday shopping season activity. 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 November increased 0.6%, above the consensus estimate of 0.5%. On a year-over-year basis, retail sales rose 3.3%. The gain was primarily supported by a rebound in motor vehicle and parts dealers (1.0%) and building material supplies (1.3%) compared with the prior month. Additional details from the November report revealed sales excluding vehicles and gasoline rose 0.4%, unchanged versus the previous month. Control-group sales - which exclude food services, auto dealers, building-material stores, and gasoline stations - rose 0.4% compared to 0.6% in October. The control-group category is often viewed as a key indicator of underlying consumer spending trends.

Spending at food services & drinking places - a proxy for services consumption - jumped 0.6% versus a 0.1% decline in October. In a note, Bloomberg Economics said, "We think some of November's sales reflected payback once wages missed in the government shutdown were recouped. In general, the underlying "K-shaped" consumption dynamics - showing trajectories diverging by income - remain intact as wealthier shoppers splurged on holiday purchases while lower-income households chased deals."

**December retail sales data was not available at the time this report was published.*

Automobile Industry The National Automobile Dealers Association (NADA) reported new light-vehicle sales of 16.2 million units in 2025, an increase of 2.4% versus 2024. A surge in buying activity during second quarter 2025 as consumers attempted to front-run tariffs, coupled with the expiration of electric vehicle tax credits on September 30th, were key factors that drove new-vehicle sales. Despite battery electric vehicles achieving a record-high 11.8% of all new vehicles sold in September, market share plunged to 5.9% by December. Overall, battery electric vehicle sales rose 1.2% in 2025 compared to the prior year. In contrast, a strong 27.6% year-over-year jump pushed conventional hybrid sales to 2.05 million units. NADA anticipates changes to the regulatory environment will suppress battery electric vehicle sales while providing a tailwind to future growth in the conventional hybrid segment. Fears of steep tariff driven price increases did not materialize, with average transaction prices rising marginally as most original equipment manufacturers absorbed a large share of the added costs. J.D. Power estimates the average transaction price for a new light vehicle in December was approximately \$47,104, a 1.5% year-over-year increase. The average monthly payment for a financed new vehicle is projected to be \$776 in December, up \$22 versus one year prior. The modest increase is likely attributed to a decline in the average financing rate, which J.D. Power estimates was 5.84% in December, down approximately 0.3% versus December 2024. NADA's current projection for new light-vehicle sales in 2026 is 16 million units. Cox Automotive anticipates slightly softer used-vehicle demand in 2026, with sales projected at 20.3 million units, down 0.7% from 2025. The industry trade group sees wholesale values returning to more traditional patterns in 2026, with a 2% increase in the Manheim Used Vehicle Value Index signaling a return to typical depreciation patterns. "As we move into 2026, a few positive indicators are emerging: New and used auto loan rates are beginning to trend lower, and consumers will soon see increased tax refunds hit their wallets," said Jeremy Robb of Cox Automotive. "As this plays out, we are expecting to see stronger demand in the auto market as the year gets underway."

Virginia The Secretary of Finance's December revenue report noted general fund revenues are tracking \$395.4 million (2.6%) above the official forecast through the first six months of FY 2026, compared with the same period one year earlier. The increase was supported primarily by year-over-year increases in income tax non-withholding payments (\$399.6 million) and withholding payments (\$170.9 million) for the month of December. "The strong year-over-year increase is not noise, it is real. It reflects strong job creation, rising incomes, healthy consumer activity, and disciplined fiscal stewardship," said Governor Glenn Youngkin. "Because of this performance, revenues could decline by 1.6 percent over the rest of the year, and we would still meet our forecast."

Virginia's seasonally adjusted unemployment rate rose slightly during the quarter to 3.6% in December from 3.5% in September. The Commonwealth's Department of Workforce Development and Advancement indicated Virginia's labor force decreased in December by 1,633 workers to 4,526,820. The number of unemployed residents increased 3,158 to 163,222, while the number of employed Virginians declined by 4,791 to 4,363,598. The December report revealed employment rose in five of eleven major categories over the prior month, with the remaining six registering. The sectors credited with creating the largest portion of job gains were Government (1,500), Education and Health Services (600), and Miscellaneous Services (600). Noteworthy was the increase in Local Government employment of 1,900, while Federal and State Government shed 300 and 100 jobs, respectively. Within the six categories that declined, the top three sectors that shed jobs included Construction (-3,400), Professional and Business Services (-1,800), and Trade, Transportation, and Utilities (-1,600).

