

# PRINCE WILLIAM — COUNTY

## Revenue and Expenditures Report



**FY 2021**

4th Quarter

*Published 10/27/21*

# PRINCE WILLIAM COUNTY

## 4<sup>th</sup> Quarter FY 2021 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 2021 Adopted Budget estimated general revenues to be \$1.09 billion.

FY 2021 pre-close and unaudited general revenues are expected to produce a surplus of \$31.8 million from the adopted FY 2021 budget as follows:

General Revenue Sources	Prior Year FY 2020 Year-End	Current Year FY 2021						% Change Q4/ Adopted
		Adopted	Q1 Revised	Q2 Revised	Q3 Revised	Q4 Preliminary Unaudited	\$ Change Q4/ Adopted	
Real Property Tax	\$698,789,300	\$722,258,000	\$722,258,000	\$722,258,000	\$722,258,000	\$729,831,971	\$7,573,971	1.05%
Personal Property Tax	210,474,881	220,440,000	220,440,000	220,440,000	220,440,000	222,104,596	1,664,596	0.76%
Local Sales Tax	72,320,380	65,130,000	65,130,000	72,000,000	75,000,000	80,111,594	14,981,594	23.00%
Consumer Utility Tax	14,407,996	14,700,000	14,700,000	14,700,000	13,900,000	13,266,498	(1,433,502)	-9.75%
Communications Sales and Use Tax	14,914,152	14,530,000	14,530,000	14,530,000	13,700,000	13,560,708	(969,292)	-6.67%
BPOL Tax	28,236,279	24,375,000	24,375,000	24,375,000	26,000,000	29,882,073	5,507,073	22.59%
Investment Income	11,180,034	8,050,000	5,000,000	5,000,000	7,500,000	7,803,887	(246,113)	-3.06%
All Other Revenue	37,241,687	25,210,000	24,710,000	25,570,000	26,731,000	29,983,892	4,773,892	18.94%
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 1,087,564,709</b>	<b>\$ 1,094,693,000</b>	<b>\$ 1,091,143,000</b>	<b>\$ 1,098,873,000</b>	<b>\$ 1,105,529,000</b>	<b>\$ 1,126,545,219</b>	<b>\$ 31,852,219</b>	<b>2.91%</b>

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

1. Maintain unassigned fund balance at the required 7.5% of general fund revenues;
2. Split with the School Division in accordance with the County-School Revenue Sharing Agreement;
3. Maintain the revenue stabilization fund reserve at the required 2% of general fund revenues;
4. Maintain the capital reserve at the required 2% of capital projects fund appropriations;
5. Replenish the economic development opportunity fund (EDOF) reserve to the \$3 million required year-end balance; and
6. Add any remaining surplus to the capital reserve to support the County's triple-AAA/Aaa bond rating and provide a funding source to meet the 10% cash-to-capital requirement and support the County's Six-Year Capital Improvement Program to minimize the need for additional borrowing.

# Revenues At-A-Glance

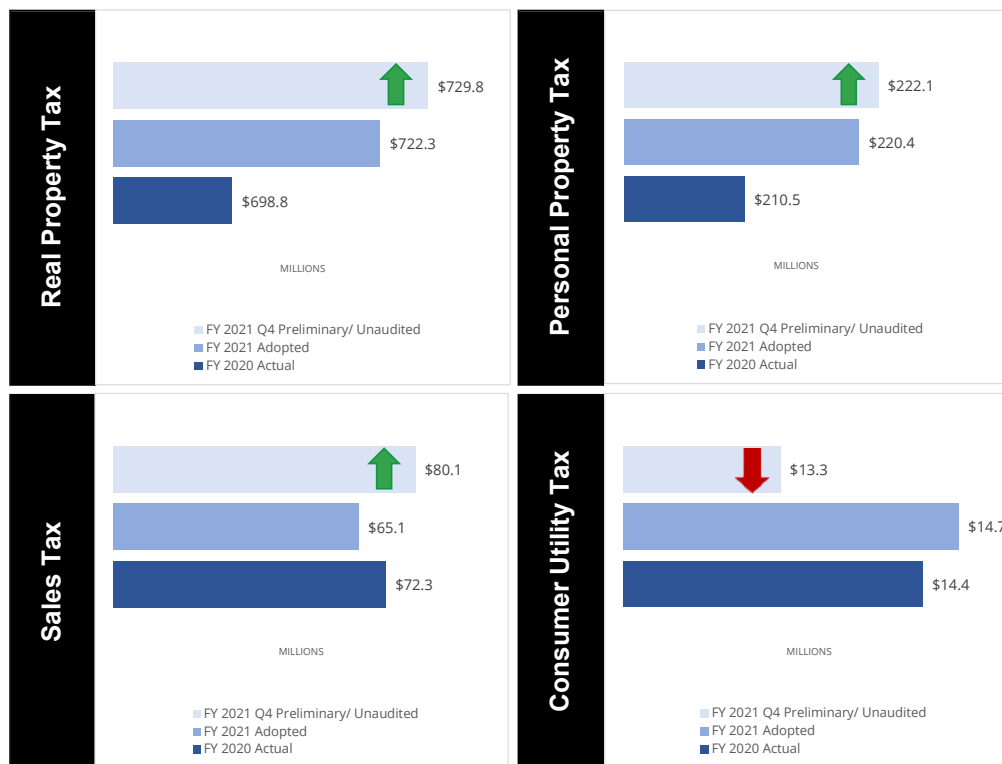
Variances from the FY 2021 Adopted Budget are as follows:

**Real Property Tax** revenues received and recorded reflect a revenue surplus of \$7.6 million. Less than anticipated real estate exonerations compared to a conservative projection for FY 2021 was the primary driver of the surplus. The exonerations forecast was based on the expectation that assessment appeals would increase, particularly for commercial properties in light of the anticipated impacts of the pandemic which, ultimately, did not fully materialize. Exonerations are defined as decreases in revenue due to assessment reductions, changes in tax liability, or tax relief programs. Assessment reductions are typically caused by appeals of assessed values.

**Personal Property Tax** revenues received and recorded reflect a revenue surplus of \$1.7 million. The surplus is attributable to increases in new taxable business tangible property, led by continued growth in the data center industry. A surge in assessed values for vehicles, driven by lean inventory levels and manufacturing disruptions, also contributed to the surplus.

**Sales Tax** revenue in FY 2021 was \$80.1 million, a surplus of \$14.9 million. Notwithstanding relentless challenges presented by the pandemic, consumer appetite for goods and services outperformed expectations throughout FY 2021. Prior to a rotation into services during the Spring, discretionary spending was primarily allocated into a variety of goods such as electronics, furniture, clothing, and home improvement products over a significant portion of FY 2021. While traditional brick and mortar outlets contributed to overall sales activity, a significant online presence was established. Furthermore, staff is of the opinion a considerable remote work footprint funneled additional dollars into local establishments that may have otherwise been distributed outside the County. Despite recent sales tax growth, a conservative estimate of 3.0 percent was forecast for fiscal year 2022, as federal stimulus disbursements have concluded for individuals and households, supply chain disruptions remain entrenched, and concerns about the delta variant persist.

**Consumer Utility Tax** produced a revenue shortfall of \$1.4 million. Monthly receipts were extremely uneven throughout FY 2021, which potentially reflected the hardship imposed by the pandemic on customers' ability to make timely payments.



