

PRINCE WILLIAM — COUNTY

Revenue and Expenditures Report



FY 2022

2nd Quarter

Published 4/11/22

PRINCE WILLIAM COUNTY

2nd Quarter FY 2022 Revenues

Section 2.09 of the ***Principles of Sound Financial Management*** requires quarterly updates to the Board of County Supervisors (BOCS) within 45 days of the end of each quarter on the County's General Fund budget and trends with revenue projections through the end of the fiscal year.

The FY 2022 Adopted Budget estimates general revenues to be \$1.14 billion.

As of first quarter, general revenues are expected to produce a surplus of \$34.8 million from the adopted FY 2022 budget by June 30, 2022.

General Revenue Sources	Prior Year	Current Year				
	FY 2021	FY 2022		FY 2022		
	Year-End	Adopted	Q1 Revised	Q2 Revised	\$ Change Q1/Adopted	% Change Q1/Adopted
Real Property Tax	\$727,711,357	\$763,024,000	\$762,310,000	\$762,310,000	(\$714,000)	-0.09%
Personal Property Tax	222,104,595	227,051,000	251,670,000	251,670,000	24,619,000	10.84%
Motor Vehicle License Tax	12,549,722	12,000,000	12,000,000	12,000,000	0	0.00%
Local Sales Tax	80,111,594	74,150,000	82,500,000	82,500,000	8,350,000	11.26%
Consumer Utility Tax	13,266,498	13,540,000	13,540,000	13,540,000	0	0.00%
Communications Sales and Use Tax	13,560,708	14,180,000	13,000,000	13,000,000	(1,180,000)	-8.32%
BPOL Tax	29,882,073	22,375,000	28,000,000	28,000,000	5,625,000	25.14%
Investment Income	7,804,185	5,750,000	6,000,000	6,000,000	250,000	4.35%
All Other Revenue	17,521,616	13,831,000	11,735,000	11,735,000	(2,096,000)	-15.15%
TOTAL GENERAL REVENUES	\$ 1,124,512,351	\$ 1,145,901,000	\$ 1,180,755,000	\$ 1,180,755,000	\$ 34,854,000	3.04%

Revenues At-A-Glance

Variances from the FY 2022 Adopted Budget are as follows:

Real Property Tax received and recorded during FY 2022 suggest this revenue stream is on course to meet the adopted forecast of \$763.0 million. Real estate tax relief and exonerations, two key components that influence net property tax collected, are being closely monitored to determine if future adjustments are warranted.

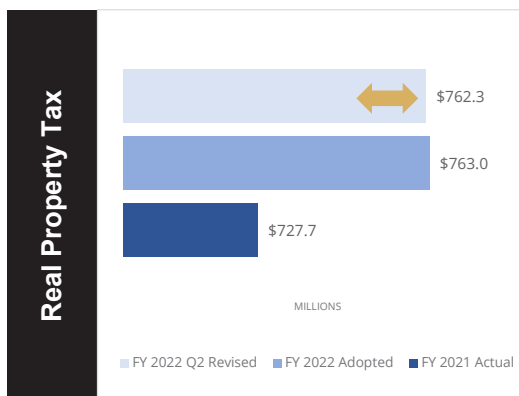
Personal Property Tax revenue for FY 2022 is currently expected to exceed the adopted forecast of \$227.0 million by approximately \$24.6 million. The anticipated surplus is supported by an increase in new taxable business tangible property, led by continued growth in the data center industry. Furthermore, a surge in assessed values for vehicles during 2021, driven by lean inventory levels, is also expected to contribute to the surplus.

Sales Tax collected since the beginning of FY 2022 has averaged \$7.5 million per month, placing this revenue stream on track to eclipse the adopted forecast of \$74.1 million by approximately \$16.0 million. Staff is of the opinion the current presence of firm and consistent spending behavior within the Commonwealth, combined with a healthy level of accumulated consumer savings, is supportive of revising the FY 2022 sales tax projection to \$82.5 million.

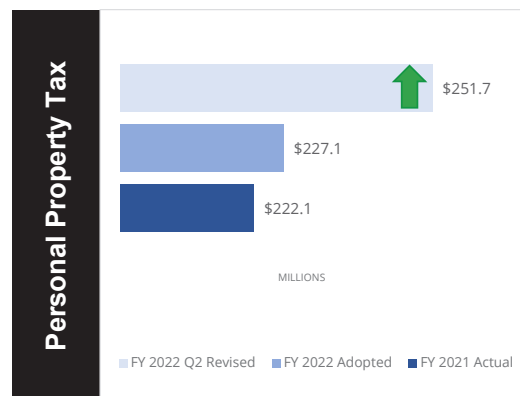
Communications Tax revenue received in FY 2022 has trended below levels necessary to meet the adopted forecast of \$14.2 million. Currently, this revenue source is projected to produce annualized revenue of \$13 million, a \$1.2 million shortfall. Gravitation to mobile technology has produced a steady decline in land-line usage. The existence of this trend is anticipated to continue, which will likely cause collections to drift down over time.