Local Viewed through the lens of unemployment rates, Prince William County's labor market remained relatively stable during the quarter as the unemployment rate rose slightly to 3.3% in December from

3.2% in September. According to data published by the Bureau of Labor Statistics, the County's labor force declined to 264,813 from 265,889 over the quarter. The number of employed residents shrank by 1,381, while the number of unemployed individuals increased by 305 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 has been utilized in previous quarters to measure labor market conditions are initial claims for unemployment insurance. While claims for October surged to a 2025 high of 943, data for November and December were not available at the time this report was published. Drawing conclusions about the possible forces shaping the County's labor market would be premature until greater clarity emerges from upcoming initial claims data.

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 December 2025 and December 2024.

Category	Dec. 2025	Dec. 2024	Increase/(Decrease)
Median Sold Price	\$584,995	\$565,000	3.5%
Units Sold	376	427	(11.9%)
Active Listings	460	276	66.7%
Average Days on Market	33	25	32.0%
New Listings	228	191	19.4%

Thirty-year mortgage rates have gradually declined over the previous twelve months, triggered in part by concerns economic growth could come under pressure amid a softening labor market. 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 indicates the average 30-year fixed rate mortgage is roughly 6.10%. Virginia Realtors monthly Confidence Survey indicated the organization's Buyer Activity Index was 34 in December, unchanged from the prior month. Approximately 10% 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, 26% of realtors that responded to the survey cited "limited housing options in Virginia as a major obstacle" for their clients, while roughly 13% referenced high mortgage rates as a "key challenge." Roughly 9% 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 rose to 60 in December from 49 the previous month. Approximately 33% of survey participants thought buyer activity over the next three months would be higher in their respective markets, while 13% indicated buyer activity would decline.

Commercial Sector For the quarter ended December 2025, Costar Realty Group (Costar) reported the County's commercial inventory included 63.9 million square feet (sq. ft.) spread over 2,315 properties and 1.6 million sq. ft. of vacant space. The vacancy rate was 2.5% compared to 3.0% at the end of the prior quarter.

Commercial real estate performance continues to be driven largely by data center investment. Strong demand and ongoing development support projected data center appreciation of approximately 23 percent, with a substantial pipeline expected to sustain momentum in the coming years. Excluding data centers, commercial appreciation is more moderate at about 6 percent, led by industrial and senior living projects adding an estimated 260,000 square feet of new development. Retail and office segments remain generally stable, with rents and vacancies holding steady and limited new construction underway. Higher financing costs and constrained land availability continue to moderate speculative development, reinforcing a measured outlook for non-data-center property types.

PRINCE WILLIAM COUNTY

2nd 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.

Second Quarter Summary

1. ***General Fund Reporting*** – This report includes only unrestricted general fund expenditures. It does not include restricted funds within the general fund such as 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 December 31, 2025, the revised County government unrestricted general fund budget, excluding transfers, was \$951.2 million.

3. **Second Quarter General Fund Expenditures** – As of December 31, 2025, 49.7% 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 47.3% of the expenditure budget.

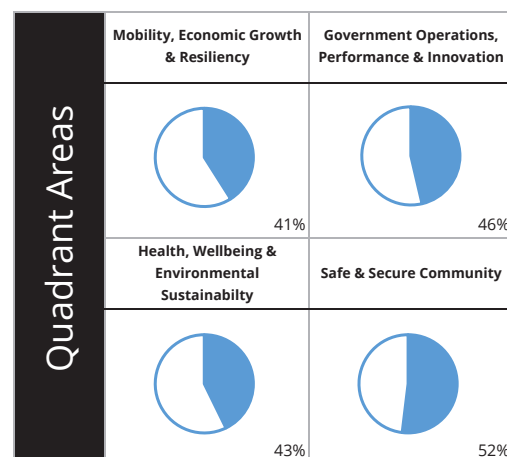
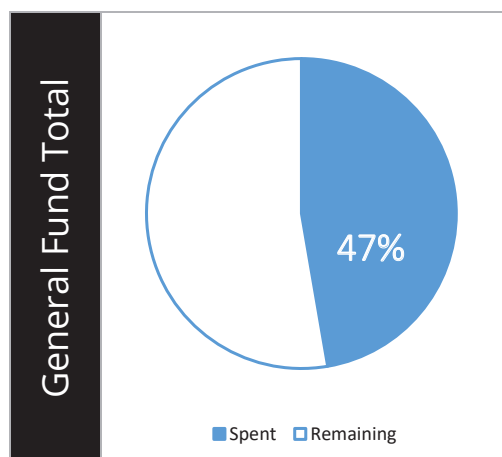
Percent of Budget Spent (Including Debt Service & Non-Departmental)	Percent of Budget Spent (Excluding Debt Service & Non-Departmental)
49.7%	47.3%

