



PRINCE WILLIAM
COUNTY

Revenue & Expenditure **REPORT**



4th Quarter

Ending 6/30/2026

FY 2026

Published 10/01/2026

PRINCE WILLIAM COUNTY

4th Quarter FY 2026 Revenues

General Information

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.

Fourth Quarter Summary

The FY 2026 Adopted Budget projected total general revenues of \$1.733 billion. Preliminary, unaudited fourth-quarter results show a revenue surplus of \$94.84 million, or 5.5% above the adopted budget, bringing total general revenues to \$1.828 billion. A summary of general revenue is provided in the table below.

General Revenue Sources	FY 2025	Current Year FY 2026						
	Actuals	Adopted Forecast	Q1 Revised	Q2 Revised	Q3 Revised	Q4 Preliminary Unaudited	\$ Change Q4 / Adopted	% Change Q4 / Adopted
Real Property Tax	\$916,208,252	\$1,025,922,000	\$1,025,922,000	\$1,025,922,000	\$1,041,311,000	\$1,036,882,848	\$10,960,848	1.1%
Personal Property Tax	404,601,974	436,245,500	436,245,500	436,245,500	494,250,000	497,281,725	61,036,225	14.0%
Motor Vehicle License Tax	13,488,811	13,390,000	13,390,000	13,390,000	13,600,000	13,541,384	151,384	1.1%
Local Sales Tax	99,383,391	102,500,000	102,500,000	102,500,000	102,500,000	103,468,977	968,977	0.9%
Food and Beverage Tax	46,294,990	40,250,000	40,250,000	40,250,000	40,250,000	42,096,840	1,846,840	4.6%
Consumer Utility Tax	14,721,792	15,500,000	15,500,000	15,500,000	15,200,000	15,637,518	137,518	0.9%
Communications Sales and Use Tax	11,487,049	11,500,000	11,500,000	11,500,000	11,200,000	11,169,658	(330,342)	-2.9%
BPOL Tax	41,412,532	37,167,000	37,167,000	37,167,000	39,800,000	43,177,121	6,010,121	16.2%
Investment Income	37,948,949	29,400,000	29,400,000	37,000,000	42,500,000	43,271,596	13,871,596	47.2%
All Other Revenue	17,829,701	20,799,000	20,799,000	20,799,000	19,851,500	20,985,529	186,529	0.9%
TOTAL GENERAL REVENUES	\$1,603,377,442	\$1,732,673,500	\$1,732,673,500	\$1,798,278,000	\$1,823,262,500	\$ 1,827,513,197	\$94,839,697	5.5%

On April 21, 2026, by Resolution No. 26-241, the Board of County Supervisors approved the use of all FY 2026 general revenue surplus to be added to the Unassigned Fund Balance to achieve a long-term goal of 15% of general fund revenues.

Fourth Quarter Preliminary Revenue Performance

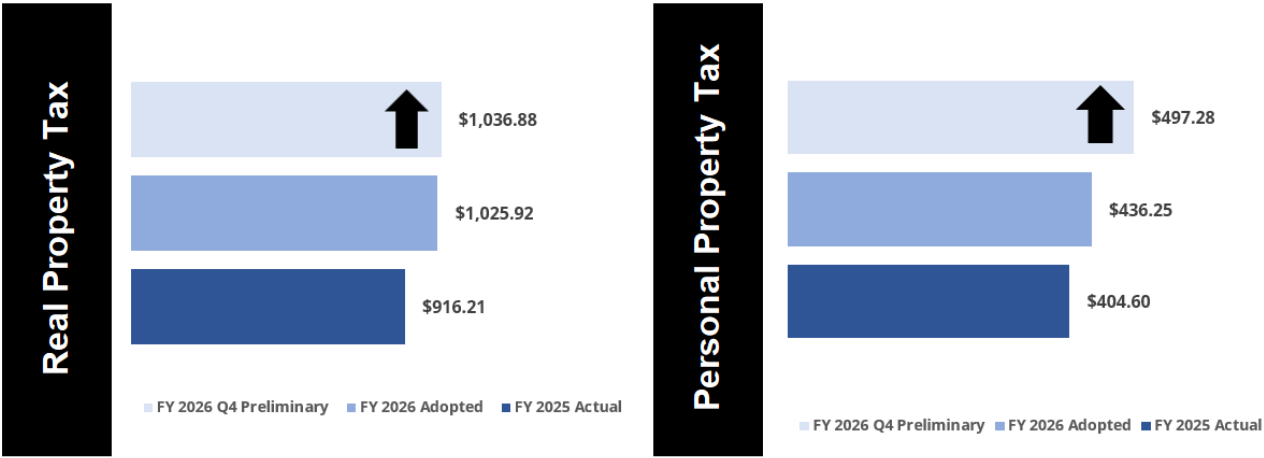
Real Property Tax

Real Property Tax revenue totaled \$1.037 billion, exceeding the \$1.026 billion adopted forecast by \$10.96 million, or 1.1%. The favorable variance from the adopted forecast reflects several offsetting items including higher Real Estate Gross Local Revenue, fewer exonerations and higher assessments of state-valued public service properties.

Personal Property Tax

Personal Property Tax revenue totaled \$497.28 million, exceeding the \$436.25 million adopted forecast by \$60.80 million, or 14.0%. The surplus was driven by Business Tangible Property (BTP), primarily data center-related taxable equipment assessments that exceeded initial projections, together with the FY26 increase in the computer equipment and peripherals tax rate.

The favorable BTP variance was partially offset by current-year Vehicle Personal Property Tax collections below the adopted forecast, primarily due to approximately \$6.9 million outstanding collections. Prior-year collections, lower-than-budgeted Personal Property Tax Deferrals, and higher penalty collections provided additional favorable variances of approximately \$7.9 million.



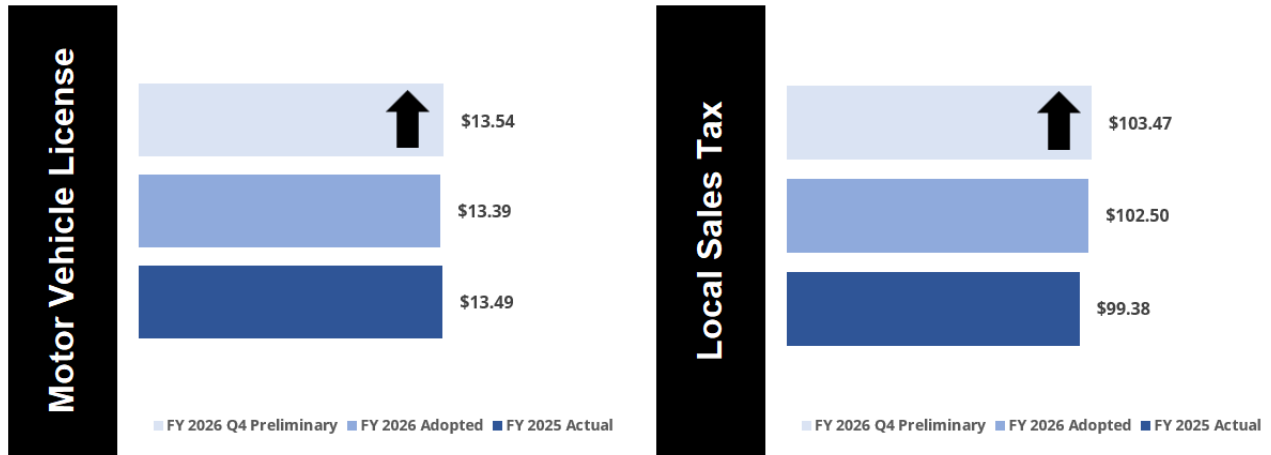
Dollar amounts expressed in millions

Motor Vehicle License Tax

Motor Vehicle License Tax revenue totaled \$13.54 million, exceeding the \$13.39 million adopted forecast by approximately \$151 thousand, or 1.1%.