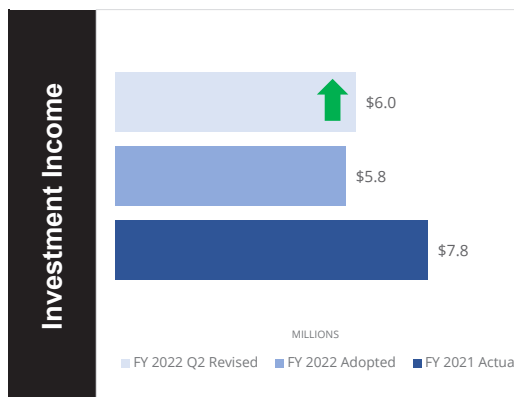
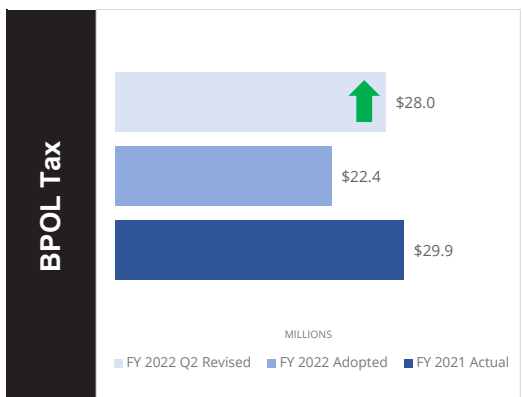
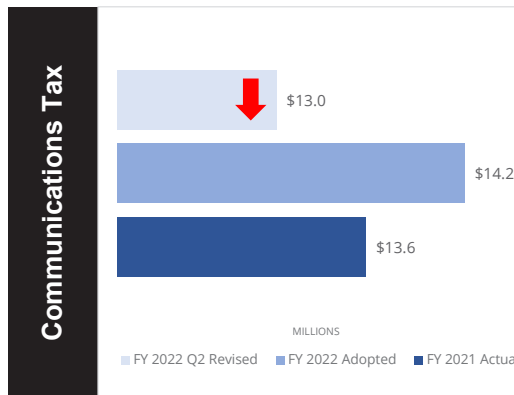
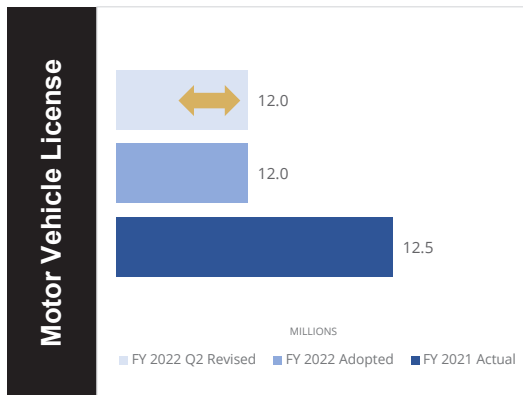
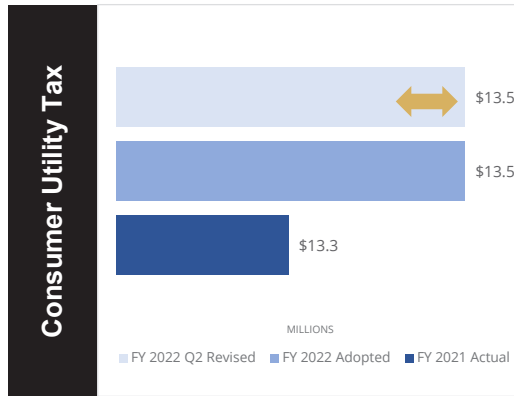
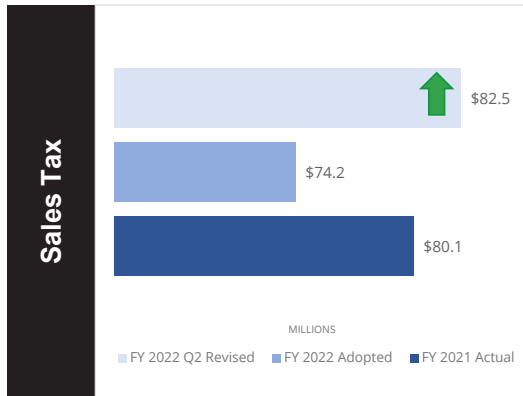
Business, Professional and Occupational License (BPOL) Tax was originally projected to produce \$22.4 million of revenue for FY 2022 based on the challenges COVID-19 could present to business fundamentals. On the heels of FY 2021 collections that totaled \$29.9 million, a business climate that demonstrated steady improvement throughout 2021, and evidence of sound consumer demand, staff is revising the forecast for FY 2022 collections to \$28 million.

All Other Revenue has been revised to reflect a shortfall of \$2.9 million. The primary driver of the projected decline in revenue is attributed to the Cigarette Tax forecast, originally based on a full year collection. The County was recently approved to become a member of the Northern Virginia Cigarette Tax Board by the Board of County Supervisors on November 9, 2021. Because the levy of the Cigarette Tax is effective January 1, 2022, the forecast now represents a six-month collection period.



Dollar amounts expressed in millions





Dollar amounts expressed in millions

Looking Ahead

Economy At-A-Glance

Indicator	Prior ¹ 09/30/2021	Current ¹ 12/31/2021	Trend					Notes
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General

Consumer Price Index (CPI)	5.4%	7.0%	●					Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	2.0%	6.9%			●			Measures the final market price for goods and services produced within the U.S.
Federal Funds Rate	0.06%	0.07%			●			Target interest rate set by the Federal Open Market Committee (FOMC). Establishes baseline lending rates and short term rates of return.
S&P 500 Index	4,307	4,766			●			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	4.7% (R)	3.9%				●		Tracks the number of unemployed persons as a percentage of the total U.S. labor force.
Virginia	3.8%	3.2% (P)				●		Tracks the number of unemployed persons as a percentage of the total VA labor force.
Prince William County	3.2%	2.6% (P)				●		Tracks the number of unemployed persons as a percentage of the total PWC labor force.

Average Weekly Wages ²

National	\$1,289	\$1,241			●			Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.
Virginia	\$1,285	\$1,257			●			Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.
Prince William County	\$1,025	\$1,056			●			Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.

Employment Establishments ³

Virginia	291,260	293,625			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.
Region	93,604	93,287			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.
Prince William County	9,814	9,869			●			Tracks the total number of physical locations where business, services, or industrial operations are performed in Prince William County.

Revenue

Retail Sales: National	0.70%	-1.90%			●			Retail sales tracks the resale of new and used goods to the general public for personal or household consumption.
Sales and Use Tax: Virginia	16.7%	14.8%				●		Tracks the percentage of state collections for sales and use tax.
Sales and Use Tax: Prince William County	13.8%	13.6%				●		Tracks the percentage of collections for sales and use tax in Prince William County. Current sales tax rate is 6.0%.
Revenue Collections: Virginia	10.6%	14.1%			●			Approximately 88% of Virginia's revenue consists of net individual income tax and sales tax.

Vehicles

National Automobile Sales	15.66 M	14.94 M		●				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

Average Sales Price	\$505,539	\$494,217			●			Reflects the average sold price for a home.
Closed Sales	785	654			●			Reflects the number of closed home sales.
Average Days on Market	16	19			●			Reflects the average time a home is on the market from listing to closing.
Ratio of Homes on the Market to Homes Sold	0.74	0.28			●			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	253	341			●			Establishes that a property is suitable for habitation after meeting the requirements of the Uniformed Statewide Building Code.
Building Permits Issued	300	202			●			Tracks the number of new building permits issued for residential dwellings.
Commercial Vacancy Rate	5.2%	5.3%			●			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



National, State, and Local Trends

National A steady dose of inflation fighting rhetoric disseminated by Federal Reserve officials over the past few months amid surging price pressures indicates the timetable for tightening financial conditions has accelerated. The wind-down of Treasury and mortgage-backed securities purchases, originally expected to be completed by June 2022, has been moved up to March, while a Federal Funds rate increase is all but assured at the next Federal Open Market Committee (FOMC) in March. In essence, the only lingering questions at this point are (1) What will be the pace of interest rate increases in the months ahead? and (2) When will the Federal Reserve begin reducing its nearly \$9 trillion balance sheet and how will the runoff be orchestrated? The January FOMC meeting minutes revealed “most” committee members were willing to remove monetary accommodation more quickly than they had previously anticipated if inflation remained uncomfortably high. While there was no definitive signal of a 50-basis points rate hike in March, measures of inflation released since the January meeting have remained elevated at the consumer and producer levels. Many FOMC members viewed specific communication ahead of the January meeting as “helpful in shifting private sector expectations” about the policy outlook. Though a gradual succession of interest rate increases is generally perceived as the FOMC’s preferred path forward, the Fed’s messaging tactics clearly suggest a premediated effort by policy makers to condition financial markets for the possibility of a more aggressive policy stance. Other than reiterating high-level principles for reducing the Fed’s balance sheet, limited details were expressed through the minutes regarding architectural framework. “Many participants” simply expressed sales of mortgage-backed securities or reinvesting a portion of mortgage-backed securities proceeds into Treasuries “may be appropriate at some time in the future” to reposition holdings primarily in Treasury securities.