4. **Pay Periods per Quarter** – The number of pay periods varies by quarter. Notably, the second quarter included an extra two-week pay period.
5. **Information Technology Charges** – Information technology costs for the entire fiscal year were billed to County agencies in the first half of the year. Therefore, Internal Services expenditures are higher than normally anticipated, as well as overall general fund expenditures. After excluding Non-Departmental and Debt Service and adjusting for information technology costs billed for the entire fiscal year, agencies spent 44.8% of the operating expenditure budget.

Percent of Budget Spent (Excluding Debt Service, Non-Departmental, & Internal Services)
44.8%

Current projections indicate 99% 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 \$9.5 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.




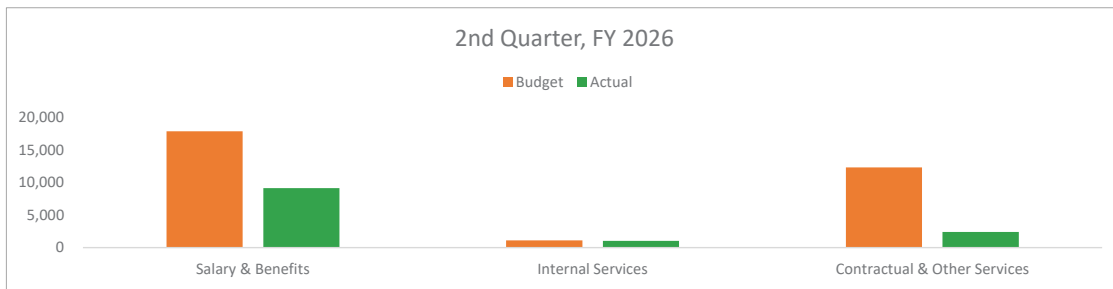
Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Mobility, Economic Growth & Resiliency	Salary & Benefits	17,861.40	9,122.18	
	Internal Services	1,093.48	1,041.13	
	Contractual & Other Services	12,308.24	2,388.06	
	Reserves & Contingencies	(5,495.56)	(1,984.77)	
		25,767.56	10,566.59	41.01%




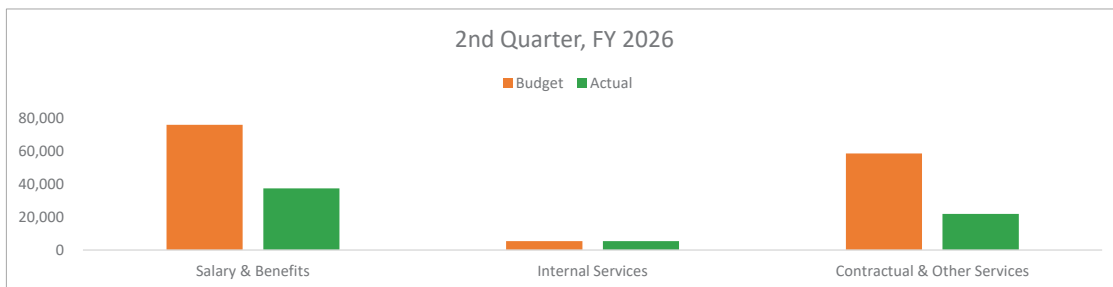
Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Government Operations, Performance & Innovation	Salary & Benefits	76,096.55	37,523.23	
	Internal Services	5,497.41	5,500.20	
	Contractual & Other Services	58,870.91	21,944.08	
	Reserves & Contingencies	(5,861.49)	(2,543.54)	
		134,603.38	62,423.97	46.38%




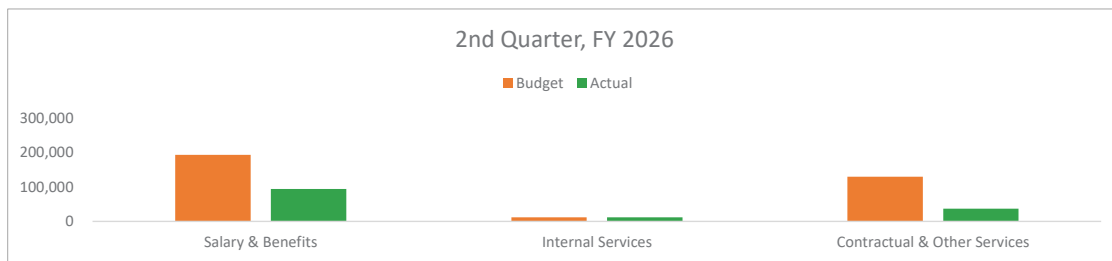
Health, Wellbeing & Environmental Sustainability Quadrant Area

