Prince William
Finance

2024

Fiscal Health Outlook Report

Published June 2025

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Introduction

This report provides a framework for monitoring Prince William County's financial condition for fiscal year 2024. The continuous monitoring process utilized herein is a management tool that pulls together information from the County's budgetary and financial reports and combines it with economic and demographic data.

The use of ratio analysis, as well as trend analysis, help gauge the fiscal health of Prince William County. Local trends are compared to both regional and national results to provide a more comprehensive understanding of the County's financial status. The County utilized the services of PFM Financial Advisors, LLC, the County's financial advisor, to prepare this report. Trend data is taken from the County's Annual Comprehensive Financial Report (ACFR) and other financial and accounting records. The sources of trend data for the comparison jurisdictions included in this report are Moody's Financial Ratio Analysis database, Standard & Poor's (S&P's) ratings reports, and financial information from the peer group's respective Annual Comprehensive Financial Reports. The 'triple triple-A' comparison group includes the Virginia counties of Arlington, Chesterfield, Fairfax, Hanover, Henrico, and Loudoun, as well as Anne Arundel and Howard County, Maryland and Wake County, North Carolina.

Most states take a wide variety of approaches to monitor localities' fiscal health as well. In 2017, the Virginia Acts of Assembly directed the Auditor of Public Accounts (APA) Office to establish a system to monitor financial data to identify potential fiscal distress among local governments in the Commonwealth. The three-step process currently consists of the 12 financial ratio analysis, ranking each locality's results in the model determining an overall composite score that serves as a preliminary determination of potential fiscal distress. If a locality scores above a determined point threshold, which is reassessed each year, it will be subject to additional qualitative in-depth analysis that includes demographics, unemployment, and other external factors. The ratio and qualitative analyses could lead to a follow-up review, the final step of the process in determining if a locality is experiencing a fiscal distress situation and requires further intervention from the Commonwealth. The County's total score remains significantly below the threshold and classified as "does not require further follow-up" and has not shown any distress warning signs.[1]

Given its location in the Greater DC Metro region, federal employment and spending reductions could have a negative impact on the County's local economy and therefore, its financial health. The County, as well as the rating agencies, will monitor the evolving situation as they pose a potential credit risk. Additionally, state and local governments nationwide are grappling with tighter economic conditions. Despite these economic headwinds, the County persists in showcasing responsible fiscal management. With an emphasis on forward-thinking planning and judicious decision-making, the County's leadership has upheld financial flexibility and resilience. This dedication to sound fiscal policies has been acknowledged through reaffirmation of the County's credit ratings, underscoring the efficacy of management amid economic uncertainties.

[1] Monitoring for Local Government Fiscal Distress Reports from the Commonwealth of Virginia Auditor of Public Accounts are available at https://www.apa.virginia.gov/local-government/reports?type=fiscal-distress-monitoring

Economy

With no shortage of challenges confronting domestic and international agendas these days, one could be excused for losing sight of the fact that 2025 marks five years since the COVID-19 pandemic wreaked havoc on the global economy. Beginning with a precipitous decline in economic activity to a subsequent rebound in growth and surge in inflation, the pandemic and its reverberations have shaped the economic landscape over the past five years. But as many countries have toiled to recover from the fallout, the U.S. economy's vitality has secured an enviable position on the world stage, leading some economists to introduce the notion of U.S. exceptionalism. Despite the accolade, the nation's recovery has proven to be uneven, often referred to as a K-shaped recovery. The hardship faced by lower income households to keep pace with cost-of-living demands is a glaring reminder that millions of Americans have not captured that coveted slice of exceptionalism.