Local Sales Tax

Local Sales Tax revenue totaled \$103.47 million, exceeding the \$102.50 million adopted forecast by approximately \$969 thousand, or 0.9%. Results indicate the favorable variance was supported primarily by inflation-driven transaction values rather than growth in real consumer purchasing power.



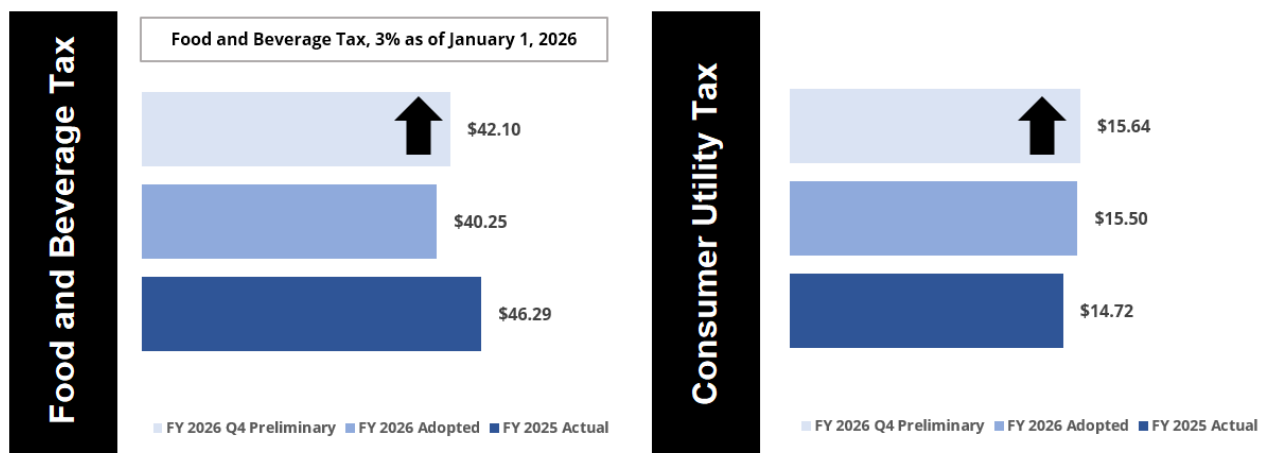
Dollar amounts expressed in millions

Food and Beverage Tax

Food and Beverage Tax revenue totaled \$42.10 million, exceeding the \$40.25 million adopted forecast by \$1.85 million, or 4.6%. The FY26 forecast was conservatively established to mitigate overestimation risk following the tax rate reduction from 4.0% to 3.0%, effective January 1, 2026. Actual collections decreased from FY25 due to the tax rate reduction but exceeded the adopted forecast, indicating local consumer spending outperformed the conservative baseline assumption.

Consumer Utility Tax

Consumer Utility Tax revenue totaled \$15.64 million, exceeding the \$15.50 million adopted forecast by approximately \$140 thousand, or 0.9%. Collections were in line with the adopted forecast, driven by a highly predictable utility base anchored by steady population growth and non-discretionary utility demand.



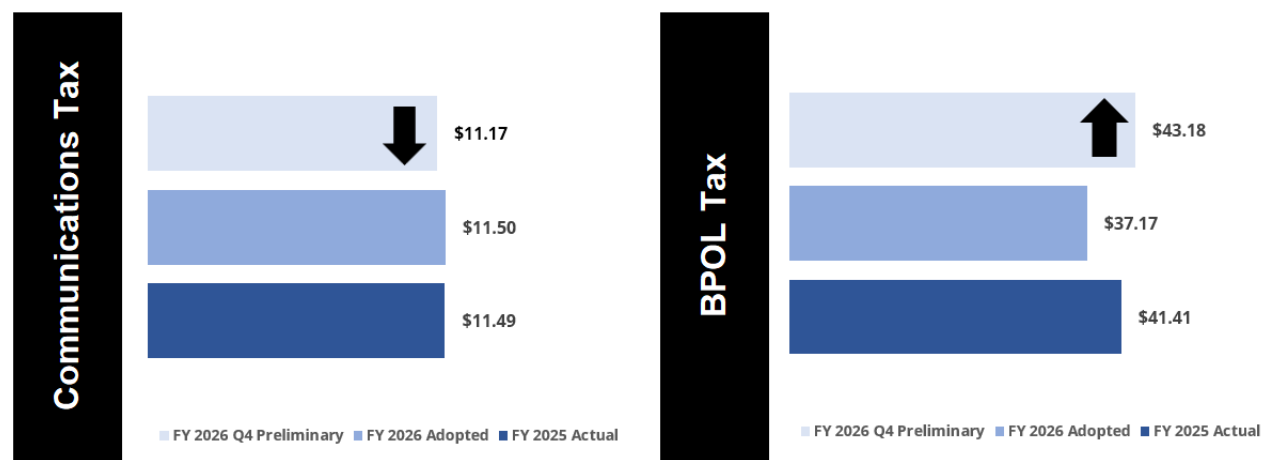
Dollar amounts expressed in millions

Communications Sales and Use Tax

Communications Sales and Use Tax revenue totaled \$11.17 million, falling below the \$11.50 million adopted forecast by approximately \$330 thousand, or 2.9%. The results reflect continued structural declines in traditional landline utility revenue.

Business Professional and Occupational License (BPOL) Tax

BPOL Tax revenue totaled \$43.18 million, exceeding the \$37.17 million adopted forecast by \$6.01 million, or 16.2%. This growth was driven by stronger-than-expected gross-receipts from major corporate taxpayers capitalizing on higher localized pricing for products and services driven mainly by inflation.



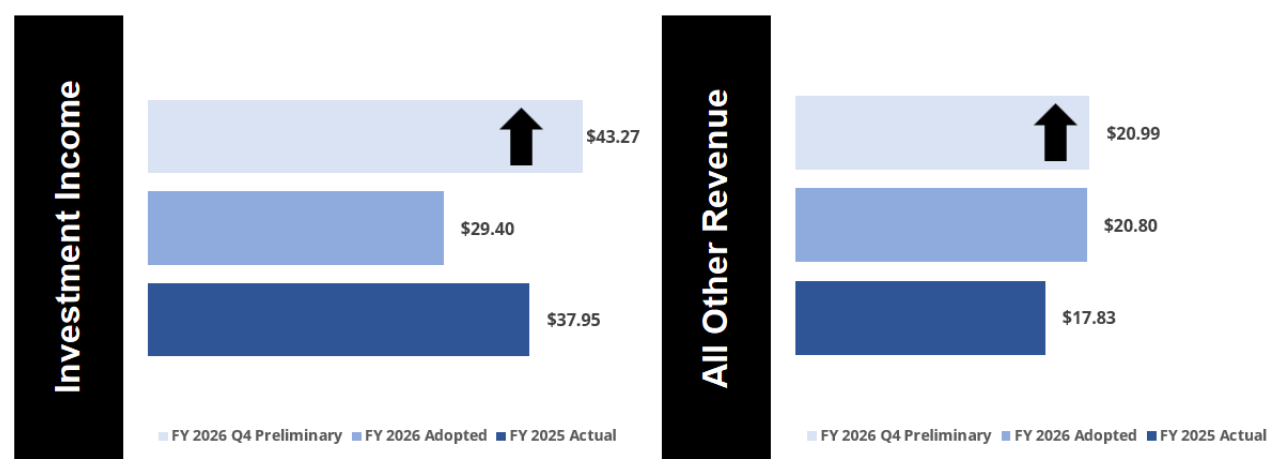
Dollar amounts expressed in millions

Investment Income

Investment Income revenue allocated to the General Fund is expected to total \$43.30 million, or \$13.90 million above the \$29.40 million adopted forecast. Throughout FY26, the County maintained an investment-positioning strategy designed to mitigate interest-rate volatility while considering potential downside risks to the U.S. economy. As a result, a higher-than-anticipated share of funds available for investment was held in cash and cash-equivalent instruments, which was the primary driver of investment income.