(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	193,571.70	94,486.26	
	Internal Services	11,650.03	11,581.36	
	Contractual & Other Services	130,160.11	37,046.96	
	Reserves & Contingencies	(843.05)	(41.70)	
		334,538.79	143,072.89	42.77%




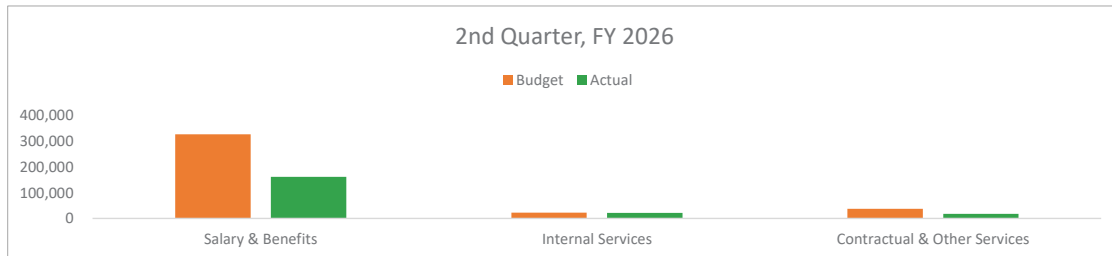
Safe & Secure Community Quadrant Area

(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

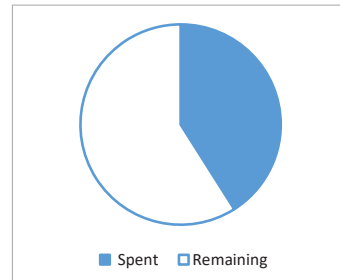
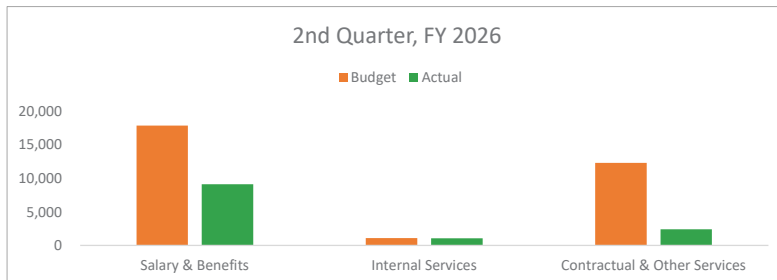
Quadrant Area	Spending Category	Budget	Actual	Spent %
Safe & Secure Community	Salary & Benefits	326,747.87	161,653.66	
	Internal Services	22,177.33	21,782.44	
	Contractual & Other Services	37,689.97	17,311.21	
	Reserves & Contingencies	(175.65)	0.00	
		386,439.51	200,747.30	51.95%



Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Economic Development & Tourism	Salary & Benefits	3,580.25	1,618.62	
	Internal Services	178.16	176.84	
	Contractual & Other Services	2,918.91	728.40	
	Reserves & Contingencies	(15.40)	0.00	
		6,661.91	2,523.85	37.88%
Planning	Salary & Benefits	2,992.97	1,504.89	
	Internal Services	224.98	224.98	
	Contractual & Other Services	2,295.00	186.85	
	Reserves & Contingencies	(8.06)	0.00	
		5,504.89	1,916.72	34.82%
Public Works	Salary & Benefits	4,745.26	2,414.60	
	Internal Services	341.68	292.40	
	Contractual & Other Services	3,035.14	649.10	
	Reserves & Contingencies	(218.61)	(107.08)	
		7,903.48	3,249.02	41.11%
Transportation	Salary & Benefits	6,431.63	3,571.61	
	Internal Services	341.19	339.42	
	Contractual & Other Services	4,056.77	822.69	
	Reserves & Contingencies	(5,253.49)	(1,877.69)	
		5,576.10	2,856.02	51.22%