An update on financial system vulnerabilities provided by Fed staff cited asset valuation pressures within equity and credit markets and home price-to-rent ratios as “elevated”. Add in a U.S. economy that is expected to grow at a slower pace compared to 2021, potential geopolitical reverberations, and the ongoing presence of COVID-19 and, clearly, the Federal Reserve’s ability to engineer a soft landing as it embarks on a cycle of monetary tightening will be tested in the coming quarters.

Consumer Price Index (CPI) Inflationary pressure continued to escalate throughout the quarter, culminating with a year-over-year increase in December’s CPI of 7.0%. December’s print, the highest since 1982, was preceded by increases of 6.8% and 6.2% during November and October, respectively. The recipe for the trajectory of inflation – supply chain bottlenecks, labor shortages, and wage pressures - has remained firmly intact. Details from the December report revealed core prices (excludes food & energy) rose 5.5% from a year earlier, with new and used vehicle prices once again playing a significant role in driving the index’s advance. For the 12 months ended December 2021, new vehicle prices have risen 11.8%, while used vehicle prices have surged a staggering 37.3%. While the automobile, food, and energy sectors garnered much of the price appreciation headlines during 2021, surging housing costs in recent months looms as a potential longer-term driver of core prices. Comprising approximately one-third of the CPI, two specific rent components demonstrated firm increases during the quarter. Rents of primary residences and the larger owners’ equivalent rent category both rose 0.4% in each of the three months for the quarter ended December 31st. Measured year-over-year, rent for primary residences is up 3.3% and owners’ equivalent rent increased 3.8%. Consensus forecast point to price pressures easing later in 2022 based on the expectation a modest cooling of broad-based demand will take hold and supply-side obstacles diminish. But risks to an elevated level of inflationary pressure abound. Geo-political tensions in Eastern Europe are on the rise, which stand to have a profound impact on energy prices if a conflict erupts. China’s zero COVID policy has the potential to limit, or shutdown, the production and delivery of goods if an outbreak occurs. And, as the Institute for Supply Management’s December report indicated, suppliers of goods and services in various sectors of the U.S. economy continue to grapple with materials/labor shortages and wage pressures, which could intensify amid future COVID-19 challenges.

Gross Domestic Product (GDP) GDP advanced during fourth 2021 quarter at an annualized rate of 6.9%, above the consensus estimate of 5.5%. At first glance the pace of growth appears impressive, but the headline rate belies the primary driver of the increase. A significant build-up of inventory contributed 4.9 percentage points to overall growth, as the outbreak of the omicron variant appears to have contributed to suppressing consumer spending at year-end. Final sales to domestic purchasers (excludes inventories and trade) grew a mere 1.9%. Personal consumption, which contains baskets of goods and services that feed into GDP, increased 3.3%. Consumers' reluctance to engage in services spending, likely tied to surging COVID-19 cases during the quarter, caused the services component of personal consumption to decline to 4.7% from 8.2% in the prior quarter. Spending on services was widespread, with the largest contributions coming from transportation services (20.2%), recreation services (20.1%), and health care (7.3%). Budding improvements related to product shortages facilitated a modest gain of 0.5% in consumption expenditures on goods, compared to a -8.8% decline the previous quarter. Purchases of other durable goods (15.4%) and recreational goods & vehicles (11.7%) led the way, while motor vehicles & parts (-6.6%) partially offset the overall gain. While the composition of fourth quarter GDP presents the potential for downside risk to growth during the early part of the new year, robust year-over-year wage gains and the expectation for a higher level of services spending should provide a firm measure of support for U.S. economic growth as 2022 progresses.

Labor Market Employers seeking an infusion of labor supply were met with a steady stream of workers that entered the U.S. labor market throughout the quarter. Nonfarm payrolls increased 510 thousand in December, preceded by gains of 647 thousand in November and 677 thousand in October, while the unemployment rate fell to 3.9% from 4.7% as of prior quarter end. In contrast to the more widely followed establishment survey, which produces nonfarm payroll data, the household survey generated 655 thousand jobs in December and 1.1 million during November. Though there was a disconnect in the November and December nonfarm payroll numbers compared to the household survey results, a brief summary of each survey method is necessary to frame the divergence and provide a rationale for the sharp drop in the unemployment rate during the quarter. The establishment survey taps approximately 144 thousand businesses and government agencies that cover roughly 697 thousand worksites to determine nonfarm job gains and losses. The household survey produces an estimate of labor market health through responses received from individuals in approximately 60 thousand eligible households and defines employment through a wider lens. For example, individuals that are self-employed, agriculture and related workers, and workers on unpaid leave are included in the household survey, but excluded from the establishment survey. Furthermore, the household survey is the source of well-known measurements of employment such as the national unemployment rate and the participation rate. While the establishment survey is considered a more reliable source of labor market fluctuations because of its larger sample size and lower threshold for statistical significance at a 90% confidence level, each survey provides valuable information. The reader should be aware that past, current, and future job gains and losses cited for specific sectors within this report are affiliated with data obtained through the establishment survey. December's employment report revealed sectors experiencing the most acute labor shortages were the primary benefactors of additional workers. Gains were realized in leisure & hospitality (53k), manufacturing (26k), construction (22k), and transportation & warehousing (19k). All previously mentioned sectors have demonstrated brisk wage increases, particularly leisure & hospitality, where average hourly earnings have risen 14% in the past 12 months. The omicron variant's impact on the labor market will become clearer during the first quarter of 2022. If Americans have been reluctant to enter the labor force because of COVID concerns, they now face a potent force pushing back in the form of diminishing household savings and the expiration of the childcare tax credit.

Retail Sales The rapid spread of the omicron variant and supply chain challenges conspired to deliver disappointing retail sales results over the final two months of the quarter. The majority of retail activity emerged in October, which translated into a 1.8% advance, followed by a 0.2% gain in November and a -1.9% decline in December. Details from the December report showed an acute drop in non-store retailer purchases of -8.7%, while discretionary spending declines were recorded for furniture (-5.5%), sporting goods & hobbies (-4.3%), clothing (-3.1%), and electronics (-2.9%).

Automobile Industry The National Automobile Dealers Association (NADA) reported new light-vehicle sales of 14.93 million units for 2021, up 3.1% from 2020's tally of 14.47 million. Although the automobile sector managed to produce a net year-over-year gain, overall results were hampered by a decline of 23.7% in seasonally adjusted annual rate sales during December. NADA blamed the ongoing microchip shortage for limiting 2021 sales potential and suggested purchases could have exceeded 17 million units if an adequate level of supply had been available. Despite new light-vehicle inventory improving modestly in December, J.D. Power data highlighted the current supply/demand imbalance by reporting the average number of days a new vehicle remained on a lot fell to a record low of 17 days, down from 49 days the prior year. Tight inventory levels propelled transaction prices higher throughout 2021 amid consistent demand and reduced incentive spending. J.D. Power anticipates the average transaction price to reach a record \$45,743 for December, the first time the average cost of a new vehicle has surpassed \$45,000. Voracious appetite for vehicles in the crossover segment was credited for 44.9% of all new-light vehicle sales during 2021, up 1.6 percentage points versus 2020. Hybrids and plug-in hybrids accounted for 6.5% of all new vehicle sold during the year, a 2.9 percentage points increase over 2020, while battery electric vehicles captured 2.9% of the market, up 1.6% from 2020. According to NADA, the outlook for new vehicle production replenishing inventory to pre-pandemic levels will remain challenged in 2022, subduing the prospect for sustained improvement in aggregate vehicle sales.