Dollar amounts expressed in millions

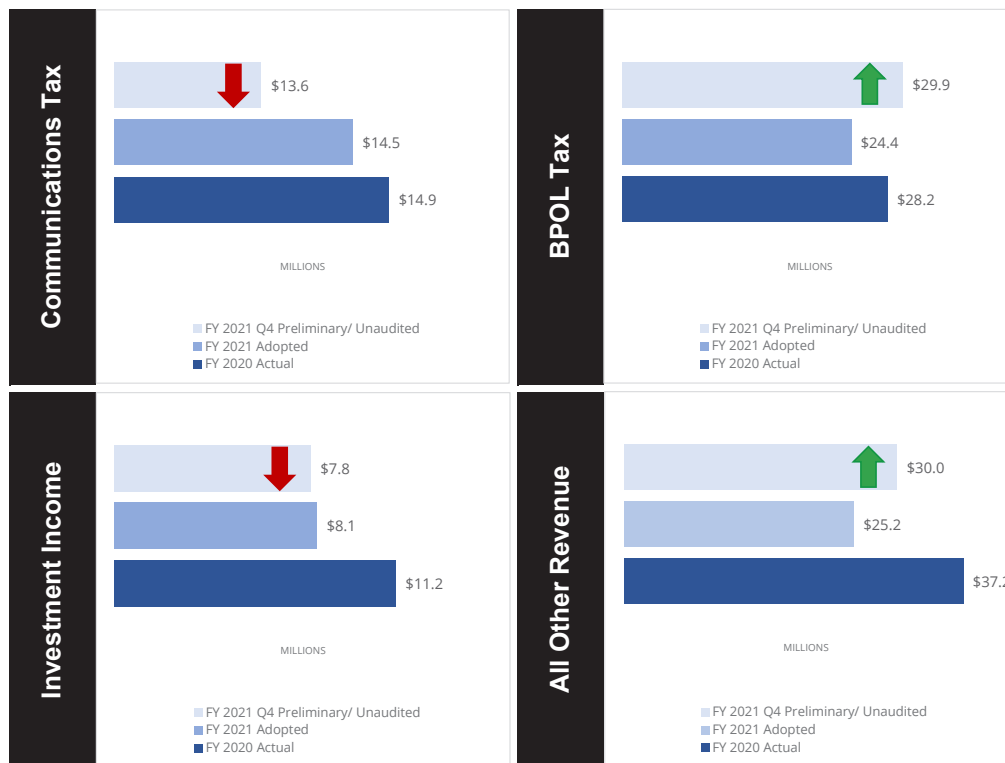
**Communications Tax** revenue received in FY 2021 reflects a shortfall of \$970 thousand. Gravitation to mobile technology has produced a steady decline in land-line usage. The existence of this trend is anticipated to continue, which will likely cause collections to drift down over time.

**Business, Professional and Occupational License (BPOL) Tax** revenue produced a surplus of \$5.5 million. The addition of two full time Department of Finance employees played a central role in producing the surplus by providing necessary capacity for the County's Taxpayer Services team to establish a proactive revenue collection approach. In addition, a reasonable assumption can be made that robust consumer demand contributed to BPOL Tax revenue exceeding the adopted forecast.

**Investment Income** generated by the County's General Portfolio reflects a shortfall of \$246 thousand. Since the beginning of January 2021 interest rates remained significantly above levels established during the first and second quarters of FY 2021, mitigating the risk of further cash flow deterioration leading into the close of FY 2021.

**All Other Revenue** produced a net surplus of \$4.8 million. Recordation and Tax on Deeds collections benefited from steady appreciation in residential home prices throughout FY 2021 and a 30.8% year-over-year increase in closed sales. A surplus of \$2.2 million and \$1.4 million, respectively, was recorded for each revenue source. Other revenue sources that delivered a surplus are as follows: Daily Rental Equipment Tax \$365 thousand, Bank Franchise Tax \$270 thousand, BPOL (Public Utility) \$242 thousand, and Rental Car and Passenger Car Tax \$219 thousand. Additionally, during the 2020 Legislative Session, the Skills Games Tax was enacted for a period beginning July 1, 2020, through July 1, 2021. This temporary tax generated \$328 thousand for Prince William County – residual revenue can be expected in FY 2022.

Notable revenue shortfalls within the "All Other" category included: Motor Vehicle License - \$290 thousand attributed to a forecast that incorporated new vehicle license tax rates adopted by the Board of County Supervisors on April 28, 2020, and a general slowdown in the Virginia Department of Motor Vehicles remittance and reporting processing. Transient Occupancy Tax -\$197 thousand, a direct impact of the Coronavirus (COVID-19) on the tourism industry.



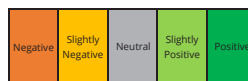
Dollar amounts expressed in millions

# Looking Ahead

## Economy At-A-Glance

Indicator	Prior <sup>1</sup> 03/31/2021	Current <sup>1</sup> 06/30/2021	Trend					Notes
<b>General</b>								
Consumer Price Index (CPI)	2.6%	5.4%	■	●	■	■	■	Measures prices paid by consumers for a basket of goods and services.
Gross Domestic Product (GDP)	6.4%	6.5%	■	■	●	■	■	Measures the final market price for goods and services produced within the U.S.
Federal Funds Rate	0.06%	0.08%	■	■	●	■	■	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	3,973	4,297	■	■	●	■	■	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.
<b>Unemployment Rate</b>								
National	6.0%	5.9%	■	■	■	●	■	Tracks the number of unemployed persons as a percentage of the total U.S. labor force.
Virginia	5.1%	4.3% (P)	■	■	■	●	■	Tracks the number of unemployed persons as a percentage of the total VA labor force.
Prince William County	5.2%	4.2% (P)	■	■	■	●	■	Tracks the number of unemployed persons as a percentage of the total PWC labor force.
<b>Average Weekly Wages <sup>2</sup></b>								
National	\$1,173	\$1,339	■	■	●	■	■	Tracks the average weekly monetary compensation paid to an employee in the U.S. Excludes bonus payments.
Virginia	\$1,201	\$1,366	■	■	●	■	■	Tracks the average weekly monetary compensation paid to an employee in VA. Excludes bonus payments.
Prince William County	\$1,054	\$1,161	■	■	●	■	■	Tracks the average weekly monetary compensation paid to an employee in PWC. Excludes bonus payments.
<b>Employment Establishments <sup>3</sup></b>								
Virginia	285,723	289,782	■	■	●	■	■	Tracks the total number of physical locations where business, services, or industrial operations are performed in Virginia.
Region	92,339	93,497	■	■	●	■	■	Tracks the total number of physical locations where business, services, or industrial operations are performed in Northern Virginia.
Prince William County	9,690	9,803	■	■	●	■	■	Tracks the total number of physical locations where business, services, or industrial operations are performed in Prince William County.
<b>Revenue</b>								
Retail Sales: National	9.80%	0.60%	■	■	●	■	■	Retail sales tracks the resale of new and used goods to the general public for personal or household consumption.
Sales and Use Tax: Virginia	6.9%	11.1%	■	■	■	●	■	Tracks the percentage of state collections for sales and use tax.
Sales and Use Tax: Prince William County	7.3%	9.9%	■	■	■	●	■	Tracks the percentage of collections for sales and use tax in Prince William County. Current sales tax rate is 6.0%.
Revenue Collections: Virginia	9.0%	17.8%	■	■	■	●	■	Aproximately 88% of Virginia's revenue consists of net individual income tax and sales tax.
<b>Vehicles</b>								
National Automobile Sales	16.81 M	16.95 M	■	■	●	■	■	Tracks the total number of year-to-date light-vehicle sales in the U.S. on a Seasonally Adjusted Annual Rate basis.
<b>Real Estate Market: Prince William County</b>								
Average Sales Price	\$486,639	\$526,022	■	■	●	■	■	Reflects the average sold price for a home.
Closed Sales	652	1,020	■	■	●	■	■	Reflects the number of closed home sales.
Average Days on Market	6	7	■	■	●	■	■	Reflects the average time a home is on the market from listing to closing.
Ratio of Homes on the Market to Homes Sold	0.34	0.44	■	●	■	■	■	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	311	280	■	■	●	■	■	Establishes that a property is suitable for habitation after meeting the requirements of the Uniformed Statewide Building Code.
Building Permits Issued	487	330	■	■	●	■	■	Tracks the number of new building permits issued for residential dwellings.
Commercial Vacancy Rate	6.0%	5.4%	■	■	●	■	■	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  
 (R): Revised  
 (P): Preliminary