All Other Revenue

All Other Revenue, comprising fifteen revenue sources, recorded \$20.99 million, producing a net surplus of approximately \$187 thousand. Decreases in Interest Paid to Vendors, Cigarette Tax, and Transient Occupancy Tax, were more than offset by increases in Interest on Taxes, Tax on Deeds, Daily Consumption Tax and Daily Rental Equipment Tax.



Dollar amounts expressed in millions

PRINCE WILLIAM COUNTY

4th 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.

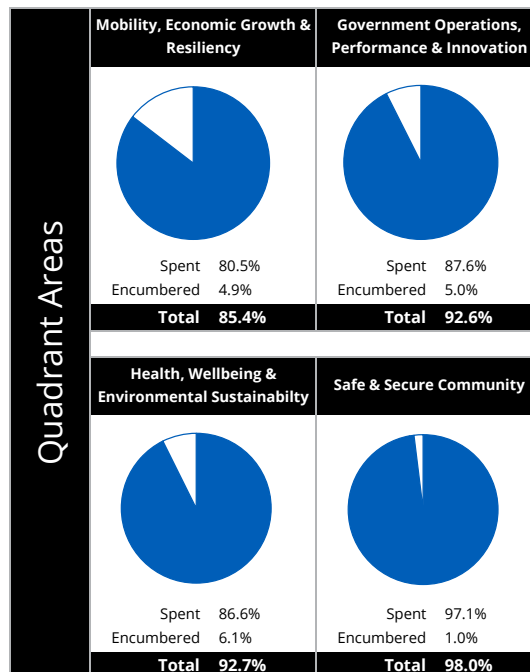
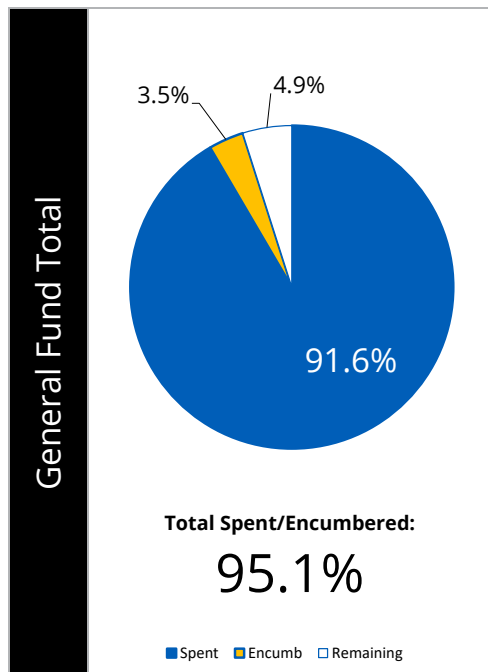
In accordance with State Code, the County cannot exceed the annual legal appropriation. As a result, the County general fund budget will always have a year-end surplus.

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.

Fourth Quarter Summary

1. **General Fund Reporting** – This report includes only unrestricted general fund expenditures. It does not include restricted funds within the general fund such as recordation tax designated for mobility, transient occupancy tax mandated for tourism, cable franchise capital grant, proffers, grants, or criminal forfeitures.
2. **Pre-Audit FY 2026 Reporting** – This report provides the most up-to-date information available as of September 24, 2026. However, the figures will change, as the FY 2026 year-end closing is ongoing and final audited amounts have not been determined.
3. **Revised FY 2026 Budget** – As of June 30, 2026, the revised County government unrestricted general fund budget, excluding transfers, was \$954.7 million.
4. **Fourth Quarter General Fund Expenditures** – As of June 30, 2026, 91.6% of the expenditure budget was spent.

5. **Remaining Encumbrances in FY 2026** – An additional \$46.9 million of the pre-audit general fund expenditure budget was obligated for encumbrances. Therefore, 96.5% of the FY 2026 expenditure budget was either spent or obligated for encumbrances in the fiscal year.
6. **Projected FY 2026 Unrestricted General Fund Expenditure Savings – The County government pre-audit unrestricted general fund expenditure savings (budget minus spent and obligated) is projected at \$23.6 million or 2.5% of the final budget.** The projection is based on \$33.6 million of agency expenditure savings as of September 24, 2026, less an estimated \$10.0 million deferral of state restricted funding for the Crisis Receiving Center in the Community Services budget.
7. **Agency Revenue Surplus – General fund agency revenue is projected to be \$0.1 million above budget.**
8. **Agency Variances** – Notable variances are reported based on the ‘Spent %’ column on the following pages. Encumbrances are not included in the agency detailed tables and charts.
9. **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 66.0% of the operating expenditure budget.



*Totals may not add due to rounding

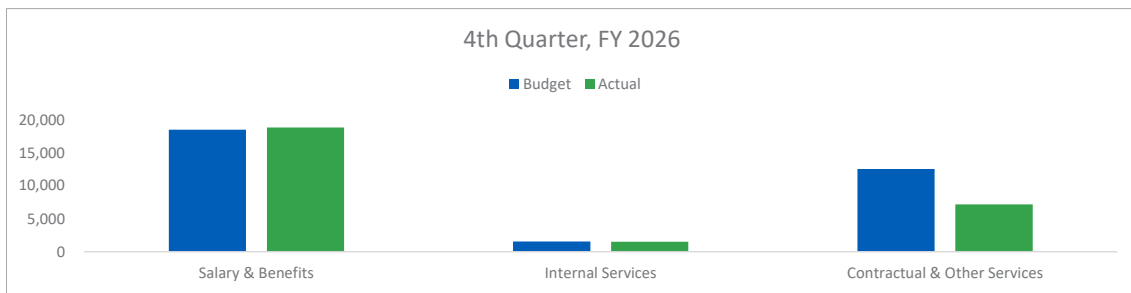
Mobility, Economic Growth & Resiliency Quadrant Area

(Dollar amounts expressed in thousands)

Departments & Agencies

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

Quadrant Area	Spending Category	Budget	Actual	Spent %
Mobility, Economic Growth & Resiliency	Salary & Benefits	18,480.80	18,845.12	
	Internal Services	1,558.73	1,507.74	
	Contractual & Other Services	12,536.69	7,166.20	
	Reserves & Contingencies	(5,495.56)	(5,729.36)	
		27,080.66	21,789.69	80.46%