Since assuming office on January 20, the Trump White House has issued a flurry of executive orders and policy initiatives that have gripped markets and the future of the U.S economy with a palpable level of uncertainty. Crucial to the economic outlook for the nation and global partners will be the extent to which President Trump pursues tariffs, immigration and the reconfiguration of the Federal Government. Given the fluctuating nature of developments over the early days of the Trump presidency, quantifying the potential economic impact amounts to little more than guesswork. William Dudley, former president of the New York Federal Reserve (Fed), suggests if at least a ten percent tariff is imposed on aggregate imports, inflation could increase 0.25% - 0.50% over the next year as importers pass on costs. When assessing the fallout from the Biden administration's clampdown on border crossings, baby boomer retirements and a high labor participation rate among prime-age workers, "modest deportations could hold the annual increase in the labor supply to less than 0.5%." The implication points to a "maximum real GDP growth rate of just 1.5% to 2.5%." Dudley intimates the various factors in play may portend a challenging economic climate for 2025. "Expect higher inflation, elevated interest rates, slower growth and more volatility as markets and the Fed struggle to adjust to Trump's pronouncements and actions. In short, prepare for turbulence ahead."

While the scale of fiscal plans remains uncertain, the Federal Reserve has appropriately maintained a neutral stance amid mixed signals from the President's administration. Recent data suggests that although the economy is slowing, it remains relatively stable. As expected, the Fed kept the Federal Funds rate unchanged at 4.25%–4.50%, citing concerns over the uncertain balance between inflation and growth.

In a notable shift, the Federal Open Market Committee (FOMC) stated that "the risks of higher unemployment and higher inflation have risen," hinting at a potential stagflation scenario. During the post-meeting press conference on May 7, 2025, Chairman Powell described the U.S. economy as "solid," emphasizing that the hard data does not support the weakness seen in consumer sentiment surveys.

Bloomberg Economics commented that markets may be overestimating the likelihood of rate cuts this year, especially in light of the Fed's warning on stagflation. Powell's remarks could temper those expectations, particularly given Bloomberg's view that most FOMC members now foresee a sharp rise in inflation.

The County's leaders closely monitor economic activity across all sectors of the community and assess its impact on the local economy and operations. Identifying County's strengths, weaknesses and vulnerabilities, careful planning of robust scenarios, evaluating the structural balance of the County's budget, maintaining financial agility, and not deviating from practices that have led to the triple-A ratings remain the County's key considerations during the economic period of federal employment and policy changes, slower global growth, inflation, expected slowdown of consumer spending and potential financial market instability.

Executive Summary

A credit rating is an assessment of the general creditworthiness of an entity or the creditworthiness of an entity with respect to a specific debt security or other financial obligation, based on relevant risk factors. Credit rating criteria and methodology have grown in complexity over time, with both quantitative and qualitative analysis involved.

In general rating agencies look at the following primary credit factors – financial/budgetary performance, economy and tax base, debt and pension obligations and governance management.

Rating agencies use a quantitative scorecard approach to provide a composite score of a local government's credit profile based on the weighted factors deemed most important, measurable, and prevalent. The scorecard contains calculated ratios using historical results which provide a basis for the credit rating. Note that each rating agency has a unique weight breakdown among credit factors when compiling their scorecard. The rating agency scorecards are summarized in the tables provided at the end of this report.

Next, the rating agencies make qualitative adjustments when events or certain characteristics of the local government may be more significant determinants of a rating than the pure scorecard weighting might imply.

The adjustments allow for a final rating based on future expectations. Examples of qualitative adjustments include, but are not limited to, the following:

Key:

↑ = Upward adjustment
↓ = Downward adjustment

Financial/Budgetary Performance

↑ Additional borrowable liquidity
↓ Reliance on uncertain federal or state aid
↓ Limited revenue raising ability or restrictive tax caps
↓ Heavy fixed costs
↓ Volatile revenue sources
↓ Large structural imbalance

Economy and Tax Base

↑ Presence or proximity of a university, state capital or nation's capital
↑ Exceptionally high household wealth levels
↑ Expected future development
↑↓ Median home value and real estate values trend
↑↓ Population trends
↑↓ Composition of the workforce and employment opportunities
↓ Expected decline in tax base due to corporate closures or tax appeals
↓ High poverty rate
↓ Revenue diversification

Debt and Pension Obligations

- ↑↓ Unusually rapid or slow amortization of debt principal
- ↑ Established pension or other post-employment benefit (OPEB) reserve
- ↓ Heavy capital needs implying future debt increases

Governance/Management

- ↑ Formal financial policies
- ↑ History of conservative budgeting
- ↑ Active monitoring of budget performance
- ↑ Well-defined plan for restoring structural operating balance and/or replenishing reserves
- ↑ Ability and willingness to adjust in response to economic and financial pressures
- ↓ Reliance on cash flow borrowing
- ↓ Weaknesses in best practices
- ↓ Political polarization that makes budgeting and decision-making difficult

The following chart provides a summary of the overall credit strengths and weaknesses of the County as last reported in September 2024 by the three major credit rating agencies, Moody's Investors Service (Moody's), S&P Global Ratings (S&P) and Fitch Ratings (Fitch).