## National, State, and Local Trends

*National* Prospects for global economic improvement have been called in to question as the coronavirus Delta variant has driven infections and hospitalizations higher in the U.S. and abroad. The bond market has signaled pessimism regarding the trajectory of U.S. growth by grinding longer term interest rates lower after reaching their 2021 peak in late March. Risk to near term domestic demand was further underscored by the August 13<sup>th</sup> release of the University of Michigan's Consumer Sentiment Index. Consumers indicated a dramatic loss of confidence in the first half of August as the index dropped sharply to 70.2 from 81.2 in July, the lowest reading since December 2011. Deterioration in sentiment was widespread across income, age, education subgroups, and regions. The index's decline was driven by losses in categories that spanned all aspects of the economy including personal finances, and outlooks for inflation and unemployment. Furthermore, renewed COVID related risk has the potential to intensify supply disruptions, adding to price pressures that currently reside in various sectors of the U.S. economy. This issue was highlighted by the Producer Price Index posting a higher than forecast 1.0% month-over-month gain in July, dampening what appeared to be a measure of relief after July's CPI print revealed inflation did not accelerate from the previous month.

Minutes from the Federal Open Market Committee in July suggest Fed officials generally expected prices to ease in the short run, but differences have begun to emerge about the long-term path of inflation. One faction believes there is potential for more persistent upward pressure, while others saw data and market-based measures of inflation casting doubt on progress toward the Federal Reserve's price stability mandate.

The Consumer Price Index (CPI), a measurement of the change in prices paid by consumers for goods and services, displayed anticipated price pressures throughout the quarter, driven predominantly by supply chain bottlenecks and categories sensitive to reopening activity. On a month-over month basis, overall CPI rose 0.9% in June, preceded by increases of 0.6% in May and 0.8% during April. The June report revealed approximately 55% of the CPI increase occurred in six categories - used cars, rental cars, vehicle insurance, lodging, airfares, and food away from home. If energy prices are included, the proportion jumps to 66%. The 10.5% surge in used vehicle and truck prices alone accounted for roughly 33% of the overall rise in June CPI. While persistent low new vehicle inventory has contributed to the escalation of used automobile prices, Manheim reported wholesale used vehicle prices decreased 1.7% over the first half of July compared to June. If used vehicle prices have indeed peaked, a reasonable assumption can be made this category will not continue to boost the index going forward. Airfares, lodging, and food away from home all demonstrated healthy advances over the course of the quarter, as consumers did not hesitate to deploy savings accumulated during the pandemic into services previously mired in restrictions. To date, Federal Reserve officials have signaled they are determined to look through rising prices in categories perceived to have acute short-term supply/demand imbalances that will diminish as the reopening impulse subsides.

Gross Domestic Product (GDP), the broadest measure of economic activity, fell short of forecasts as impacts from supply chain constraints permeated through the economy. GDP expanded at a 6.5% annualized rate during second quarter 2021 following a revised 6.3% pace in the first quarter. The report highlighted the presence of robust household demand coupled with challenges encountered by companies attempting to keep pace with consumer spending. While the headline growth rate of 6.5% may initially be interpreted as underwhelming compared to Bloomberg's median consensus of 8.4%, measurements excluding trade and inventory drag convey vigorous consumer activity. Final sales to domestic purchasers, a gauge of underlying demand, grew for a second straight quarter to 7.9%. Furthermore, when removing government outlays, where a decline in payments to banks processing Paycheck Protection Program loans cut federal spending by 5.0%, final sales to the private domestic sector rose 9.9%. Despite American's insatiable spending appetite during the second quarter, exhibited by a 9.9% decline in the savings rate, economic growth may face challenges in the second half of 2021 in the wake of waning federal support, lingering supply and labor constraints, and uncertainty posed by accelerating COVID-19 cases.

Projections for the number of jobs to be added to the U.S. labor force in April ranged from 700 thousand to 2.1 million. The actual result, 269 thousand. While the April report was a resounding disappointment, the labor market made positive strides through the remainder of the quarter. Non-farm payrolls increased by 614 thousand in May and 938 thousand in June, the strongest print since August 2020. The unemployment rate recorded a net drop of 0.1% during the quarter to 5.9% in June, while the labor participation rate, a key metric the Federal Reserve is expected to utilize to assess labor market health in the months ahead, rose slightly on a quarter-over-quarter basis to 61.6% in June. As the economy has reopened at a brisk pace, demand for discretionary services has increased. During June, the leisure and hospitality sector added 343 thousand workers, with over half the total (194 thousand) concentrated in food services and drinking establishments. State and local education job gains (230 thousand) also contributed toward lifting overall employment growth. Typically, an estimated 600 thousand state and local government positions are eliminated in June. But due to school closures, fewer workers were hired during the school year which translated into less summer layoffs. Notwithstanding the positive trajectory of job gains, National Federation of Independent Business and Institute for Supply Management gauges indicate small and large organizations are struggling to fill open positions amid labor shortages in various sectors.

Diminishing federal stimulus money consumers had leveraged in the first quarter to propel retail sales, combined with a shift in consumption patterns, caused goods purchases to wane as the second quarter progressed. April retail sales posted a modest 0.9% gain, a drop of -1.7% in May, followed by a 0.6% increase in June. Retail sales, normally a closely observed indicator of broader personal consumption, faded in significance as a rotation from goods into services took hold. Wide scale reopening of the economy allowed consumers the opportunity to participate in pre-pandemic activities such as traveling, dining out, and attending sports events and concerts. Details of the June report exposed a pullback in categories that grew earlier in the pandemic, specifically furniture (-3.6%), motor vehicles (-2.0%), sporting goods (-1.7%), and building materials (-1.6%). Pockets of strength were reflected in electronics store sales (3.3%), general merchandise store sales (1.9%), and non-store retailers (1.2%). Absent the recurrence of COVID-19 restrictions for the remainder of summer and into early fall, sales of goods may be uneven if consumers continue to reallocate disposable income into the services sector.

The National Automobile Dealers Association (NADA) reported Seasonally Adjusted Annual Rate (SAAR) new light-vehicle sales of 16.95 million units for the first half of 2021, up 30.6% from the same period last year. Despite the impressive year-over-year gain, new vehicle sales fell in May and June. Although low inventory levels curtailed final sales potential in June, retail and fleet customer demand remained strong. Supply limitations have led many new vehicles to sell at or above MSRP and manufactures to sharply reduce incentive spending. J.D. Power reported 75% of vehicles sold for MSRP or above in mid-June, up 67% from May. Average incentive spending is projected to be \$2,492, the second lowest amount spent per unit on record, and a decrease of \$1,857 from June 2020. Excluding further supply chain disruptions, NADA anticipates manufactures will be working well into 2022 to build enough vehicles to replenish dealer inventories that approach pre-pandemic levels. According to NADA, new retail and fleet vehicle demand is not expected subside over the immediate future, which stand to underpin current pricing dynamics for some time to come.