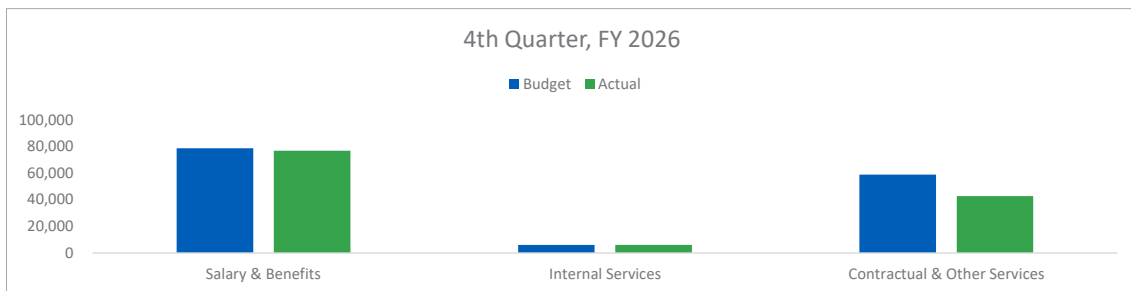
Government Operations, Performance & Innovation Quadrant Area

(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	78,759.52	76,810.18	
	Internal Services	6,107.13	6,114.12	
	Contractual & Other Services	58,802.67	42,821.76	
	Reserves & Contingencies	(5,861.49)	(4,994.94)	
		137,807.84	120,751.13	87.62%



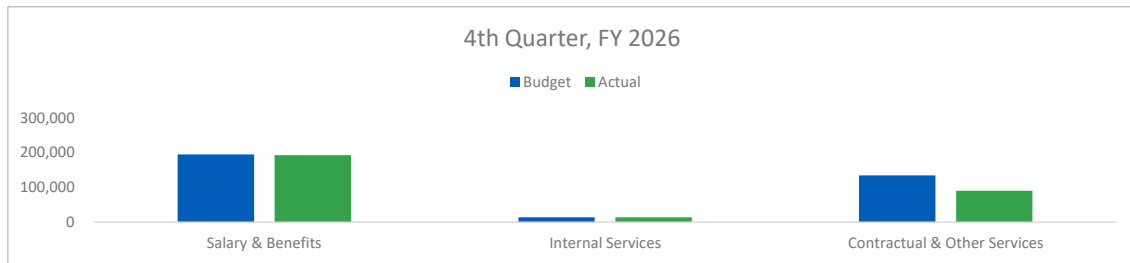
Health, Wellbeing & Environmental Sustainability Quadrant Area

(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	194,202.06	192,151.29	
	Internal Services	13,566.84	13,567.60	
	Contractual & Other Services	133,937.66	90,352.71	
	Reserves & Contingencies	(842.70)	(867.92)	
		340,863.87	295,203.67	86.60%



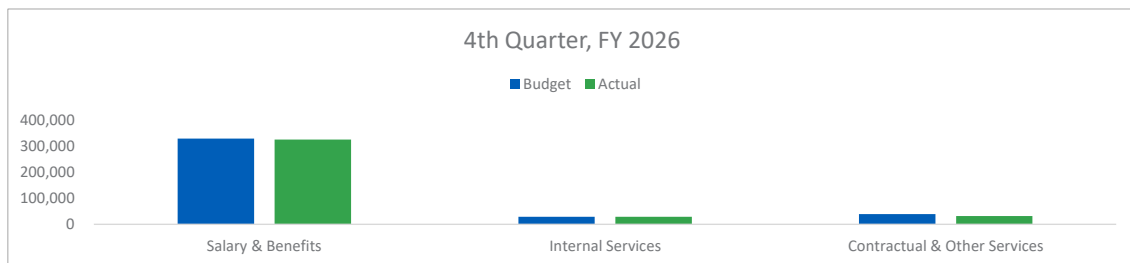
Safe & Secure Community Quadrant Area

(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

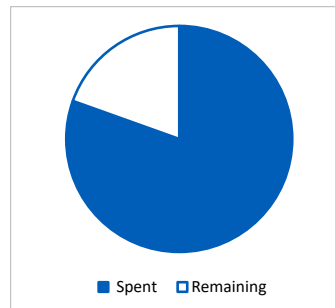
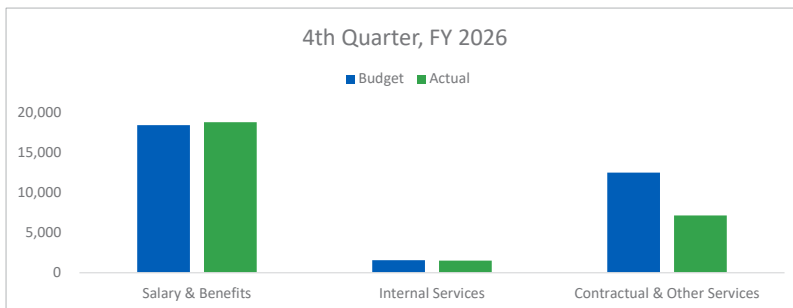
Quadrant Area	Spending Category	Budget	Actual	Spent %
Safe & Secure Community	Salary & Benefits	328,867.87	324,579.17	
	Internal Services	29,089.22	29,089.74	
	Contractual & Other Services	38,964.79	31,795.65	
	Reserves & Contingencies	(142.54)	(257.34)	
		396,779.34	385,207.22	97.08%



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	3,480.67	
	Internal Services	213.58	213.48	
	Contractual & Other Services	3,106.91	1,767.58	
	Reserves & Contingencies	(15.40)	0.00	
		6,885.34	5,461.74	79.32%
Planning	Salary & Benefits	3,181.61	3,097.62	
	Internal Services	247.81	247.81	
	Contractual & Other Services	2,294.40	715.69	
	Reserves & Contingencies	(8.06)	0.00	
		5,715.76	4,061.12	71.05%
Public Works	Salary & Benefits	4,765.28	4,886.63	
	Internal Services	711.85	665.19	
	Contractual & Other Services	3,221.22	1,897.03	
	Reserves & Contingencies	(218.61)	(256.30)	
		8,479.75	7,192.54	84.82%
Transportation	Salary & Benefits	6,842.38	7,288.99	
	Internal Services	378.01	373.78	
	Contractual & Other Services	3,911.74	2,783.50	
	Reserves & Contingencies	(5,253.49)	(5,473.06)	
		5,878.64	4,973.21	84.60%



Notable Variances

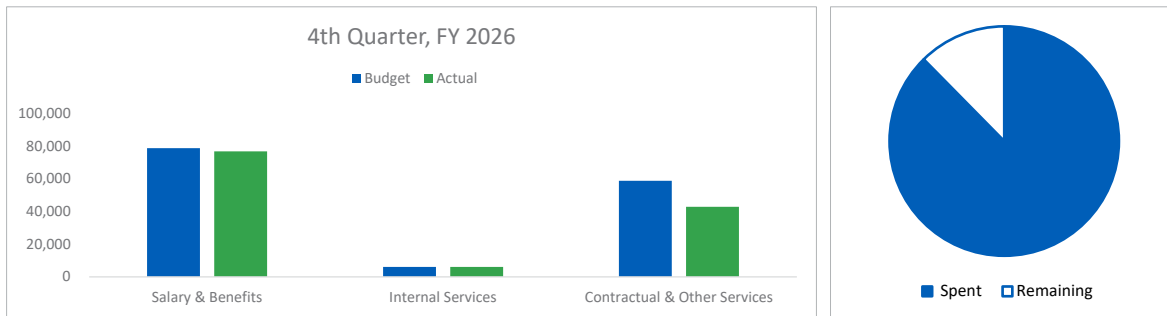
- Economic Development & Tourism** - Contractual & Other Services expenditures are underspent due to \$1,068,613 in open encumbrances. Expenditures will align with budget projection as invoicing and payments are processed through Q1 in FY27.
- Planning** - Contractual & Other Services reflects an underspending due to \$1,873,890 in contract encumbrances being transferred from FY26 to FY27 to support the zoning ordinance update and development of small area plans.
- Public Works** - Expenditures were below budget primarily due to lower-than-budgeted professional services costs associated with landscaping, water monitoring compliance, and property code enforcement. Additional savings occurred in internal construction services and other contracted services, partially offset by higher repair and maintenance expenditures.