Prince William County

Credit Strengths and Weaknesses

Positives	Negatives
Economy & Demographics	**Economy & Demographics**
• Sizeable & growing tax base • Diversifying local economy • Affordable cost of living compared to other localities in D.C. metro area • Unemployment rate below national and state averages	• County's real gross domestic product (GDP) per capita as percentage of U.S. real GDP lags the nation
Financial Condition	**Financial Condition**
• Stable reserve and liquidity position • Very strong budgetary flexibility, general fund available reserves at 17.4% of general fund operating revenues • Predictable general fund operating performance, highlighted by a history of general fund surpluses • Maintenance of capital reserve fund for pay-go capital	• Fund balance levels below similarly rated counties nationwide • Population growth and rising debt may lead to some expenditure pressure in future years
Debt and Pension	**Debt and Pension**
• Long-term liabilities remain manageable • Conservative debt management practices	• Debt and pension burdens slightly above Aaa median
Management	**Management**
• Strong management team supported by formal fiscal policies and very strong financial practices • Use of multi-year forecasting tools and frequent budget monitoring	• None

Source: Moody's report dated September 11, 2024, S&P's report dated September 20, 2024, and Fitch's report dated September 20, 2024.

In 2024 Fitch and S&P released new methodologies for rating local government credits. In September 2024, the County was rated under these new methodologies for the first time. Under Fitch's new criteria, the County scored particularly well on demographic and economic metrics. Under S&P's new criteria, the County scored exceptionally well in the reserves and liquidity and management categories. And after making all qualitative adjustments to their rating metrics, either upward or downward, the County's triple-A ratings were affirmed by all three rating agencies. Triple-A is the highest rating from each agency and signals that the County has an "extremely strong capacity to meet financial commitments."

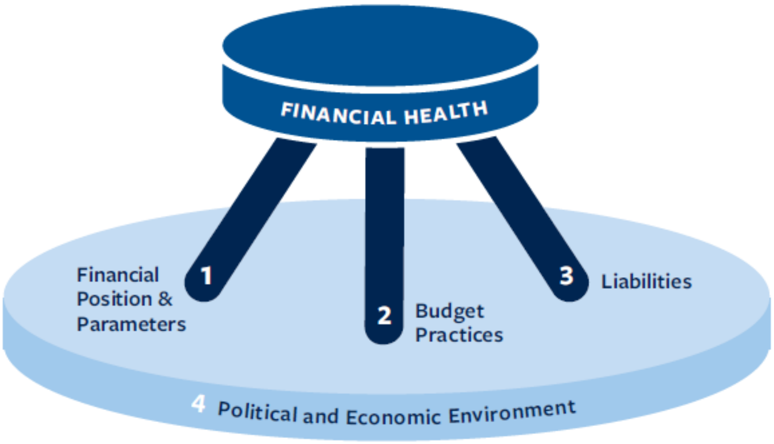
The rating agencies also review and report on environmental, social and governance (ESG) factors. Moody's and Fitch report explicit ESG scores. From Moody's, the County maintains a credit positive score "reflecting strong social and governance risks, and neutral-to-low exposure to environmental risks". From Fitch, the County maintains credit-neutral ESG score.

The ability for the County to receive and maintain a triple-A rating is important as it reflects the County's ability and willingness to pay its obligations, thereby increasing demand for the County's bonds and reducing overall borrowing costs. Furthermore, the triple-A rating signals fiscal stability and good governance to businesses looking to locate within Prince William County.