Notable Variances

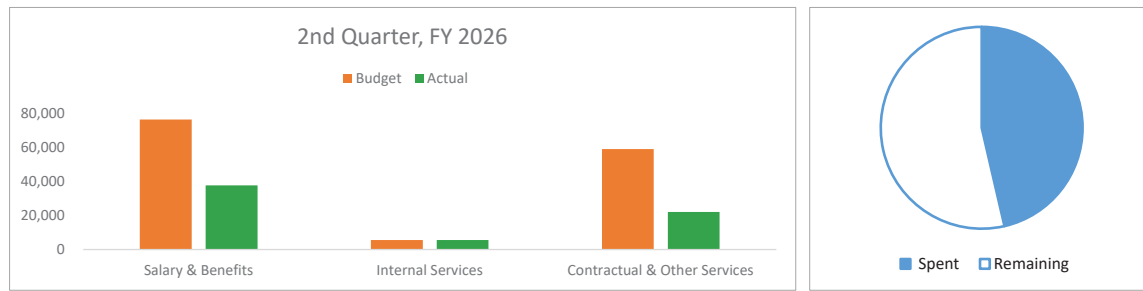
- Economic Development & Tourism** - Purchase of Goods and Services and Contractual and Other Services include an additional \$0.6 million in encumbrances, which is expected to increase total expenditure to approximately 47% in Q2. These encumbrances include \$250,000 for financial advisory services related to the Landing Town Center, \$138,000 for monthly rent for the Science Accelerator Lab, \$53,000 for Collateral Merch Branding, \$33,000 for renovation work at the Science Accelerator Lab, and the remaining amount for electricity, gas, water, and other operating supplies.
- Planning** - A large portion of the Agency's budget is spent in Q3 and Q4 due to ongoing development of Scope of Work documents for contractual and other services, training and professional development costs scheduled for early spring, as well as the reallocation of funds on existing projects such as Zoning Ordinance Update, Small Area Plans and Cultural Resources Land Use Review.
- Public Works** - Contractual and Other Services includes approximately \$2.3 million in open encumbrances to be billed later in the fiscal year, with roughly 65% percent related to landscaping and vegetation management activities. The balance is attributable to MS4 biological and water quality monitoring, groundwater studies, and stormwater assessment services.

Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Board of County Supervisors	Salary & Benefits	4,727.13	2,120.27	
	Internal Services	373.52	373.52	
	Contractual & Other Services	2,573.82	762.17	
	Reserves & Contingencies	(12.90)	0.00	
		7,661.57	3,255.97	42.50%
County Attorney	Salary & Benefits	5,882.28	2,930.16	
	Internal Services	298.54	298.54	
	Contractual & Other Services	1,922.96	695.82	
	Reserves & Contingencies	(181.85)	(62.01)	
		7,921.93	3,862.52	48.76%
Elections	Salary & Benefits	2,532.08	1,497.72	
	Internal Services	247.28	247.28	
	Contractual & Other Services	3,624.96	1,030.56	
	Reserves & Contingencies	(14.08)	0.00	
		6,390.23	2,775.56	43.43%
Executive Management	Salary & Benefits	7,430.35	3,375.47	
	Internal Services	385.75	385.42	
	Contractual & Other Services	1,196.48	8.45	
	Reserves & Contingencies	(7.39)	0.00	
		9,005.19	3,769.33	41.86%
Facilities & Fleet Management	Salary & Benefits	16,018.64	8,194.96	
	Internal Services	1,352.10	1,355.41	
	Contractual & Other Services	40,643.20	17,249.98	
	Reserves & Contingencies	(4,193.84)	(1,286.85)	
		53,820.10	25,513.49	47.41%
Finance	Salary & Benefits	26,127.85	12,954.48	
	Internal Services	2,012.93	2,012.93	
	Contractual & Other Services	5,999.37	1,508.66	
	Reserves & Contingencies	(503.32)	(289.54)	
		33,636.83	16,186.53	48.12%
Human Resources	Salary & Benefits	6,613.51	3,192.28	
	Internal Services	577.30	577.30	
	Contractual & Other Services	1,733.51	584.78	
	Reserves & Contingencies	(696.61)	(780.45)	
		8,227.70	3,573.91	43.44%
Human Rights Office	Salary & Benefits	954.05	485.48	
	Internal Services	46.01	46.01	
	Contractual & Other Services	122.70	13.34	
	Reserves & Contingencies	(0.69)	0.00	
		1,122.07	544.84	48.56%
Management & Budget	Salary & Benefits	2,671.23	1,246.21	
	Internal Services	141.85	141.66	
	Contractual & Other Services	233.13	15.57	
	Reserves & Contingencies	(0.72)	0.00	
		3,045.50	1,403.43	46.08%
Procurement Services	Salary & Benefits	3,139.45	1,526.20	
	Internal Services	62.12	62.12	
	Contractual & Other Services	820.79	74.75	
	Reserves & Contingencies	(250.10)	(124.69)	
		3,772.26	1,538.39	40.78%