*State* The Commonwealth reported a budget surplus of \$2.6 billion for fiscal year 2021, the largest in Virginia's history. Spurred on by a 26.4% boost in revenue collections from April thru June, total revenue collections increased 14.5% over fiscal year 2020 and eclipsed the forecast of 2.7% revenue growth. Over the final quarter of fiscal year 2021 total revenue collections touched \$8.6 billion. All major general fund revenue sources including individual non withholding taxes, which represented approximately half of the surplus, payroll withholding, sales, and corporate income taxes all exceeded projections. Governor Northam touted the results, proclaiming "we have effectively managed Virginia's finances through the pandemic, and now we are seeing the results – record breaking revenue gains, a recovery that has outpaced the nation, and recognition as the best place to do business." "Fueled by a surging economy, federal American Rescue Plan funds, and the largest surplus in Virginia history, we have significant resources available to make transformational investments in this Commonwealth."

Virginia's seasonally adjusted unemployment rate fell 0.2% in June to 4.3% and currently stands 4.5 percentage points below the rate from June 2020. The Virginia Employment Commission's June report disclosed Virginia's labor force rose by 4,343 workers to 4,234,360, buoyed by a decline of 5,448 in the number of unemployed residents to 183,799. The Commission reported employment increased during June in six of eleven major categories, led by the government sector (5,900) and trade and transportation (2,000). Of the five categories that shed jobs, the largest decline occurred in the leisure and hospitality space (-4,000). Initial claims for unemployment insurance have continued to trend downward, falling 12% in June from the previous month. Overall, initial claims were 60% lower in June on a year-to-date basis compared to the same period in 2020.

*Local* Steady improvement of economic conditions has continued to facilitate the mending of Prince William County's labor market, marked by a decline in the June unemployment rate to 4.2% from 5.2% in March. Generally, initial claims for unemployment insurance exhibited a downward trend throughout the second quarter of 2021. Initial claims peaked at 1,845 during late April, declined to a low of 175 in early June, and edged slightly higher to 234 during the last week of June. 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. On May 19, 2021, the County received the first installment, totaling \$45.7million, of federal funds issued through the American Rescue Plan Act of 2021 (ARPA). The second installment of a similar amount is expected to be disbursed by the U.S. Treasury Department in May 2022. As was the case with Coronavirus, Aid, Relief, and Economic Security (CARES) Act funds that were received during 2020, County staff will partner with the Board of County Supervisors to review and identify permissible funding options that can be utilized to assist residents and the business community of Prince William County in the recovery process.



# Prince William County Real Estate Market

*Residential Sales Activity* The following highlights are based on Metropolitan Regional Information Systems (MRIS) data for the quarters ended June 2021 and June 2020.

Category	June 2021	June 2020	Increase/(Decrease)
Median Sold Price	\$482,000	\$424,000	13.7%
Units Sold	1,020	780	30.8%
Active Listings	451	415	8.7
Average Days on Market	7	18	(61.1%)
New Listings	1,157	822	40.7%

According to Freddie Mac's Primary Mortgage Market Survey released on August 12, 2021, the average 30-year fixed rate mortgage was 2.87%, approximately 13 basis points lower from the quarter ended June 30, 2021. Despite favorable interest rates for borrowers, an increasing number of homes available for sale, and a modest slowing in consumer traffic, potential buyers continue to face specific hurdles when seeking to purchase a home. Regardless of recent cooling signs in the residential real estate sector, overall supply constraints have fundamentally remained intact. Furthermore, Virginia Realtors June Flash Survey revealed 83.5% of realtors said a buyer's attempt to purchase a home was unsuccessful because another offer was higher, while 68% indicated an offer with better terms was the reason a buyer failed to secure a purchase.

*Commercial Sector* For the quarter ending June 2021, Costar Realty Group (Costar) reported the County's commercial inventory included 50.9 million occupied square feet (sq. ft.) of space in 2,149 buildings with 2.7 million sq. ft. of vacant space. The Virginia Association of Realtors anticipates a continuation of economic improvement throughout the Commonwealth will enhance recovery in the office and retail sectors. The industrial segment is expected to uphold current performance, driven by staunch e-commerce demand and the repositioning of supply chains to select local markets.

# PRINCE WILLIAM COUNTY

## 4th Quarter FY 2021 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 2021 general fund budget of \$1.29 billion.

- \$625.3 million adopted School transfer, in accordance with the County-Schools revenue sharing agreement.
- \$659.9 million adopted County government general fund budget, including transfers.

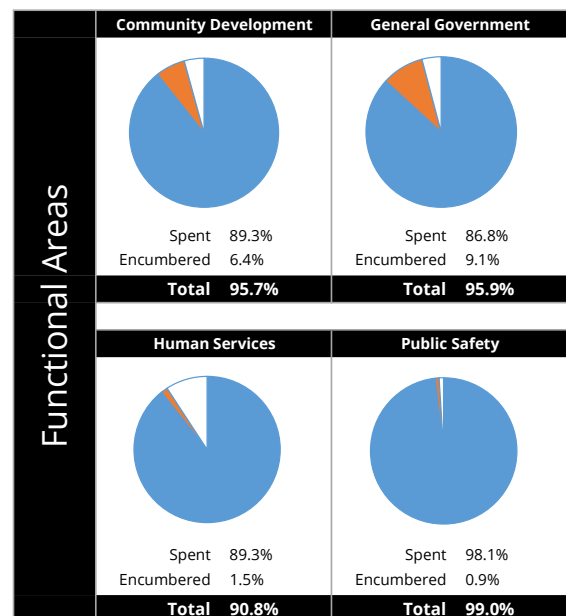
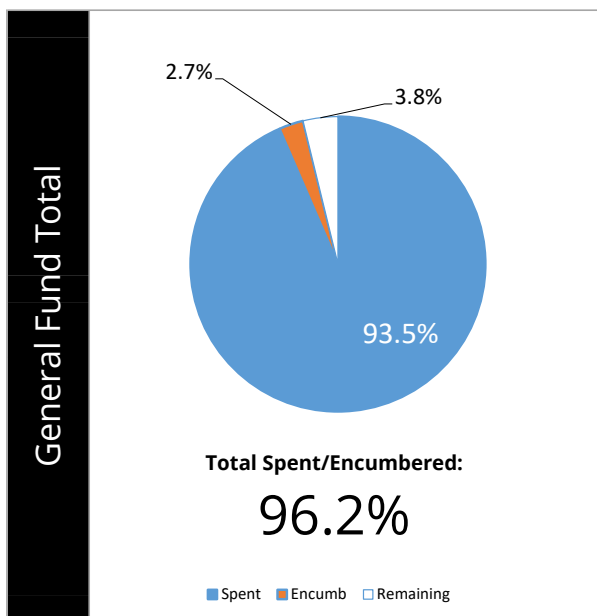
In accordance with State Code, the County cannot exceed the annual legal appropriation. As a result, the County general fund budget will always have a year-end surplus.

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. ***Revised FY 2021 Budget*** – As of June 30, 2021, the revised County government unrestricted general fund budget, excluding transfers, was \$631.0 million.