Government Operations, Performance & Innovation Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Board of County Supervisors	Salary & Benefits	4,704.30	4,351.40	
	Internal Services	383.97	383.97	
	Contractual & Other Services	2,629.37	1,688.37	
	Reserves & Contingencies	(12.90)	0.00	
		7,704.74	6,423.74	83.37%
County Attorney	Salary & Benefits	6,282.28	6,076.97	
	Internal Services	326.06	326.06	
	Contractual & Other Services	1,922.96	887.13	
	Reserves & Contingencies	(181.85)	(154.39)	
		8,349.45	7,135.77	85.46%
Elections	Salary & Benefits	2,606.25	2,906.13	
	Internal Services	274.22	274.22	
	Contractual & Other Services	3,873.26	1,412.01	
	Reserves & Contingencies	(14.08)	0.00	
		6,739.65	4,592.36	68.14%
Executive Management	Salary & Benefits	7,720.15	7,134.03	
	Internal Services	434.24	434.24	
	Contractual & Other Services	1,262.70	874.18	
	Reserves & Contingencies	(7.39)	0.00	
		9,409.71	8,442.44	89.72%
Facilities & Fleet Management	Salary & Benefits	17,906.33	16,606.70	
	Internal Services	1,639.15	1,646.14	
	Contractual & Other Services	40,637.42	33,576.72	
	Reserves & Contingencies	(4,193.84)	(3,364.82)	
		55,989.06	48,464.73	86.56%
Finance	Salary & Benefits	26,157.85	26,345.59	
	Internal Services	2,168.50	2,168.50	
	Contractual & Other Services	5,954.02	3,091.82	
	Reserves & Contingencies	(503.32)	(445.90)	
		33,777.05	31,160.01	92.25%
Human Resources	Salary & Benefits	6,613.51	6,562.02	
	Internal Services	609.16	609.16	
	Contractual & Other Services	1,719.39	1,090.28	
	Reserves & Contingencies	(696.61)	(780.45)	
		8,245.44	7,481.02	90.73%
Human Rights Office	Salary & Benefits	958.17	984.95	
	Internal Services	53.14	53.14	
	Contractual & Other Services	122.54	94.30	
	Reserves & Contingencies	(0.69)	0.00	
		1,133.16	1,132.39	99.93%
Management & Budget	Salary & Benefits	2,671.23	2,681.35	
	Internal Services	156.58	156.58	
	Contractual & Other Services	232.35	30.79	
	Reserves & Contingencies	(0.72)	0.00	
		3,059.45	2,868.72	93.77%
Procurement Services	Salary & Benefits	3,139.45	3,161.03	
	Internal Services	62.12	62.12	
	Contractual & Other Services	448.66	76.17	
	Reserves & Contingencies	(250.10)	(249.38)	
		3,400.13	3,049.95	89.70%

Government Operations, Performance & Innovation Quadrant (Continued)



Notable Variances

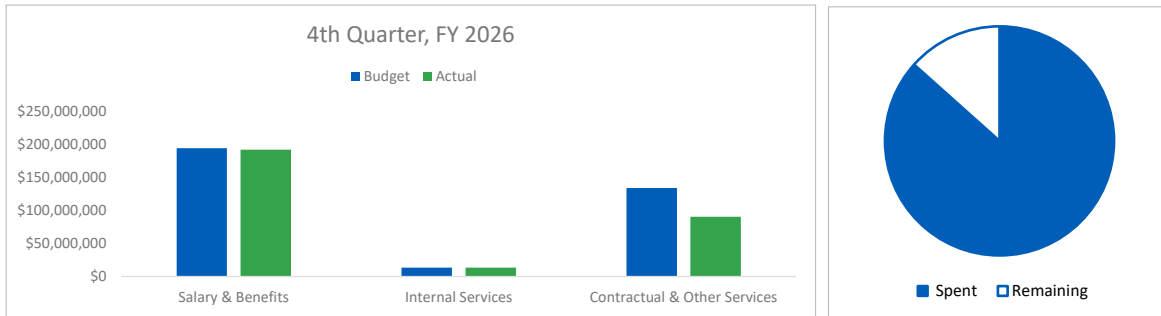
- County Attorney** - Contractual & Other Services are underspent due to contract encumbrances related to outside legal support services.
- Elections** - Contractual & Other Services is underspent due to operational delays associated with the replacement of voting equipment pending state certification. The \$2.4 million budget to replace voting equipment was approved by the Board and re-appropriated in FY2027.
- Human Resources** - Contractual & Other Services was underspent due to the deferral of four pay studies to FY2027.
- Executive Management** - Salaries & Benefits savings is the result of vacancies; notably Deputy County Executive vacancies for Government Operations, Performance & Innovation as well as Safe & Secure Community.
- Procurement Services** - Contractual & Other Services is underspent due to a \$300,000 encumbrance for the Project Labor Agreement Feasibility Study which will be completed in FY2027.

Health, Wellbeing & Environmental Sustainability Quadrant Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Aging	Salary & Benefits	5,079.46	4,986.11	
	Internal Services	336.26	337.97	
	Contractual & Other Services	5,687.97	4,381.64	
	Reserves & Contingencies	(47.66)	0.00	
		11,056.04	9,705.72	87.79%
Community Services	Salary & Benefits	69,216.51	68,621.78	
	Internal Services	3,311.93	3,311.84	
	Contractual & Other Services	59,630.82	23,601.75	
	Reserves & Contingencies	(158.98)	0.00	
		132,000.28	95,535.37	72.38%
Cooperative Extension Service	Salary & Benefits	1,238.18	1,235.89	
	Internal Services	151.34	151.34	
	Contractual & Other Services	324.16	318.08	
	Reserves & Contingencies	(0.43)	0.00	
		1,713.25	1,705.31	99.54%
Library	Salary & Benefits	594.02	560.01	
	Internal Services	11.33	11.33	
	Contractual & Other Services	248.60	104.07	
	Reserves & Contingencies	(0.14)	0.00	
		853.80	675.40	79.11%
Juvenile Court Service Unit	Salary & Benefits	20,456.42	20,159.64	
	Internal Services	1,939.44	1,939.43	
	Contractual & Other Services	4,193.87	3,432.53	
	Reserves & Contingencies	(30.41)	0.00	
		26,559.33	25,531.61	96.13%
Parks & Recreation	Salary & Benefits	34,346.02	33,533.08	
	Internal Services	4,072.09	4,066.66	
	Contractual & Other Services	14,769.16	12,094.88	
	Reserves & Contingencies	(242.15)	(867.92)	
		52,945.12	48,826.69	92.22%
Public Health	Salary & Benefits	2,366.67	2,090.19	
	Internal Services	77.18	77.18	
	Contractual & Other Services	3,266.86	3,117.02	
	Reserves & Contingencies	(30.97)	0.00	
		5,679.74	5,284.39	93.04%
Social Services	Salary & Benefits	50,456.68	50,997.63	
	Internal Services	2,880.27	2,880.27	
	Contractual & Other Services	44,307.97	42,416.48	
	Reserves & Contingencies	(324.60)	0.00	
		97,320.32	96,294.38	98.95%
Youth Services	Salary & Benefits	10,448.10	9,966.96	
	Internal Services	787.00	791.57	
	Contractual & Other Services	1,508.25	886.26	
	Reserves & Contingencies	(7.36)	0.00	
		12,735.99	11,644.79	91.43%