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












Notable Variances

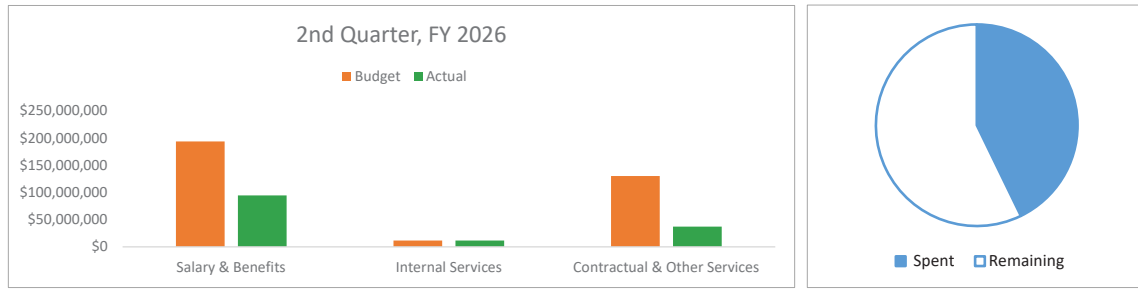
- Elections** - Expenditures are underspent in contractals and other services as preparations for the March (Q3) special elections are ongoing; spending is expected to increase for temporary staffing, overtime, and contracted services.
- Executive Management** - Contractual and other services is underspent 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 FY26.
- Human Resources** - Contractual and other services has an additional \$0.99M in encumbrances that are not reflected in actuals. Actuals will increase when these encumbrances are paid later in the fiscal year. Personnel cost recovery (reserves and contingencies cost category) for the entire year was billed to the Medical Insurance Internal Service fund, thereby reducing overall expenses.
- Procurement Services** - Contractual and other services has an additional \$0.287M 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	2,499.23	
	Internal Services	292.91	293.77	
	Contractual & Other Services	5,613.09	3,210.85	
	Reserves & Contingencies	(47.66)	0.00	
		10,937.80	6,003.85	54.89%
Community Services	Salary & Benefits	68,955.99	33,789.06	
	Internal Services	2,831.16	2,776.34	
	Contractual & Other Services	58,011.49	4,889.69	
	Reserves & Contingencies	(158.98)	0.00	
		129,639.66	41,455.09	31.98%
Cooperative Extension Service	Salary & Benefits	1,205.18	499.51	
	Internal Services	143.69	143.69	
	Contractual & Other Services	224.85	80.67	
	Reserves & Contingencies	(0.43)	0.00	
		1,573.28	723.87	46.01%
Library	Salary & Benefits	20,956.42	9,989.44	
	Internal Services	1,781.63	1,774.88	
	Contractual & Other Services	3,740.42	1,547.38	
	Reserves & Contingencies	(30.76)	0.00	
		26,447.71	13,311.71	50.33%
Juvenile Court Service Unit	Salary & Benefits	734.02	141.70	
	Internal Services	8.34	8.34	
	Contractual & Other Services	112.45	52.23	
	Reserves & Contingencies	(0.14)	0.00	
		854.67	202.27	23.67%
Parks & Recreation	Salary & Benefits	34,321.38	16,408.33	
	Internal Services	3,390.25	3,380.70	
	Contractual & Other Services	14,754.83	5,632.83	
	Reserves & Contingencies	(242.15)	(41.70)	
		52,224.31	25,380.16	48.60%
Public Health	Salary & Benefits	2,486.67	1,347.47	
	Internal Services	60.56	60.56	
	Contractual & Other Services	3,146.86	2,344.43	
	Reserves & Contingencies	(30.97)	0.00	
		5,663.12	3,752.46	66.26%
Social Services	Salary & Benefits	49,394.47	24,855.84	
	Internal Services	2,540.71	2,539.91	
	Contractual & Other Services	43,047.89	18,878.46	
	Reserves & Contingencies	(324.60)	0.00	
		94,658.47	46,274.21	48.89%
Youth Services	Salary & Benefits	10,438.10	4,955.68	
	Internal Services	600.79	603.16	
	Contractual & Other Services	1,508.25	410.44	
	Reserves & Contingencies	(7.36)	0.00	
		12,539.78	5,969.27	47.60%

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











Notable Variances

1. **Aging** - Contractual & Other services actuals are elevated due to full-year costs paid for Birmingham Green (\$2.6 million), Legal Services of Northern Virginia (\$238K), and Independence Empowerment Center (46K).
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, with full operations effective on January 5, 2026. A large sum of encumbrances (\$16M) is tied to the operational start-up for the CRC, which invoice processing will begin in February 2026, or Q3.
3. **Juvenile Court Service Unit** - Salaries and Benefits is underspent due to local salary supplement 2nd quarter payment being processed after the quarter was over.
4. **Public Health** -Public Health's budget is overspent due to the payment of the 3rd quarter local agreement and local salary supplement before the 3rd quarter officially began.