State The Commonwealth reported general fund revenues rose 19.2% in December, noting strong collections in major revenue source categories. On a fiscal year-to-date basis, revenue collections through December advanced 14.1%, comfortably exceeding the original forecast of a 4.2% annual increase. Year-over-year individual income tax withholding (62% of general fund revenues) receipts rose 10.9%, exceeding the annual growth forecast of 3.6%, while sales tax collections (17% of general fund revenues) rose 14.8%, surpassing the annual estimate of 6.3%.

Virginia's seasonally adjusted unemployment rate fell to 3.2% in December, 2.4 percentage points below the rate from the same period one year ago. The Virginia Employment Commission's December report disclosed Virginia's labor force declined by 1,966 workers to 4,124,978, while the number of unemployed residents decreased by 9,033 to 136,557. The Commission reported employment increased during December in nine of eleven major categories, led by job gains in leisure and hospitality (6,000), professional and business services (3,400) and trade and transportation (2,700). Of the two categories that shed jobs, the largest decline occurred in the government sector (-1,000) followed by information (-500). Compared to the same period last year, Virginia's labor market traced the national trendline as improving economic conditions during 2021 accelerated the demand for workers. The top five industries producing the largest year-over-year job gains in the Commonwealth were leisure and hospitality (34,900), professional and business services (23,300), government (17,000), trade and transportation (14,700), and education and health services (13,000).

Local Following national and state trends, widespread labor shortages have buoyed Prince William County's labor market recovery. The County's unemployment rate for December fell to a current year low of 2.6% from 3.2% in September. While the availability of granular data to assess the overall state of the County's job market are limited, confirmation of labor market health can be gleaned from average initial claims for unemployment insurance submitted over the quarter. For the quarter ended December 31st, average initial claims of 96 were well below September and June quarter end levels of 220 and 482, respectively, suggesting the presence of a firm labor market backdrop.

Over the course of the pandemic, Prince William County Government has persistently served the community by seeking available avenues to disburse the County's allocation of funds issued by the U.S. Government to support COVID-19 relief efforts. In May 2022, the County will receive the second, and final, \$45.7 million installment of federal funds issued through the American Rescue Plan Act of 2021 (ARPA). On September 14, 2021, the County's Chief Financial Officer presented to the Board of County Supervisors guiding principles recommendations for the allocation of ARPA funds. The guidance placed specific emphasis on providing economic relief to vulnerable residents and businesses, continuing the County's emergence response efforts, as needed, to combat COVID-19, recognizing the County's "essential workers" that face/faced elevated risk due to the nature of their work, and investing in

eligible community priorities consistent with the Board adopted Strategic Plan and other directives to create lasting and transformative impacts for the residents and businesses of Prince William County. On January 18, 2022, the Board of County Supervisors voted unanimously to authorize ARPA funds totaling \$10 million for the Human Services Alliance of Greater Prince William to administer grants in the community to non-profits and faith based organizations that will address the needs of residents impacted by COVID-19.

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 2021 and December 2020.

Category	Dec 2021	Dec 2020	Increase/(Decrease)
Median Sold Price	\$451,000	\$420,000	7.4%
Units Sold	654	717	-8.79%
Active Listings	183	217	-15.7%
Average Days on Market	19	13	46.15%
New Listings	386	491	-21.38%

Interest rates have climbed steadily higher in response to market expectations the Federal Reserve will need to act sooner than anticipated to combat inflationary pressure circulating through the U.S. economy. Freddie Mac’s Primary Mortgage Market Survey indicates the average 30-year fixed rate mortgage is 3.89%, an increase of 1.0% over the last six months. Despite higher mortgage rates, Freddie Mac noted as the spring home buying season approaches home buyers should expect low inventory will allow price growth to remain firm before cooling later in 2022. Virginia Realtors monthly Flash Survey indicated buyer demand was strong during January 2022. Survey respondents signaled buyer activity in their local markets was “high” or “very high”, a nearly 20 percentage points increase from the previous month. According to the January survey, 29% of buyers were first-time purchasers, 18% of purchases were cash transactions, and 21% of buyers purchased a non-primary residence.

Commercial Sector Commercial Sector For the quarter ended December 2021, Costar Realty Group (Costar) reported the County’s commercial inventory included 51.6 million occupied square feet (sq. ft.) of space in 2,161 buildings with 2.7 million sq. ft. of vacant space. Virginia Realtors Q4 2021 commercial real estate report described Virginia’s commercial market as having been “very resilient during the pandemic” and that commercial sectors will continue to recover in 2022. Additional highlights from the report are as follows:

- “While office vacancy rates remain elevated, demand for space—particularly highly amenitized, Class A office space—is beginning to pick up as employers plan for their employees to return to the office.”
- “Retail vacancy stayed surprisingly steady throughout 2020 and 2021. While some retail and restaurant establishments have closed during the pandemic, most have been able to remain in business with support from the federal government and the ability to innovate to stay connected with customers.”
- “the industrial sector has broken records during the pandemic. Demand for industrial and warehouse space has outpaced supply, pushing vacancy rates to rock-bottom levels.”

PRINCE WILLIAM COUNTY

2nd Quarter FY 2022 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 a FY 2022 general fund budget of \$1.35 billion.

- \$655.8 million adopted School transfer, in accordance with the County-Schools revenue sharing agreement.
- \$698.4 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 2022 Budget*** – As of December 31, 2021, the revised County government unrestricted general fund budget, excluding transfers, was \$659.8 million.

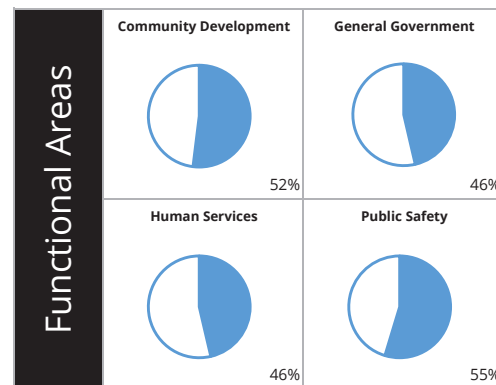
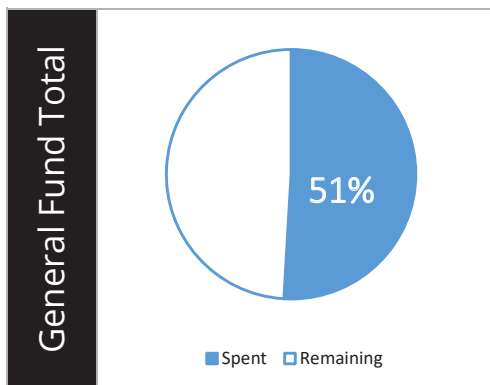
- Second Quarter General Fund Expenditures** – As of December 31, 2021, 54.5% of the expenditure budget was spent. Excluding Non-Departmental and Debt Service, which are not indicators of direct County agency operations and have a disproportionate share of expenditures during the first quarter, agencies spent 50.9% of the operating expenditure budget. **Current projections indicate 98.0% of the County government’s general fund expenditure budget will be expended by year-end. Projected expenditure savings at the end of the fiscal year are estimated at approximately \$12.0 million.**