Health, Wellbeing & Environmental Sustainability Quadrant (Continued)



Notable Variances

- Aging** - The variance in contractual expenditures is due to the Area Agency on Aging drawing down one-time and ongoing DARS funding first, resulting in unspent County matching funds that will be carried forward into the new fiscal year.
- Community Services** - The delayed opening of the CRC contributed to underspending in Contractual & Other Services in FY26 and a significant encumbered carryover into FY27 for continuing startup and funding to support the CRC operations while the Commonwealth awaits a federal Medicaid waiver. The CRC opened in October 2025, with full licensing and operations beginning on January 5, 2026. The initial 12-month startup period for the CRC is Nov 2025 – Oct 2026, which stretched into FY27. A large sum of encumbrances (\$4M) for the initial startup and (\$16M) for continuing state operational support throughout FY27. CS will carry over encumbered funds to support the startup expenses through October 2026 and carryover an estimated \$10M of state restricted dollars to support CRC operations throughout FY27 while the state awaits approval of federal Medical waiver.
- Juvenile Court Service Unit** - Salaries & Benefits is underspent due to position vacancy in the agency. This position is a part-time administrative position that the County funds in JCSU's state budget. Contractual & Other Services expenditures are underspent due to \$106K in open encumbrances for office project updates and maintenance.
- Parks & Recreation** - Contractual & Other Services expenditures are underspent due to \$2.7M in open encumbrances for Lake Ridge fuel tank steel bollards, Orchard Bridge Park improvements, fitness equipment for Sharron Baucom Dale City Recreation Center, landscaping, Splash Water Park maintenance, utilities, and other operational costs.
- Public Health** - Salaries & Benefits is underspent due to position vacancies in the agency. Contractual & Other Services expenditures are underspent due to \$69K in open encumbrances for office project updates and maintenance.
- Youth Services** - Contractual & Other Services reflects an underspend due to the deferral of a \$275,000 technology project being carried forward into FY27. Additionally, overall spending is lower due Virginia Department of Juvenile Justice's discontinuation of the Community Placement Program resulting in expenditure savings but offset by revenue not received from the Commonwealth.

Safe & Secure Community Quadrant Area

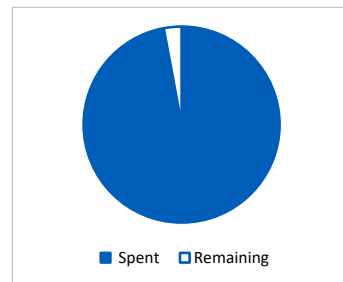
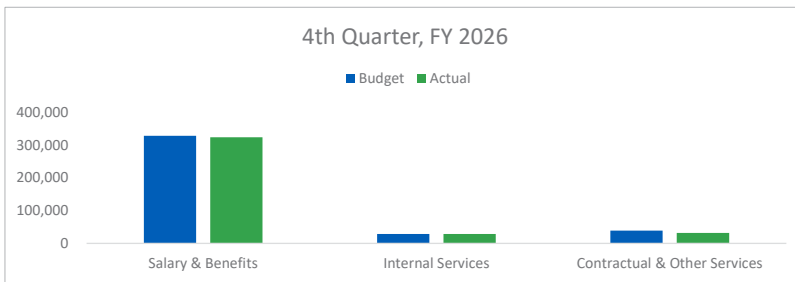
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Circuit Court Clerk	Salary & Benefits	5,878.40	5,746.71	
	Internal Services	298.85	298.85	
	Contractual & Other Services	1,087.99	463.76	
	Reserves & Contingencies	(3.74)	0.00	
		7,261.51	6,509.32	89.64%
Circuit Court Judges	Salary & Benefits	1,909.77	1,855.70	
	Internal Services	91.63	82.57	
	Contractual & Other Services	103.39	87.55	
	Reserves & Contingencies	(0.94)	0.00	
		2,103.85	2,025.81	96.29%
Commonwealth Attorney	Salary & Benefits	14,115.02	13,581.65	
	Internal Services	799.80	787.13	
	Contractual & Other Services	829.06	632.93	
	Reserves & Contingencies	(4.55)	0.00	
		15,739.33	15,001.71	95.31%
Criminal Justice Services	Salary & Benefits	7,548.15	7,524.81	
	Internal Services	451.19	451.19	
	Contractual & Other Services	1,039.00	1,011.93	
	Reserves & Contingencies	(6.05)	0.00	
		9,032.29	8,987.93	99.51%
Fire & Rescue	Salary & Benefits	134,667.37	133,872.89	
	Internal Services	9,050.87	9,190.91	
	Contractual & Other Services	11,055.89	9,634.89	
	Reserves & Contingencies	(53.06)	0.00	
		154,721.07	152,698.69	98.69%
General District Court	Salary & Benefits	1,991.31	1,731.42	
	Internal Services	31.42	31.42	
	Contractual & Other Services	398.81	294.74	
	Reserves & Contingencies	(1.75)	0.00	
		2,419.80	2,057.58	85.03%
Juvenile & Domestic Relations Ct	Salary & Benefits	687.80	692.19	
	Internal Services	32.92	32.92	
	Contractual & Other Services	109.27	96.45	
	Reserves & Contingencies	(0.66)	0.00	
		829.33	821.56	99.06%
Magistrates	Salary & Benefits	88.73	88.73	
	Internal Services	20.13	20.13	
	Contractual & Other Services	10.39	4.80	
	Reserves & Contingencies	(0.08)	0.00	
		119.16	113.66	95.38%

Safe & Secure Community Quadrant (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Police	Salary & Benefits	130,809.70	128,093.29	
	Internal Services	15,943.72	15,857.20	
	Contractual & Other Services	19,572.11	16,090.87	
	Reserves & Contingencies	(42.20)	0.00	
		166,283.34	160,041.36	96.25%
Public Safety Communications	Salary & Benefits	14,590.92	14,508.89	
	Internal Services	729.65	727.47	
	Contractual & Other Services	2,787.39	1,963.04	
	Reserves & Contingencies	(21.25)	0.00	
		18,086.70	17,199.40	95.09%
Sheriff	Salary & Benefits	16,580.70	16,882.91	
	Internal Services	1,639.04	1,609.96	
	Contractual & Other Services	1,971.49	1,514.68	
	Reserves & Contingencies	(8.27)	(257.34)	
		20,182.96	19,750.20	97.86%