Safe & Secure Community Quadrant Area

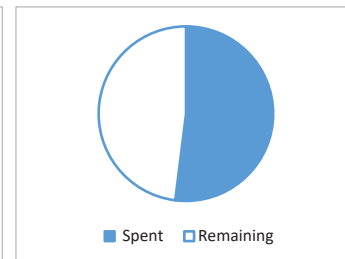
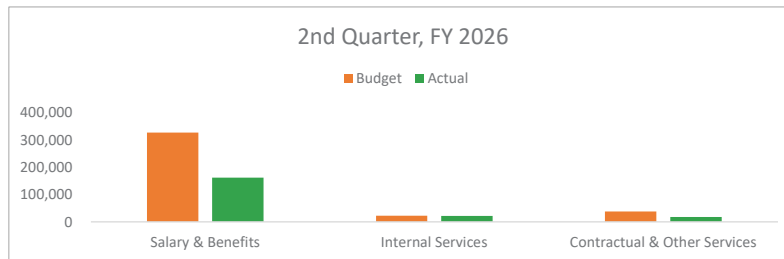
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Circuit Court Clerk	Salary & Benefits	5,831.72	2,867.54	
	Internal Services	274.28	274.28	
	Contractual & Other Services	1,087.99	298.22	
	Reserves & Contingencies	(3.74)	0.00	
		7,190.26	3,440.04	47.84%
Circuit Court Judges	Salary & Benefits	1,918.83	938.33	
	Internal Services	82.57	73.50	
	Contractual & Other Services	103.39	47.24	
	Reserves & Contingencies	(0.94)	0.00	
		2,103.85	1,059.07	50.34%
Commonwealth Attorney	Salary & Benefits	14,034.57	6,416.55	
	Internal Services	742.40	729.73	
	Contractual & Other Services	879.12	356.74	
	Reserves & Contingencies	(4.55)	0.00	
		15,651.54	7,503.02	47.94%
Criminal Justice Services	Salary & Benefits	7,585.04	3,667.69	
	Internal Services	416.39	416.39	
	Contractual & Other Services	998.41	385.43	
	Reserves & Contingencies	(6.05)	0.00	
		8,993.79	4,469.51	49.70%
Fire & Rescue	Salary & Benefits	131,659.37	66,093.98	
	Internal Services	5,752.16	5,622.99	
	Contractual & Other Services	11,082.21	6,208.62	
	Reserves & Contingencies	(53.06)	0.00	
		148,440.69	77,925.60	52.50%
General District Court	Salary & Benefits	1,991.31	843.57	
	Internal Services	23.11	23.11	
	Contractual & Other Services	398.81	183.07	
	Reserves & Contingencies	(1.75)	0.00	
		2,411.48	1,049.74	43.53%
Juvenile & Domestic Relations Ct	Salary & Benefits	658.81	349.31	
	Internal Services	32.92	32.92	
	Contractual & Other Services	109.27	47.64	
	Reserves & Contingencies	(0.66)	0.00	
		800.34	429.87	53.71%
Magistrates	Salary & Benefits	88.73	44.37	
	Internal Services	20.13	20.13	
	Contractual & Other Services	10.39	2.08	
	Reserves & Contingencies	(0.08)	0.00	
		119.16	66.58	55.87%

Safe & Secure Community Quadrant (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Police	Salary & Benefits	131,909.70	64,816.75	
	Internal Services	12,794.37	12,602.47	
	Contractual & Other Services	18,256.89	7,857.97	
	Reserves & Contingencies	(75.31)	0.00	
		162,885.65	85,277.19	52.35%
Public Safety Communications	Salary & Benefits	14,590.92	7,225.29	
	Internal Services	598.51	592.08	
	Contractual & Other Services	2,792.00	1,044.61	
	Reserves & Contingencies	(21.25)	0.00	
		17,960.18	8,861.98	49.34%
Sheriff	Salary & Benefits	16,478.85	8,390.29	
	Internal Services	1,440.50	1,394.85	
	Contractual & Other Services	1,971.49	879.58	
	Reserves & Contingencies	(8.27)	0.00	
		19,882.57	10,664.72	53.64%