Percent of Budget Spent (Including Debt Service & Non-Departmental)	Percent of Budget Spent (Excluding Debt Service & Non-Departmental)
54.5%	50.9%

- Pay Periods per Quarter** – The number of pay periods differ by quarter. The first two quarters included an additional two-week pay period. The additional payroll means agencies will have higher salary and benefit actuals through the first half of the year.
- 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 accounting for full-year internal services costs, County agencies spent 48.7% of their expenditure budget.**

Percent of Budget Spent (Excluding Debt Service, Non-Departmental, & Internal Services)
48.7%

- COVID-19 Pandemic Impact on Agency Revenue** – The COVID-19 pandemic impacted agency revenue throughout FY21 as many Parks, Recreation & Tourism facilities operated at reduced service hours and capacity. In addition, fines and forfeitures collected by the Courts, Sheriff, and Library were all at reduced levels. Social Services special education private day school placement reimbursements were less than budgeted during FY 2021 due to the challenges of providing services in a remote environment during the 2020/2021 academic year. While general fund agency revenue is improving during FY 2022, it has not recovered to pre-pandemic levels. **General fund agency revenue is projected to be \$8 million below budget.**
- 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.




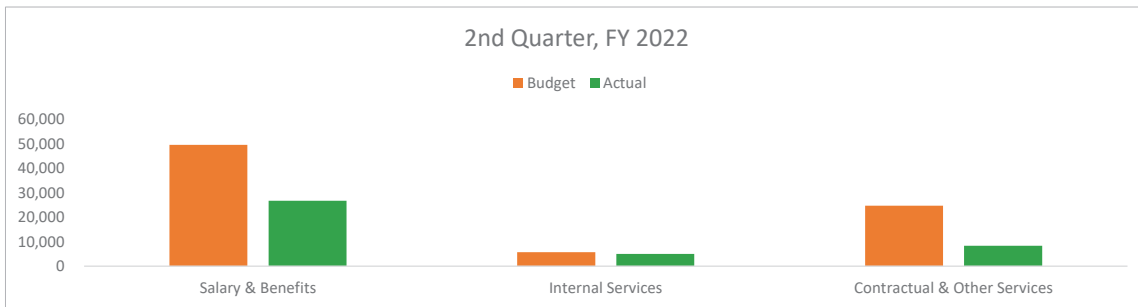
Community Development Functional Area

(Dollar amounts expressed in thousands)

Departments & Agencies

- Economic Development
- Library
- Parks, Recreation & Tourism
- Planning
- Public Works
- Transportation

Functional Area	Spending Category	Budget	Actual	Spent %
Community Development	Salary & Benefits	49,641.43	26,732.24	
	Internal Services	5,703.01	5,064.13	
	Contractual & Other Services	24,767.39	8,337.34	
	Reserves & Contingencies	(3,420.35)	(287.20)	
		76,691.47	39,846.51	51.96%




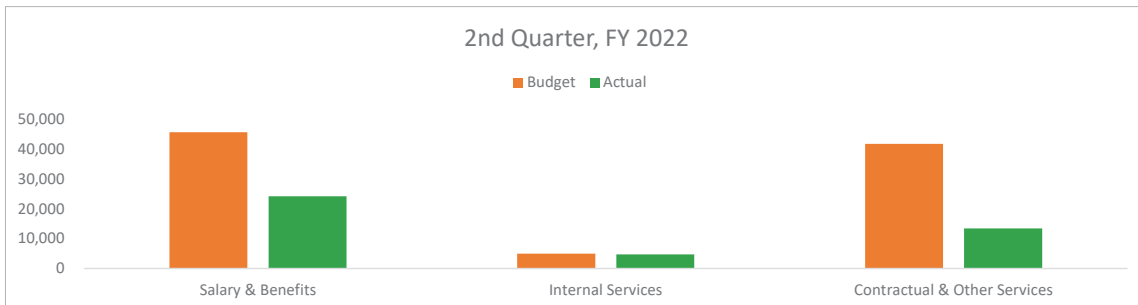
General Government Functional Area

(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

Functional Area	Spending Category	Budget	Actual	Spent %
General Government	Salary & Benefits	45,556.12	24,181.01	
	Internal Services	4,952.28	4,714.38	
	Contractual & Other Services	41,674.49	13,441.18	
	Reserves & Contingencies	(3,925.61)	(1,416.98)	
		88,257.28	40,919.60	46.36%




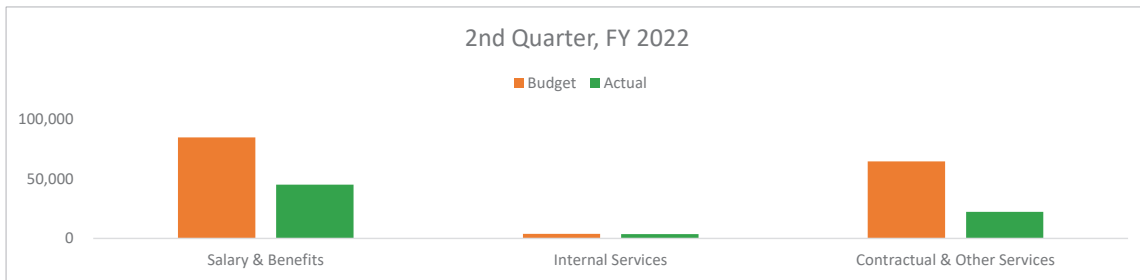
Human Services Functional Area

(Dollar amounts expressed in thousands)

Departments & Agencies

- Aging
- Community Services
- Cooperative Extension Service
- Public Health
- Social Services

Functional Area	Spending Category	Budget	Actual	Spent %
Human Services	Salary & Benefits	84,937.92	45,084.51	
	Internal Services	3,813.96	3,650.20	
	Contractual & Other Services	64,716.00	22,390.93	
	Reserves & Contingencies	0.00	0.00	
	Total		153,467.87	




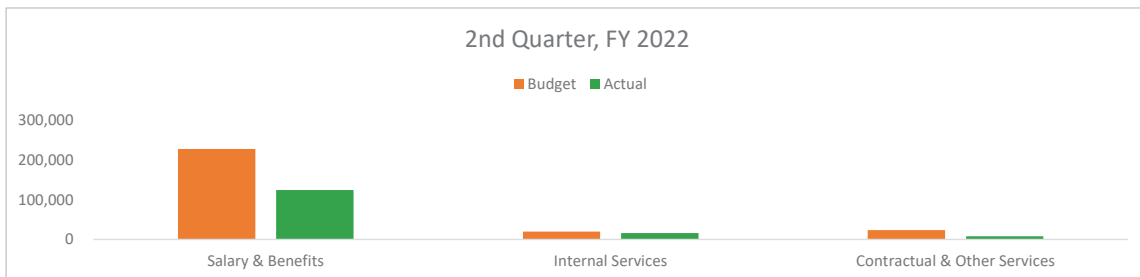
Public Safety Functional Area

(Dollar amounts expressed in thousands)