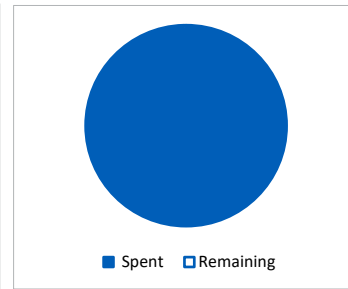
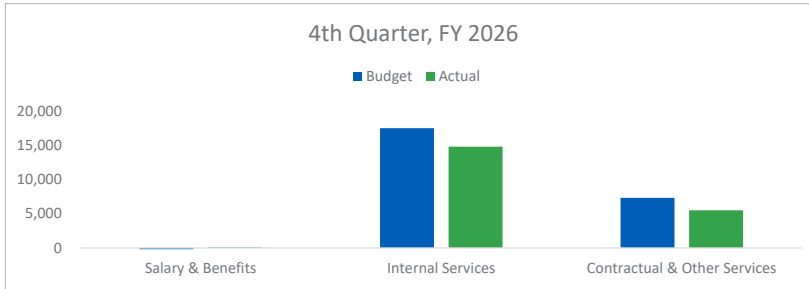
Notable Variances

- Circuit Court Clerk** - Contractual & Other Services is underspent due to \$0.5M in outstanding encumbrances primarily attributed to the new Land Records Management System.
- General District Court** - Salaries & Benefits is underspent due to local salary supplement funding for the Office of the Public Defender. Due to the Office's state vacancies, the projected local supplement funding was underspent by \$264K. General District Courts local salary supplement funding was underspent by \$50K due to state vacancies. Contractual & Other Services expenditures are underspent due to \$56K in open encumbrances for office project updates and maintenance.

Non-Departmental

(Dollar amounts expressed in thousands)

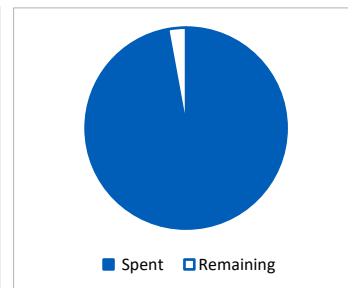
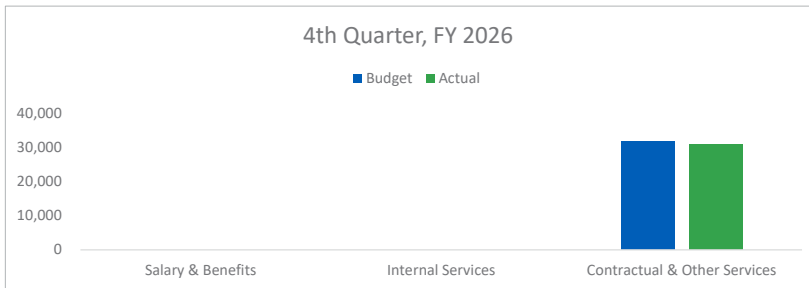
Department	Spending Category	Budget	Actual	Spent %
Non-Departmental	Salary & Benefits	(4,335.15)	106.37	
	Internal Services	17,511.67	14,809.04	
	Contractual & Other Services	7,320.39	5,491.39	
	Reserves & Contingencies	0.00	0.00	
		20,496.91	20,406.80	99.56%



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	30,874.49	
	Reserves & Contingencies	0.00	0.00	
		31,791.43	30,874.49	97.12%



PRINCE WILLIAM COUNTY

4th Quarter FY 2026 Economic Insights

Economic Health Monitor

Indicator	June 2026	March 2026
Consumer Price Index	3.5%	3.3%
Personal Consumption Expenditures ¹	3.7%	3.5%
Gross Domestic Product	1.5%	2.0%
U.S. Retail Sales	0.2%	1.7%
U.S. Unemployment Rate	4.2%	4.5%
U.S. Underemployment Rate	7.7%	8.0%
Virginia Unemployment Rate	3.8%	3.8%
Prince William Co. Unemployment Rate	3.7%	3.9%

¹ The Federal Reserve's preferred measure of inflation.

U.S. and Local Economic Brief

Since becoming Chairman of the Federal Reserve in May, Kevin Warsh has put forth plenty of tough talk about the need to not only bring inflation back to the central bank's 2% inflation target but doing so in a timely manner. On September 16, Warsh and other voting members of the Federal Open Market Committee took action to address price stability concerns by raising the Federal Funds rate one quarter of a percent to a range of 3.75% - 4.00%. The Committee's decision put an end to a two-year interest rate cutting cycle and marked the first increase going back to July 2023. Chair Warsh set the stage for a potential interest rate hike – and possibly further increases – in a speech on August 28. "The responsibility for 65 months of sustained, elevated inflation sits squarely with the central bank – and that is where it belongs." "Here is my standard: We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed," Mr. Warsh added. "Otherwise, we have work to do." While Warsh avoided signaling any future policy move during the post meeting press conference, comments pointing to his dissatisfaction with the persistence of inflationary pressure provided markets a clearer read on policymakers' current stance. The response contrasted sharply with the reaction to the Fed's July decision to hold rates steady, when Warsh's less-defined approach to containing inflation left investors uncertain about the path of policy and contributed to a sharp rise in Treasury bond yields. Chair Warsh highlighted the resilience of the U.S. economy, pointing to sturdy expansion, strong productivity and robust capital investment. He noted that the healthy labor market and low unemployment rate removed an argument for keeping interest rates lower. Regarding rising bond yields, Warsh attributed the

increase to surging capital expenditures from technology companies, unsettled global political factors and the overall strength of the U.S. economy, rather than diminished confidence in the Federal Reserve's commitment to price stability. However, rising producer-level prices, compounded by tightening diesel refining capacity amid the Russia-Ukraine and U.S.-Iran conflicts, increase the potential for higher input costs to filter through to consumers, adding to the risk of renewed inflationary pressure. "Demand destruction via higher rates is the only way to counter inflation amid a supply and demand shock," said Luigi Butiglione, chief executive of advisory firm LB Macro. "It is difficult to see how bonds and equities can withstand this headwind."

Consumer Price Index (CPI) June's CPI report exhibited a softening of inflationary pressure, led primarily by a sharp decline in energy prices. Core inflation (excludes food and energy) also remained subdued, but the duration of the Middle East conflict will shape the pace and breadth with which higher input costs filter through to goods and services in the months ahead. Headline CPI declined 0.4% in June versus a 0.5% increase the prior month. The year-over-year rate eased to 3.5% compared with 4.2% in May. Energy costs subtracted 0.5 percentage points from the June headline figure, driven largely by a 9.7% drop in gasoline prices versus a 7.0% increase the previous month. After rising 0.6% in May, electricity costs decreased 1.0%, while consumers of natural gas saw prices rise 0.5% in June following a 0.5% decline the prior month. Food at home prices, which continue to exert pressure on many household budgets, rose 0.2% in June following a 0.1% increase in May. With energy costs likely to remain elevated, food prices could face persistent upward pressure in the near term. Core inflation - closely tracked for evidence of ongoing cost pressures - fell a modest 0.02% in June, the first decline since May 2020. The year-over-year pace rose 2.6%, down from 2.9% in May. Core goods inflation fell 0.1%, led by a 0.2% drop in used vehicles prices and a 0.1% decline in household furnishings and supplies. New vehicle prices were unchanged in June after decreasing 0.3% the previous month. Price declines of 0.5% for apparel and 0.2% for medical commodities also contributed to suppressing goods inflation. The broader easing in goods prices was tempered by a sharp 0.9% increase in recreational commodity prices. Core services' inflation remained flat in June following a 0.3% increase the prior month. On a year-over-year basis, core services' prices rose 3.2%, down from 3.4% in May. The slowdown in core services' inflation was largely attributable to a moderation in cost pressures within the shelter category. Owner's equivalent rent, which measures the cost a homeowner would pay to rent their home, eased to 0.2% versus 0.3% increase in May. Rent of a primary residence, a reflection of the actual cost of renting a home, rose 0.1%, down from 0.4% 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. Prices across most remaining core services components either moderated or decreased.