3. *Fourth Quarter General Fund Expenditures* – As of June 30, 2021, 93.5% of the expenditure budget was spent.
4. *Encumbrances Re-Appropriated into FY 2022* – An additional \$16.9 million of the pre-audit general fund expenditure budget was obligated for encumbrances re-appropriated by the BOCS into FY 2022. Therefore, 96.2% of the FY 2021 expenditure budget was either spent or obligated for encumbrances in the new fiscal year.
5. *FY2021 Unrestricted General Fund Expenditure Savings* – **The County government pre-audit unrestricted general fund expenditure savings is \$24.0 million or 3.8% of the final budget.** The County has expedited a constantly evolving and multi-faceted response to the COVID-19 pandemic, emphasizing community-level response for those individuals, families, and businesses most impacted, as well as ensuring the health and safety of county employees. Discretionary spending within the County was strictly monitored while managing sufficient expenditure savings to offset anticipated agency revenue shortfalls (see below).
6. *COVID-19 Pandemic Impact on Agency Revenue* – The COVID-19 pandemic has impacted agency revenue as many Parks, Recreation & Tourism facilities operated at reduced service hours and capacity throughout the first three quarters of the fiscal year. 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 from the Commonwealth were also significantly reduced due to the challenges of providing specialized education needs in a remote environment. **Pre-audit general fund agency revenue is \$16.4 million below budget.**
7. *Pre-audit General Fund Operating Surplus* – **Excluding general revenue, the net general fund operating surplus from agency operations is \$7.6 million** (\$24.0 million expenditure savings less \$16.4 million agency revenue shortfall). This represents 1.2% of the general fund 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. *FY 2021 Operating Surplus* – Upon completion of the external audit, the FY 2021 operating surplus will be available for sustaining fund balance and reserve requirements identified in the Principles of Sound Financial Management.




\*Totals may not add due to rounding

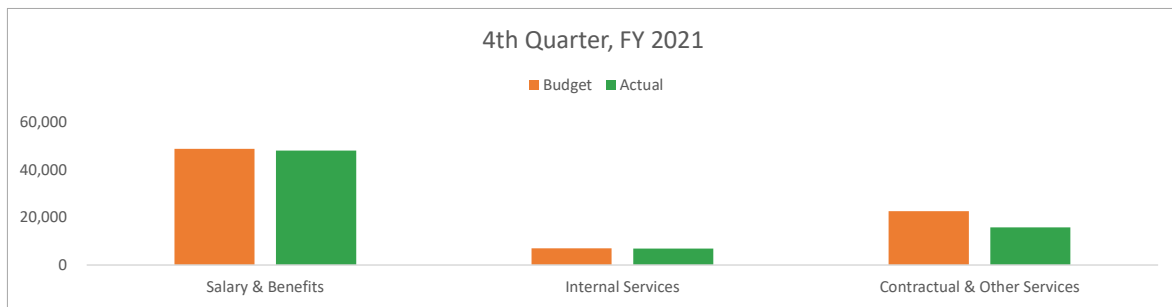
# Community Development Functional Area

(Dollar amounts expressed in thousands)

## Departments & Agencies

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

Functional Area	Spending Category	Budget	Actual	Spent %
<b>Community Development</b>	Salary & Benefits	48,814.53	47,986.38	
	Internal Services	6,976.74	6,961.02	
	Contractual & Other Services	22,601.64	15,736.74	
	Reserves & Contingencies	(3,475.36)	(3,796.36)	
	<b>74,917.55</b>	<b>66,887.77</b>	<b>89.28%</b>	




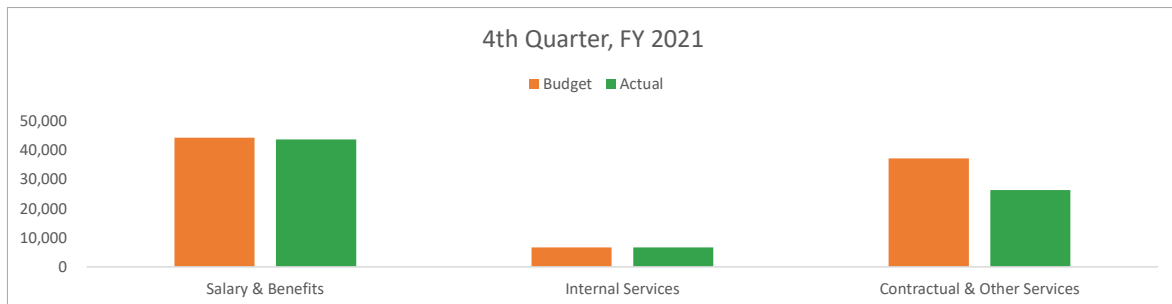
# General Government Functional Area

(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 %
<b>General Government</b>	Salary & Benefits	44,294.93	43,632.94	
	Internal Services	6,698.00	6,673.54	
	Contractual & Other Services	37,209.61	26,302.46	
	Reserves & Contingencies	(3,973.44)	(3,494.12)	
	<b>84,229.09</b>	<b>73,114.83</b>	<b>86.80%</b>	




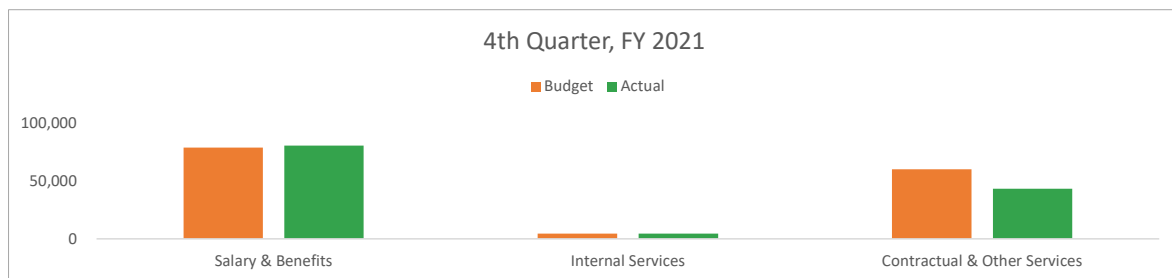
## Human Services Functional Area

(Dollar amounts expressed in thousands)

### Departments & Agencies

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

Functional Area	Spending Category	Budget	Actual	Spent %
<b>Human Services</b>	Salary & Benefits	78,976.62	80,577.73	
	Internal Services	4,571.63	4,483.22	
	Contractual & Other Services	60,050.13	43,221.34	
	Reserves & Contingencies	0.00	0.00	
	<b>143,598.38</b>	<b>128,282.29</b>	<b>89.33%</b>	




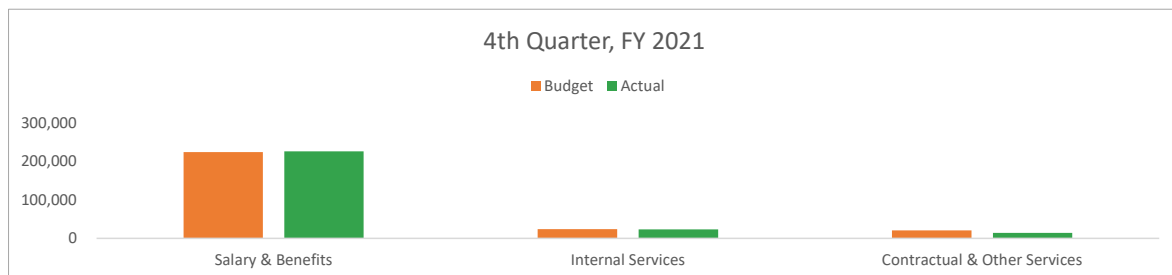
## Public Safety Functional Area

(Dollar amounts expressed in thousands)

### Departments & Agencies







- Circuit Court Judges
- Clerk of the Circuit 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