Departments & Agencies







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

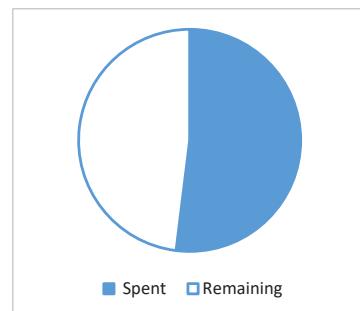
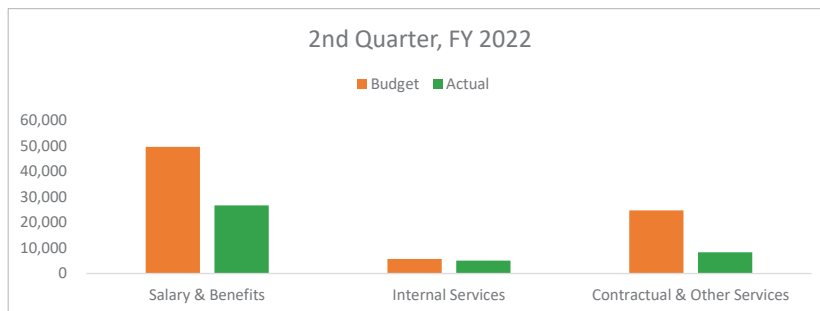
Functional Area	Spending Category	Budget	Actual	Spent %
Public Safety	Salary & Benefits	227,779.81	124,771.10	
	Internal Services	19,668.62	16,378.23	
	Contractual & Other Services	23,579.29	7,770.09	
	Reserves & Contingencies	1,250.00	(20.87)	
	Total		272,277.72	



Community Development Functional Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Economic Development	Salary & Benefits	2,426.02	1,459.85	
	Internal Services	67.02	62.09	
	Contractual & Other Services	1,913.38	785.26	
	Reserves & Contingencies	0.00	0.00	
		4,406.42	2,307.20	
Library	Salary & Benefits	15,198.07	7,616.05	
	Internal Services	1,141.41	1,051.28	
	Contractual & Other Services	3,452.40	996.10	
	Reserves & Contingencies	0.00	0.00	
		19,791.88	9,663.43	
Parks, Recreation & Tourism	Salary & Benefits	24,024.02	12,726.78	
	Internal Services	2,034.38	1,574.81	
	Contractual & Other Services	13,784.67	4,697.93	
	Reserves & Contingencies	(154.00)	0.00	
		39,689.08	18,999.53	
Planning	Salary & Benefits	1,309.80	760.80	
	Internal Services	2,054.98	2,048.82	
	Contractual & Other Services	1,951.37	685.81	
	Reserves & Contingencies	0.00	0.00	
		5,316.15	3,495.43	
Public Works	Salary & Benefits	2,925.27	1,777.66	
	Internal Services	250.29	213.55	
	Contractual & Other Services	970.34	316.82	
	Reserves & Contingencies	(168.49)	(51.80)	
		3,977.40	2,256.23	
Transportation	Salary & Benefits	3,758.25	2,391.11	
	Internal Services	154.93	113.57	
	Contractual & Other Services	2,695.23	855.42	
	Reserves & Contingencies	(3,097.86)	(235.41)	
		3,510.55	3,124.69	












Notable Variances

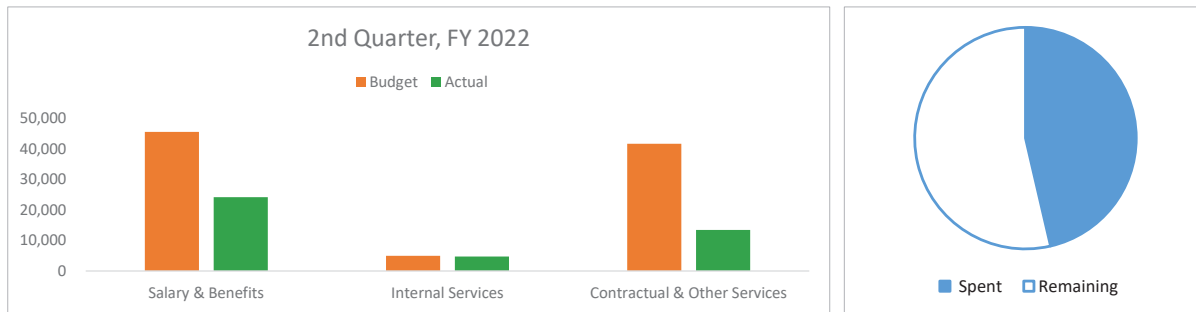
- Library** - Contractual & Other Services has \$1.3M encumbered for future high volume purchases of materials with major vendors. This includes the Library's total inventory and collections/materials tracking system, scheduled to be paid in spring 2022 to the Library's primary vendor Polaris.
- Planning** - A disproportionate amount of the Planning budget resides in the DoIT Internal Services series due to being the countywide host for the Geographic Information System (GIS). These DoIT Internal Services have been billed for the entire year. Adjusting for this item, year to date spending would be 44.4% of budget.
- Public Works** - Salary & Benefits is running ahead of budget based on low vacancy rates.
- Transportation** - Most personnel costs are cost-recovered from capital projects. Cost recovery is not yet complete.

General Government Functional Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Board of County Supervisors	Salary & Benefits	3,275.92	1,578.12	
	Internal Services	129.08	128.82	
	Contractual & Other Services	2,166.42	681.42	
	Reserves & Contingencies	0.00	0.00	
	5,571.42	2,388.36	42.87%	
County Attorney	Salary & Benefits	4,057.68	2,160.53	
	Internal Services	88.28	87.84	
	Contractual & Other Services	388.14	(99.94)	
	Reserves & Contingencies	(176.93)	(51.54)	
	4,357.17	2,096.89	48.12%	
Elections	Salary & Benefits	1,902.70	930.10	
	Internal Services	109.08	111.40	
	Contractual & Other Services	1,474.19	331.02	
	Reserves & Contingencies	0.00	0.00	
	3,485.97	1,372.52	39.37%	
Executive Management	Salary & Benefits	3,798.66	1,969.55	
	Internal Services	142.81	131.78	
	Contractual & Other Services	1,661.43	406.13	
	Reserves & Contingencies	0.00	0.00	
	5,602.89	2,507.47	44.75%	
Facilities & Fleet Management	Salary & Benefits	9,318.69	5,332.88	
	Internal Services	625.55	415.77	
	Contractual & Other Services	28,820.67	9,938.54	
	Reserves & Contingencies	(2,535.92)	(576.24)	
	36,228.98	15,110.95	41.71%	
Finance	Salary & Benefits	17,268.45	9,160.08	
	Internal Services	3,213.99	3,195.49	
	Contractual & Other Services	5,417.37	1,463.59	
	Reserves & Contingencies	(523.31)	(174.33)	
	25,376.50	13,644.84	53.77%	
Human Resources	Salary & Benefits	3,789.21	1,846.98	
	Internal Services	578.00	578.00	
	Contractual & Other Services	1,625.71	691.73	
	Reserves & Contingencies	(689.46)	(614.87)	
	5,303.46	2,501.83	47.17%	
Human Rights Office	Salary & Benefits	674.93	386.88	
	Internal Services	24.74	24.74	
	Contractual & Other Services	23.15	12.21	
	Reserves & Contingencies	0.00	0.00	
	722.83	423.84	58.64%	
Management & Budget	Salary & Benefits	1,469.89	815.89	
	Internal Services	40.76	40.54	
	Contractual & Other Services	97.42	16.48	
	Reserves & Contingencies	0.00	0.00	
	1,608.06	872.91	54.28%	