Gross Domestic Product (GDP) Despite a moderation in headline economic growth, domestic demand remained resilient in the second quarter. Consumer spending rebounded sharply, alleviating concerns about a consumer-led downturn amid a pronounced surge in gasoline prices during much of the quarter. Business investment in equipment also remained robust, with spending broadening beyond AI-related investments. With the potential for prolonged Middle East tensions to weigh on consumer spending, investment in AI infrastructure is likely to remain an important pillar of support for the U.S. economy going forward. Adjusted for inflation, the advance estimate of GDP showed the U.S. economy grew 1.5% on an annualized basis during the quarter, below the consensus estimate of 2.0%. Final sales to private domestic purchasers, which exclude inventories and trade and is a key metric utilized to assess trends in consumption behavior, grew 3.9% versus 1.7% the prior quarter. Accounting for approximately two-thirds of GDP, consumer spending accelerated to 3.2% from 0.5% in the previous quarter. The advance was supported by a 5.7% rise in durable goods spending and a 3.1% increase in services spending. Within durable goods, spending on motor vehicles and parts and household furnishings provided the primary impetus, while growth in services spending was led by health care and food services. Business investment remained robust, rising 8.5%. Broad based gains were realized in areas such as industrial equipment, transportation equipment, information processing equipment and intellectual property.

Labor Market June's employment report presented a mixed picture, with payroll gains coming in below expectations and prior months revised downward. Nevertheless, the underlying pace of job creation remained relatively firm and above most estimates of the breakeven rate. The decline in the

unemployment rate was less encouraging, as it reflected in part a decrease in labor-force participation. The preliminary nonfarm payrolls estimate for June revealed a gain of 57,000 jobs, below the consensus projection of 113,000. While the three-month moving average rose to 111,000, the pace of job gains decelerated versus May's average of 164,000. The unemployment rate edged down to 4.2% in June from 4.3% the previous month, supported by a decline in the participation rate to 61.5 from 61.8 in May. Private service-providing employment accounted for the largest portion of job growth, adding 39,000 workers to company payrolls in June, down from 90,000 the prior month. On trend with prior months, job gains were narrowly concentrated, led by an increase in health care and social assistance of 47,000 and professional and business services of 36,000. Goods producing employment grew 10,000, supported by gains in construction of 11,000 and manufacturing of 3,000. According to Bloomberg Economics, "Hiring is still stronger than most estimates of breakeven, but the pace of hiring declined in June and the breadth of hiring narrowed. The decline in the unemployment rate primarily reflected people leaving the labor force rather than finding work."

Retail Sales The slower pace of retail sales growth in June primarily reflected lower gasoline prices, which subtracted 0.5 percentage points from the headline figure. While 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. But according to Bank of America, a "notable convergence" has emerged "in both wages and spending across income cohorts in recent months." "In June, lower income households' after-tax wage growth rose above that of middle-income households. Whether these trends persist into the second half of the year will hinge on whether underlying labor market momentum is sustained." Retail sales for June rose 0.2%, in line with the consensus estimate, but down from 1.0% the previous month. The modest gain was buoyed by a 2.4% rise in sales at motor vehicle & parts dealers and a 2.1% gain in sales. Additional details from the June report revealed sales excluding vehicles and gasoline rose 0.8%, 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 May. 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 - declined 0.1% in June, down from a 0.2% gain the prior month.

Local Viewed through the lens of unemployment, Prince William County's labor market remained stable during the quarter, with the unemployment rate holding at 3.7% in June, unchanged from March. According to data published by the Bureau of Labor Statistics, the County's labor force expanded to 262,653 in June versus 261,903 in March. The number of employed residents increased by 667, while the number of unemployed individuals rose by 83 during the same period. While the availability of timely granular data to assess the health of the County's job market at a sector level is limited, a leading indicator that can be utilized to measure labor market conditions are initial claims for unemployment insurance. For the period spanning April through June, average initial claims per week fell to 117 versus a per week average of 136 from January through March. Continuing jobless claims also declined to a weekly average of 1,016 during the quarter from 1,128 the previous quarter. The pattern of claims over the past six months indicates the County's labor force dynamics increasingly reflect a stabilization in demand for workers, a trend that aligns with the national labor market environment.

Prince William County Real Estate Market

Residential Sales Activity The following highlights are based on Metropolitan Regional Information Systems (MRIS) data for the quarters ending June 2026 and June 2025.

Category	June 2026	June 2025	Increase/(Decrease)
Median Sold Price	\$615,263	\$600,000	2.5%
Units Sold	596	296	17.1%
Active Listings	844	678	24.5%
Average Days on Market	18	16	12.5%
New Listings	571	491	16.3%

Thirty-year mortgage rates have increased sharply since the beginning of the U.S./Iran war, driven in part by market positioning that suggests the Federal Reserve will need to implement multiple interest rate increases to reign in a reacceleration of inflationary pressure. Higher financing costs are poised to create an additional constraint for a housing market already facing weakening activity, with existing home sales and housing starts gradually declining in July and August. Freddie Mac's Primary Mortgage Market Survey indicates the average 30-year fixed rate mortgage is approximately 6.95%, a high-mark for 2026. Virginia Realtors monthly Confidence Survey indicated the organization's Buyer Activity Index was 46 in June, unchanged from the previous month. Approximately 18% of realtors assessed buyer activity in their local market as "high" or "very high", while roughly 35% rated buyer activity as "low" or "very low." According to Virginia Realtors, 21% of realtors that responded to the survey cited "limited housing options as a major barrier" for their clients. Roughly 12% pointed to elevated mortgage rates as the primary obstacle, whereas 11% noted that prospective buyers struggled to accumulate a down payment. A separate index produced by Virginia Realtors that measures realtors' opinions about market performance three months forward fell to 42 in June versus 46 the prior month. Approximately 11% of survey participants thought buyer activity over the next three months would be higher in their respective markets, while 27% indicated buyer activity would decline.

Commercial Sector For the quarter ended June 2026, Costar Realty Group (Costar) reported the County's commercial inventory included 64.3 million square feet (sq. ft.) spread over 2,305 properties and 1.9 million sq. ft. of vacant space. The vacancy rate was 3.0% compared to 3.1% at the end of the prior quarter. Highlights from Virginia Realtors Q2 2026 statewide commercial real estate report are as follows.

- Retail: "The retail market in Virginia seems to be healthy and stable in the second quarter of 2026. Tenant demand was strong, leading to positive absorption as rents rose at a modest pace. Vacancy rates increased slightly due to a rise in deliveries, but overall, the construction pipeline is slowed this quarter."
- Office: "There was some momentum in the office market in Virginia this quarter. Net absorption rebounded, resulting in a sharp drop in the vacancy rate. Rents continued to increase as more new office space hit the market. Developers pulled back as the under construction pipeline slowed."
- Industrial: "Overall, the industrial market was strong in Virginia this quarter. There was a surge in demand resulting in higher absorption levels and rents reaching a new high. Deliveries declined as more space came under development and vacancy rates edged up."



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