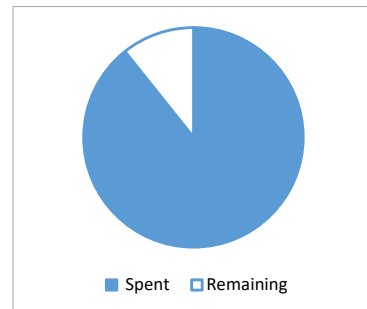
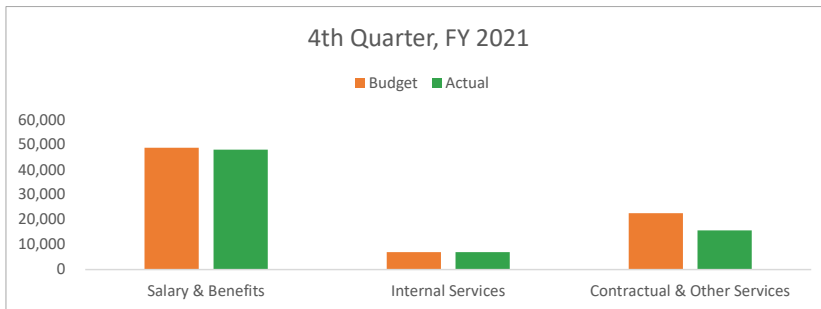
Functional Area	Spending Category	Budget	Actual	Spent %
<b>Public Safety</b>	Salary & Benefits	223,269.63	225,859.17	
	Internal Services	24,162.54	23,265.58	
	Contractual & Other Services	20,616.67	14,012.10	
	Reserves & Contingencies	0.00	(76.40)	
	<b>268,048.84</b>	<b>263,060.45</b>	<b>98.14%</b>	



# Community Development Functional Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Economic Development</b>	Salary & Benefits	2,371.87	2,355.86	
	Internal Services	83.76	83.81	
	Contractual & Other Services	1,746.34	1,502.19	
	Reserves & Contingencies	0.00	0.00	
	<b>4,201.97</b>	<b>3,941.86</b>	<b>93.81%</b>	
<b>Library</b>	Salary & Benefits	14,560.81	13,562.75	
	Internal Services	1,170.58	1,167.28	
	Contractual & Other Services	3,519.57	3,091.45	
	Reserves & Contingencies	0.00	0.00	
	<b>19,250.96</b>	<b>17,821.48</b>	<b>92.57%</b>	
<b>Parks, Recreation &amp; Tourism</b>	Salary & Benefits	23,378.80	22,226.45	
	Internal Services	2,530.18	2,603.26	
	Contractual & Other Services	12,195.71	7,318.16	
	Reserves & Contingencies	(154.00)	(0.16)	
	<b>37,950.70</b>	<b>32,147.71</b>	<b>84.71%</b>	
<b>Planning</b>	Salary & Benefits	1,327.04	1,311.81	
	Internal Services	2,281.41	2,277.54	
	Contractual & Other Services	1,333.97	931.75	
	Reserves & Contingencies	0.00	0.00	
	<b>4,942.41</b>	<b>4,521.09</b>	<b>91.48%</b>	
<b>Public Works</b>	Salary & Benefits	3,601.74	3,849.68	
	Internal Services	710.01	639.71	
	Contractual & Other Services	1,137.94	902.47	
	Reserves & Contingencies	(168.49)	(130.57)	
	<b>5,281.20</b>	<b>5,261.29</b>	<b>99.62%</b>	
<b>Transportation</b>	Salary & Benefits	3,574.27	4,679.83	
	Internal Services	200.79	189.42	
	Contractual & Other Services	2,668.12	1,990.72	
	Reserves & Contingencies	(3,152.87)	(3,665.63)	
	<b>3,290.31</b>	<b>3,194.35</b>	<b>97.08%</b>	












## Notable Variances

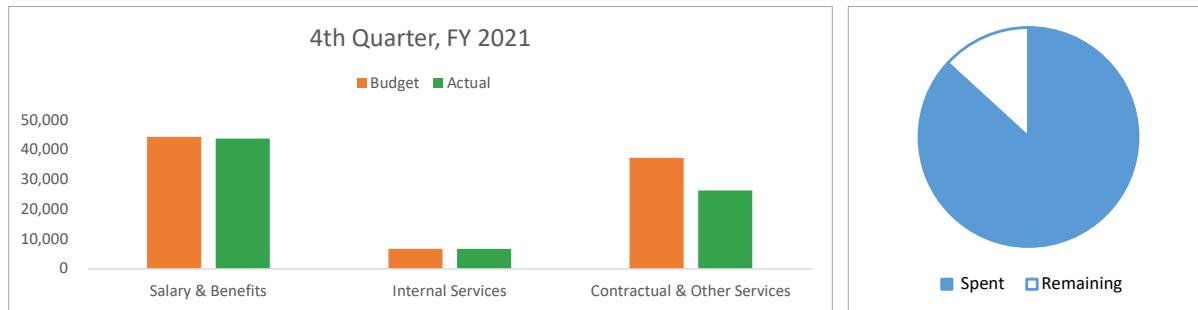
- Economic Development** - Contractual & Other services is underspent due to reduced travel during the COVID-19 pandemic.
- Library** - Salary & Benefits is underspent due to vacancy savings and branch closures during the COVID-19 pandemic. During closures, staff members were reassigned and worked in the County COVID vaccinations call center and were paid by the CARES Act funding. Contractual & Other Services is underspent due to library branches being closed for approximately 2 months during the COVID-19 pandemic.
- Parks, Recreation & Tourism** - Salaries & Benefits is underbudget due to impacts of the COVID-19 pandemic. Contractual & Other Services is underspent due to managing agency revenue shortfalls for FY21 due to facility closures and reduced operating capacity.
- Planning** - Encumbrances totaling \$420K for consultant services associated with the Comprehensive Plan update are not included in the totals. Including the encumbrances, the Planning budget was fully spent.

# General Government Functional Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Board of County Supervisors</b>	Salary & Benefits	3,283.71	2,855.82	
	Internal Services	127.89	127.73	
	Contractual & Other Services	2,045.82	1,335.75	
	Reserves & Contingencies	0.00	0.00	
	<b>5,457.42</b>	<b>4,319.30</b>	<b>79.15%</b>	
<b>County Attorney</b>	Salary & Benefits	3,983.26	3,830.68	
	Internal Services	104.75	104.30	
	Contractual & Other Services	188.14	(55.71)	
	Reserves & Contingencies	(176.93)	(25.77)	
	<b>4,099.23</b>	<b>3,853.50</b>	<b>94.01%</b>	
<b>Elections</b>	Salary & Benefits	2,025.65	1,890.86	
	Internal Services	96.62	100.97	
	Contractual & Other Services	1,711.15	1,125.40	
	Reserves & Contingencies	0.00	0.00	
	<b>3,833.42</b>	<b>3,117.23</b>	<b>81.32%</b>	
<b>Executive Management</b>	Salary & Benefits	3,429.03	3,379.77	
	Internal Services	138.82	137.16	
	Contractual & Other Services	547.79	335.89	
	Reserves & Contingencies	0.00	0.00	
	<b>4,115.64</b>	<b>3,852.82</b>	<b>93.61%</b>	
<b>Facilities &amp; Fleet Management</b>	Salary & Benefits	9,557.52	9,623.13	
	Internal Services	829.36	812.66	
	Contractual & Other Services	26,262.56	20,976.15	
	Reserves & Contingencies	(2,583.76)	(2,256.36)	
	<b>34,065.69</b>	<b>29,155.58</b>	<b>85.59%</b>	
<b>Finance</b>	Salary & Benefits	16,369.16	16,528.24	
	Internal Services	4,705.78	4,696.15	
	Contractual & Other Services	4,754.60	2,246.98	
	Reserves & Contingencies	(523.31)	(595.68)	
	<b>25,306.23</b>	<b>22,875.69</b>	<b>90.40%</b>	
<b>Human Resources</b>	Salary & Benefits	3,492.30	3,452.77	
	Internal Services	595.57	595.57	
	Contractual & Other Services	1,525.27	305.25	
	Reserves & Contingencies	(689.46)	(616.31)	
	<b>4,923.68</b>	<b>3,737.28</b>	<b>75.90%</b>	
<b>Human Rights Office</b>	Salary & Benefits	821.21	744.27	
	Internal Services	30.92	30.92	
	Contractual & Other Services	98.77	15.01	
	Reserves & Contingencies	0.00	0.00	
	<b>950.91</b>	<b>790.20</b>	<b>83.10%</b>	
<b>Management &amp; Budget</b>	Salary & Benefits	1,333.08	1,327.40	
	Internal Services	68.29	68.08	
	Contractual & Other Services	75.50	17.75	
	Reserves & Contingencies	0.00	0.00	
	<b>1,476.87</b>	<b>1,413.23</b>	<b>95.69%</b>	