General Government Functional Area *(Continued)*








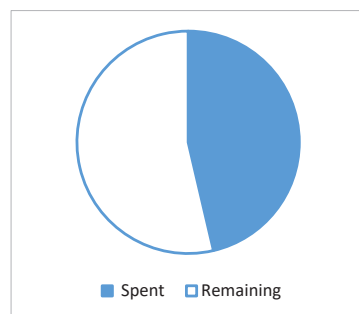
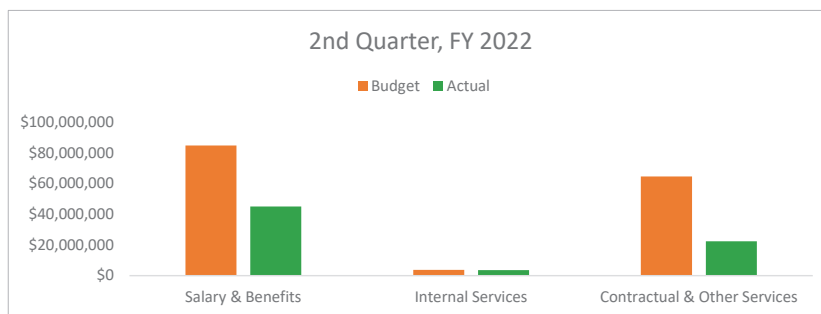
Notable Variances

- Board of County Supervisors** - Funds of \$449K have been encumbered, primarily for copier leases and maintenance and for invoices that are received and processed monthly. Spending is anticipated to escalate in the last half of the year.
- Elections** - Spending is anticipated to escalate in the remaining two quarters as the department prepares for the June primary election and the Countywide precinct redistricting effort.
- Executive Management** - Spending is anticipated to escalate in the last half of the year, specifically related to the community survey, the Diversity, Equity, and Inclusion consultant, legislative consulting services, property rental for the legislative session, and professional services for the Communications department.
- Facilities & Fleet Management** - Funds of \$12.2M have been encumbered, primarily for rent, repairs, and utilities. Spending is anticipated to escalate in the last half of the year.
- Finance** - The department has a disproportionate amount of its budget in the DoIT Internal Services series due to being the host for the County's financial systems. These DoIT Internal Services have been billed for the entire year. Adjusting for this item, year to date spending would be 47.1% of budget.
- Human Rights** - Salary & Benefits is higher than budgeted due to new hires and adjustments to salaries of existing positions.
- Management & Budget** - Salary & Benefits is above budget as a result of previous position turnover resulting in vacancies that have now been filled.

Human Services Functional Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Aging	Salary & Benefits	3,197.65	1,863.69	
	Internal Services	158.39	133.47	
	Contractual & Other Services	4,783.51	2,980.09	
	Reserves & Contingencies	0.00	0.00	
	8,139.54	4,977.25	61.15%	
Community Services	Salary & Benefits	41,319.08	21,667.42	
	Internal Services	2,012.52	1,940.04	
	Contractual & Other Services	17,756.34	4,936.73	
	Reserves & Contingencies	0.00	0.00	
	61,087.94	28,544.19	46.73%	
Cooperative Extension Service	Salary & Benefits	905.67	473.92	
	Internal Services	80.83	80.83	
	Contractual & Other Services	58.88	10.72	
	Reserves & Contingencies	0.00	0.00	
	1,045.38	565.47	54.09%	
Public Health	Salary & Benefits	1,454.16	114.23	
	Internal Services	36.05	25.64	
	Contractual & Other Services	3,073.83	2,426.57	
	Reserves & Contingencies	0.00	0.00	
	4,564.04	2,566.45	56.23%	
Social Services	Salary & Benefits	38,061.36	20,965.26	
	Internal Services	1,526.17	1,470.21	
	Contractual & Other Services	39,043.44	12,036.82	
	Reserves & Contingencies	0.00	0.00	
	78,630.97	34,472.29	43.84%	












Notable Variances

- Aging** - Expenditures are high due to full year costs of \$2.3M associated with Birmingham Green paid in the first quarter.
- Cooperative Extension Service** - DoIT Internal Services have been billed for the entire year. Adjusting for this item, year to date spending would be 50.2% of budget.
- Public Health** - Contractual & Other Services is overspent due to catch-up billings to the Virginia Department of Health in the first half of the year. These quarterly billings include local agreement budget support, local salary supplement support, and funding for the mandated Medical Reserve Corp position.
- Social Services** - The department's underspend is tied to the Children's Services Act (CSA) Program. The payment of CSA expenditures lags 30-60 days. Historically, this is caught up at fiscal year-end.




Public Safety Functional Area

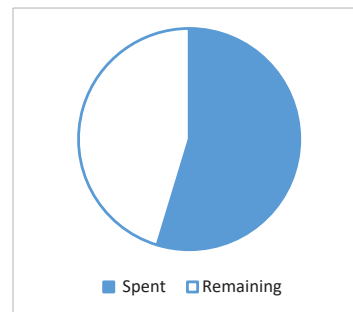
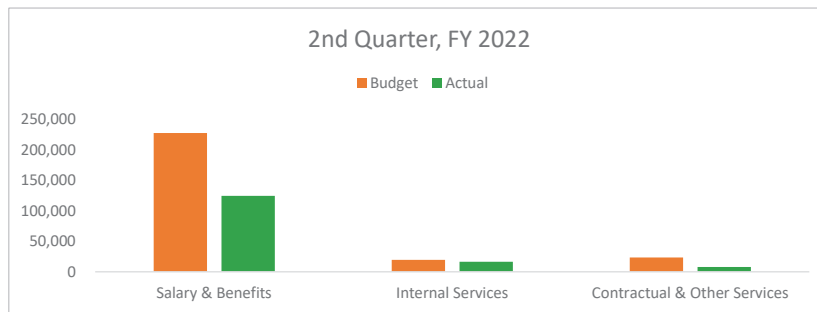
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Circuit Court Clerk	Salary & Benefits	4,005.91	2,014.22	
	Internal Services	167.95	167.76	
	Contractual & Other Services	715.75	130.60	
	Reserves & Contingencies	0.00	0.00	
	4,889.61	2,312.58	47.30%	
Circuit Court Judges	Salary & Benefits	1,029.58	628.77	
	Internal Services	39.21	39.21	
	Contractual & Other Services	51.65	40.85	
	Reserves & Contingencies	0.00	0.00	
	1,120.44	708.82	63.26%	
Commonwealth Attorney	Salary & Benefits	6,843.79	3,677.07	
	Internal Services	235.86	229.68	
	Contractual & Other Services	454.50	171.39	
	Reserves & Contingencies	0.00	0.00	
	7,534.15	4,078.14	54.13%	
Criminal Justice Services	Salary & Benefits	4,637.85	2,551.31	
	Internal Services	197.35	186.93	
	Contractual & Other Services	605.87	145.43	
	Reserves & Contingencies	0.00	0.00	
	5,441.07	2,883.67	53.00%	
Fire & Rescue	Salary & Benefits	92,076.71	50,309.13	
	Internal Services	6,332.78	5,837.62	
	Contractual & Other Services	7,716.06	1,814.49	
	Reserves & Contingencies	0.00	0.00	
	106,125.55	57,961.23	54.62%	
General District Court	Salary & Benefits	687.17	254.11	
	Internal Services	45.04	45.04	
	Contractual & Other Services	217.19	30.16	
	Reserves & Contingencies	0.00	0.00	
	949.39	329.31	34.69%	
Juvenile & Domestic Relations Ct	Salary & Benefits	134.90	71.27	
	Internal Services	30.30	30.30	
	Contractual & Other Services	87.00	27.68	
	Reserves & Contingencies	0.00	0.00	
	252.19	129.25	51.25%	
Juvenile Court Service Unit	Salary & Benefits	1,023.54	384.72	
	Internal Services	86.75	72.20	
	Contractual & Other Services	395.01	86.28	
	Reserves & Contingencies	0.00	0.00	
	1,505.29	543.20	36.09%	
Magistrates	Salary & Benefits	88.73	47.78	
	Internal Services	15.35	15.35	
	Contractual & Other Services	10.39	2.69	
	Reserves & Contingencies	0.00	0.00	
	114.47	65.82	57.50%	