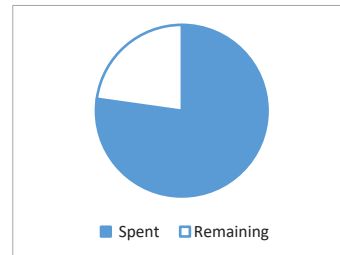
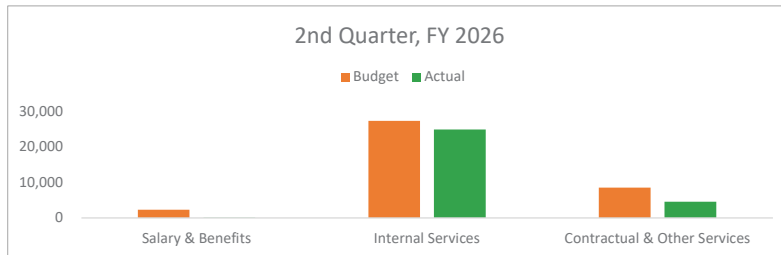
Notable Variances

- Fire & Rescue** - Internal service costs for technology and fleet have been billed for the entire fiscal year. After adjusting for internal services costs, the Fire & Rescue expenditure rate through Q2 is 50.7%.
- General District Court** - Salaries and Benefits is underspent due to GDC and the Office of the Public Defender is underspent due to local salary supplement. The GDC's Contractual & Other Services is underspent due to \$45K in encumbrances that are not being captured in the quarter.
- Juvenile & Domestic Relations Court** - Salaries and Benefits are high in the 2nd quarter due to no position vacancies among County funding positions in the Court.
- Police** - Internal service costs for technology and fleet have been billed for the entire fiscal year. After adjusting for internal services costs, the Police expenditure rate through Q2 is 48.4%.
- Magistrates** - Internal service costs for technology and fleet have been billed for the entire fiscal year. After adjusting for internal services costs, the Magistrates expenditure rate through Q2 is 46.9%.
- Sheriff** - Salary and Benefits actual expenditures are higher due to overtime for deputies who remained on duty during multiple projects occurring simultaneously with the Judicial Center Renovation Project. Contractual & Other Services is underspent because outfitting equipment and uniform purchases are currently in the process of modernization. A large bulk order is anticipated to be placed with the new vendor in the third quarter.

Non-Departmental

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Non-Departmental	Salary & Benefits	2,285.83	56.44	
	Internal Services	27,262.10	24,790.28	
	Contractual & Other Services	8,467.70	4,508.66	
	Reserves & Contingencies	0.00	0.00	
		38,015.64	29,355.37	77.22%




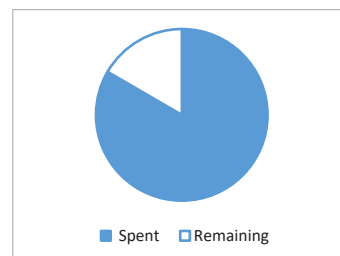
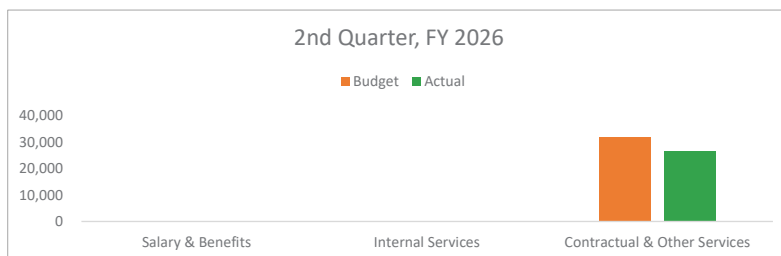
Notable Variances

1. **Non-Departmental** - The following payments were made during the first half of the fiscal year: Countywide internal services cost for information technology services (\$14.7M), 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	26,500.90	
	Reserves & Contingencies	0.00	0.00	
		31,791.43	26,500.90	83.36%



Notable Variances

1. **Debt Service** - Most debt service obligations are scheduled for payment in the first half of the fiscal year.



**PRINCE
WILLIAM**
COUNTY

Department of Finance
Office of Management and Budget
1 County Complex Court
Prince William, VA 22192
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