## General Government Functional Area *(Continued)*








### Notable Variances

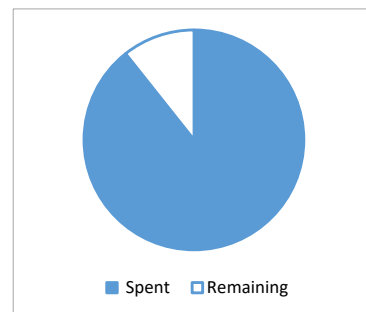
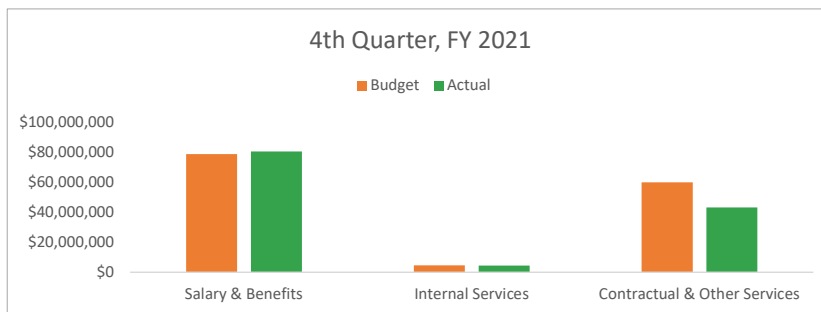
- Elections** - Grant funding received to offset COVID-related expenditures incurred in the Nov. 2020 general election.
- Executive Management** - The Legislative budget of \$120K for contractual federal and state legislative services was not spent in FY21. Alternatively, a temporary legislative liaison was hired.
- Facilities & Fleet Management** - Year end encumbrances of \$4.0M include \$2.0M in various construction projects primarily located at the Judicial Center, \$832K in vehicle replacement and charges for upfitting public safety vehicles, \$334K in repairs & maintenance, \$327K in leases and utilities, and \$327K in equipment and security. Including the encumbrances, the percent budget spent is 97.3%.
- Finance** - Encumbrances totaling \$1.6M include \$497K for the County's audit contract, \$200K for temporary services, \$200K for the Human Capital Management program, \$200K for Grant Writing Services, and \$174K for GASB 87 implementation consulting. Including encumbrances, the percent spent is 96.8%.
- Human Resources** - Year end encumbrances of \$1.2M include goods and services related to new software, temporary staffing costs, and project management services related to the County's Mobius project.
- Human Rights** - Salary & Benefits is underspent due to vacancy savings. Contractual & Other Services is underspent in travel and education as a result of COVID restrictions and vacancies.



# Human Services Functional Area

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Aging</b>	Salary & Benefits	3,287.75	3,467.34	
	Internal Services	206.37	181.61	
	Contractual & Other Services	5,159.12	3,850.99	
	Reserves & Contingencies	0.00	0.00	
	<b>8,653.24</b>	<b>7,499.94</b>	<b>86.67%</b>	
<b>Community Services</b>	Salary & Benefits	37,822.02	39,036.42	
	Internal Services	2,355.49	2,338.13	
	Contractual & Other Services	14,778.57	7,426.00	
	Reserves & Contingencies	0.00	0.00	
	<b>54,956.08</b>	<b>48,800.55</b>	<b>88.80%</b>	
<b>Cooperative Extension Service</b>	Salary & Benefits	1,033.49	1,033.98	
	Internal Services	85.83	85.86	
	Contractual & Other Services	41.39	11.68	
	Reserves & Contingencies	0.00	0.00	
	<b>1,160.72</b>	<b>1,131.51</b>	<b>97.48%</b>	
<b>Public Health</b>	Salary & Benefits	642.92	272.72	
	Internal Services	46.60	42.04	
	Contractual & Other Services	3,070.86	3,336.43	
	Reserves & Contingencies	0.00	0.00	
	<b>3,760.38</b>	<b>3,651.18</b>	<b>97.10%</b>	
<b>Social Services</b>	Salary & Benefits	36,190.44	36,767.27	
	Internal Services	1,877.33	1,835.58	
	Contractual & Other Services	37,000.19	28,596.25	
	Reserves & Contingencies	0.00	0.00	
	<b>75,067.96</b>	<b>67,199.11</b>	<b>89.52%</b>	












## Notable Variances

- Aging** - Senior Centers and the Adult Day Healthcare center have been closed for all of FY21. This resulted in under collection of revenue and minimal expenditures for those programs/services. Additionally, there was a reduced number of participants in the Veterans program.
- Community Services** - Contractual & Other Services is underspent due to COVID-19 necessitating more telehealth services instead of in-person services.
- Social Services** - Mandated state programs were nonoperational due to COVID, specifically Juvenile Services & At Risk Youth/Family services. Contractual services attributed to special education private day school were significantly reduced due to remote learning during the 2020/2021 school year. This reduced expenditure was offset by a revenue shortfall as the County was not reimbursed for the Commonwealth's funding share of these services.