Public Safety Functional Area (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Police	Salary & Benefits	94,478.10	51,880.58	
	Internal Services	11,381.64	8,902.78	
	Contractual & Other Services	9,899.61	3,537.33	
	Reserves & Contingencies	1,250.00	0.00	
	117,009.35	64,320.68	54.97%	
Public Safety Communications	Salary & Benefits	10,645.01	5,934.75	
	Internal Services	328.98	289.84	
	Contractual & Other Services	2,275.17	1,193.53	
	Reserves & Contingencies	0.00	0.00	
	13,249.16	7,418.13	55.99%	
Sheriff	Salary & Benefits	12,128.52	7,017.39	
	Internal Services	807.41	561.53	
	Contractual & Other Services	1,151.11	589.67	
	Reserves & Contingencies	0.00	(20.87)	
	14,087.04	8,147.71	57.84%	




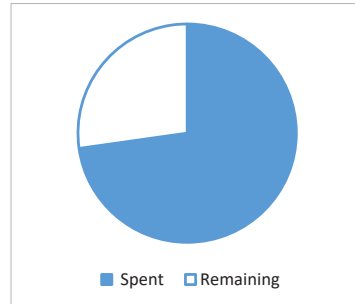
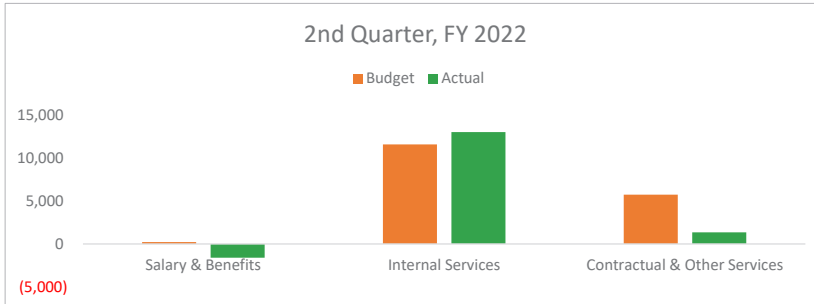
Notable Variances

- Circuit Court Judges** - Salary & Benefits is overspent due to an additional two week payroll in the first half of the year, as well as overlap training for the new law clerks. This training ensures a smooth transition from one year to the next. Contractual & Other Services is elevated due to yearly renewal of law periodicals and subscriptions.
- Commonwealth Attorney** - Salary & Benefits is overspent due to an additional two week payroll in the first half of the year.
- Fire & Rescue** - Salary & Benefits is above budget due to \$745K in premium pay that has not yet been reclassified to AARPA and CARES funding. DoIT Internal Services have been billed for the entire year. Adjusting for these two items, year to date spending would be 51.2% of budget.
- General District Court** - Salary & Benefits and Contractual Services are both underspent due to vacancies. Budgeted hardware for new positions has not yet been ordered.
- Juvenile Court Service Unit** - Salary and Benefits is underspent due to the delay of the local salary supplement payment. The salary supplement is paid at the end of the quarter which creates a lag in use of funds.
- Police** - Salaries & Benefits is higher than budget due to \$816K in premium/hazard pay given to public safety personnel who were at increased risk during the pandemic. The premium/hazard pay has not yet been reclassified to AARPA and CARES funding. Adjusting for this item, year to date spending would be 49.8% of budget.
- Public Safety Communications** - Salary & Benefits is above budget due to unanticipated overtime required to cover staff absences during the Omicron spike of the pandemic. Staffing levels have recently stabilized, and overtime costs have reduced.
- Sheriff** - Salary & Benefits is above budget as a result of overtime required to cover vacancies and deputy leave.

Non-Departmental

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
Non-Departmental	Salary & Benefits	207.20	(1,604.54)	
	Internal Services	11,543.51	12,974.66	
	Contractual & Other Services	5,734.73	1,353.21	
	Reserves & Contingencies	0.00	0.00	
			17,485.44	




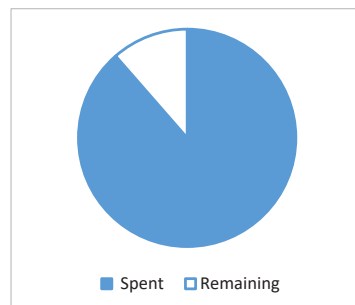
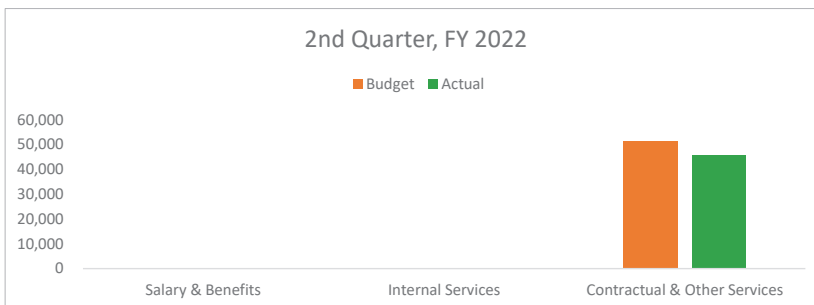
Notable Variances

- Non-Departmental** - The following payments were made during the first half of the fiscal year: Self-Insurance Workers Compensation (\$5.5M), Self-Insurance Casualty Pool (\$2.2M), Property and Miscellaneous Insurance Premiums (\$0.6M), Unemployment Insurance & Contingency (\$0.02M), Hylton Performing Arts Center Contribution (\$0.6M), and Northern Virginia Community College Contribution (\$0.3M). In addition, CARES Act salary and benefits reimbursement of \$1.6M has been placed in Non-Departmental temporarily and will be spread to specific agencies in the second half of the fiscal year.

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	51,635.06	45,734.14	
	Reserves & Contingencies	0.00	0.00	
			51,635.06	



Notable Variances

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



PRINCE WILLIAM — COUNTY

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Office of Management and Budget
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