# Public Safety Functional Area

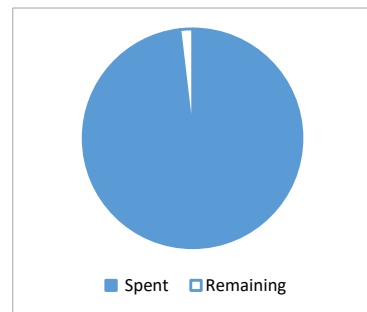
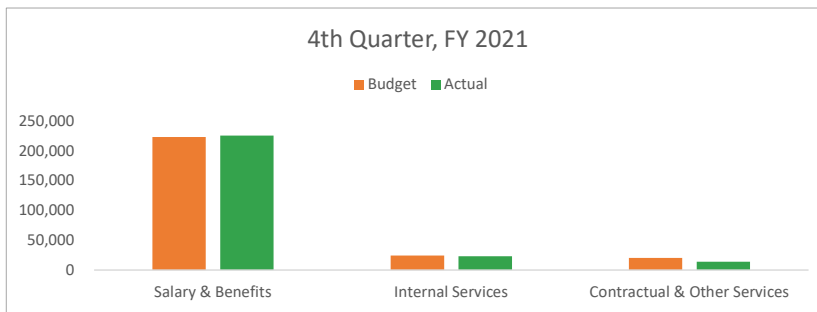
(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Circuit Court Judges</b>	Salary & Benefits	1,034.92	1,044.24	
	Internal Services	36.32	36.32	
	Contractual & Other Services	65.80	56.25	
	Reserves & Contingencies	0.00	0.00	
	<b>1,137.05</b>	<b>1,136.81</b>	<b>99.98%</b>	
<b>Clerk of the Court</b>	Salary & Benefits	3,725.06	3,858.01	
	Internal Services	216.00	216.00	
	Contractual & Other Services	548.28	319.08	
	Reserves & Contingencies	0.00	0.00	
	<b>4,489.35</b>	<b>4,393.09</b>	<b>97.86%</b>	
<b>Commonwealth Attorney</b>	Salary & Benefits	5,953.12	5,967.97	
	Internal Services	227.20	223.11	
	Contractual & Other Services	204.89	162.08	
	Reserves & Contingencies	0.00	0.00	
	<b>6,385.21</b>	<b>6,353.16</b>	<b>99.50%</b>	
<b>Criminal Justice Services</b>	Salary & Benefits	4,571.23	4,489.23	
	Internal Services	219.98	209.13	
	Contractual & Other Services	556.52	337.81	
	Reserves & Contingencies	0.00	0.00	
	<b>5,347.73</b>	<b>5,036.17</b>	<b>94.17%</b>	
<b>Fire &amp; Rescue</b>	Salary & Benefits	89,550.35	91,431.64	
	Internal Services	8,226.28	8,213.56	
	Contractual & Other Services	6,614.85	2,918.70	
	Reserves & Contingencies	0.00	0.00	
	<b>104,391.48</b>	<b>102,563.90</b>	<b>98.25%</b>	
<b>General District Court</b>	Salary & Benefits	516.83	405.59	
	Internal Services	36.16	36.16	
	Contractual & Other Services	192.47	83.79	
	Reserves & Contingencies	0.00	0.00	
	<b>745.46</b>	<b>525.54</b>	<b>70.50%</b>	
<b>Juvenile &amp; Domestic Relations Ct</b>	Salary & Benefits	135.30	132.61	
	Internal Services	30.30	30.30	
	Contractual & Other Services	93.03	82.13	
	Reserves & Contingencies	0.00	0.00	
	<b>258.63</b>	<b>245.03</b>	<b>94.74%</b>	
<b>Juvenile Court Services Unit</b>	Salary & Benefits	636.14	519.41	
	Internal Services	89.82	88.66	
	Contractual & Other Services	373.35	339.26	
	Reserves & Contingencies	0.00	0.00	
	<b>1,099.32</b>	<b>947.33</b>	<b>86.17%</b>	
<b>Magistrates</b>	Salary & Benefits	92.73	88.73	
	Internal Services	18.23	18.23	
	Contractual & Other Services	7.62	10.07	
	Reserves & Contingencies	0.00	0.00	
	<b>118.58</b>	<b>117.04</b>	<b>98.70%</b>	

## Public Safety Functional Area (Continued)

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Police</b>	Salary & Benefits	94,128.45	94,995.40	
	Internal Services	13,785.91	12,951.31	
	Contractual & Other Services	9,125.89	7,479.75	
	Reserves & Contingencies	0.00	0.00	
	<b>117,040.25</b>	<b>115,426.46</b>	<b>98.62%</b>	
<b>Public Safety Communications</b>	Salary & Benefits	10,727.70	10,553.88	
	Internal Services	409.59	403.17	
	Contractual & Other Services	1,960.53	1,540.54	
	Reserves & Contingencies	0.00	0.00	
	<b>13,097.82</b>	<b>12,497.59</b>	<b>95.42%</b>	
<b>Sheriff</b>	Salary & Benefits	12,197.78	12,372.46	
	Internal Services	866.74	839.62	
	Contractual & Other Services	873.46	682.65	
	Reserves & Contingencies	0.00	(76.40)	
	<b>13,937.98</b>	<b>13,818.33</b>	<b>99.14%</b>	




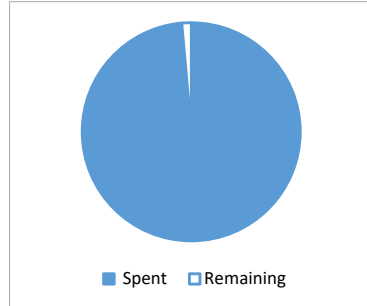
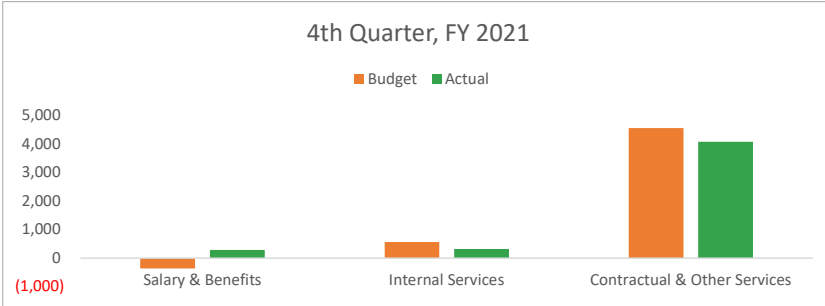
### Notable Variances

- Juvenile Court Services Unit** - Salary & Benefits was underspent due to vacancy savings.
- Public Safety Communications** - The NG911 system was implemented later in the fiscal year than originally scheduled, saving \$275K.

# Non-Departmental


(Dollar amounts expressed in thousands)

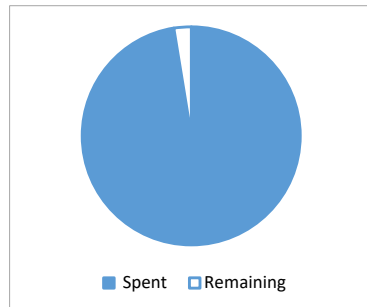
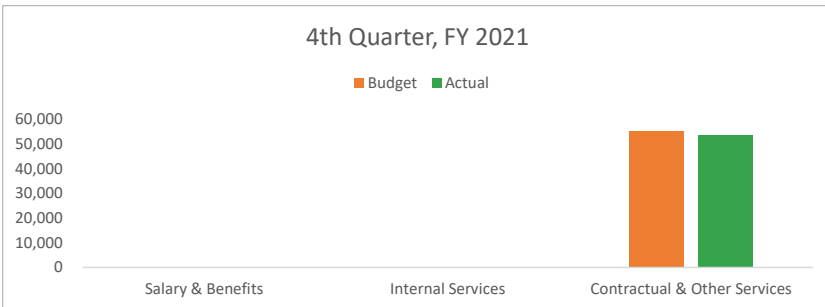
Department	Spending Category	Budget	Actual	Spent %
<b>Non-Departmental</b>	Salary & Benefits	(368.74)	288.85	
	Internal Services	565.00	322.56	
	Contractual & Other Services	4,562.52	4,080.32	
	Reserves & Contingencies	0.00	0.00	
		<b>4,758.78</b>	<b>4,691.73</b>	



# Debt Service

(Dollar amounts expressed in thousands)

Department	Spending Category	Budget	Actual	Spent %
<b>Debt Service</b>	Salary & Benefits	0.00	0.00	
	Internal Services	0.00	0.00	
	Contractual & Other Services	55,431.88	54,014.82	
	Reserves & Contingencies	0.00	0.00	
		<b>55,431.88</b>	<b>54,014.82</b>	





# PRINCE WILLIAM — COUNTY

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