In this report, the County uses 2024 fiscal year-end results to calculate several of the key factors used in the credit rating evaluation. Additionally, as a result of the new methodologies some reporting elements have changed, providing a more condensed report yet still maintains essential content. The charts depicting the County as compared to its peer group show County data as either "green" or "yellow". A green bar reflects the achievement of triple-A status for that particular metric, while a yellow bar indicates a rating of double-A or A.

Fiscal Stability

According to the Government Finance Officers Association (GFOA) a financially sustainable community provides services to citizens within its available means while proactively taking measures to build and preserve its ability to provide services in the future. The Financial Health Model below depicts a three-legged stool comprised of sound financial position and parameters, flexible budget practices and manageable liabilities. The stool sits on a foundation made up of the political and economic environment.



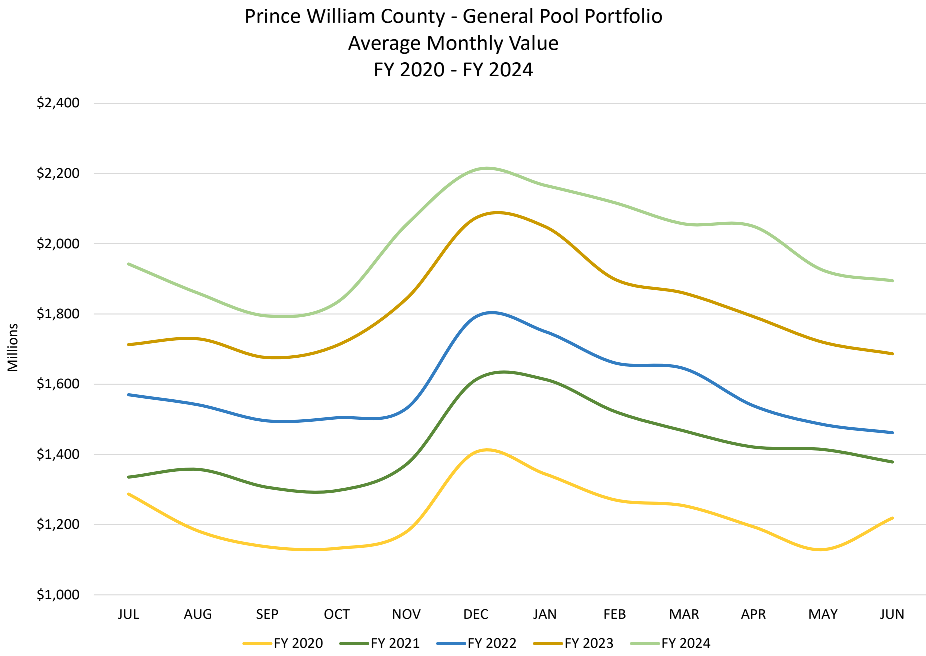
Source: Government Finance Officers Association

These are the same factors the rating agencies assess when assigning a bond rating to a municipality. While the County is a 'triple triple-A' jurisdiction, as affirmed in September 2024, there are some areas that are not as strong as others. As previously noted, each rating agency also looks at qualitative factors - namely the political environment, governance, and additional economic, financial and debt factors - and can make adjustments to a score based on that assessment. Moody's, for example, noted a contributing factor to the County's 'Aaa' rating was "steady tax base growth and economic stability," as well as its "stable financial position supported by strong management". Similarly, S&P highlighted a "growing tax base," along with "well-embedded and conservative management practices and planning culture".

Financial Position

Cash

One of the areas assessed related to financial position is cash balance or liquidity. Increases in portfolio size typically come from additions to fund balance/year-end savings as well as a portion of annual revenue growth. The County's General Pool Portfolio has seen average growth of approximately 11.4% since 2020. The staggered receipt of federal stimulus funds and budget surpluses played key roles in maintaining a higher-than-normal average portfolio balance throughout fiscal years 2020 and 2021. During fiscal years 2022 - 2024, average portfolio growth was driven by unspent federal stimulus payments, higher than anticipated budget surpluses and a rising interest rate environment triggered by the Federal Reserve's monetary response to inflationary pressure.

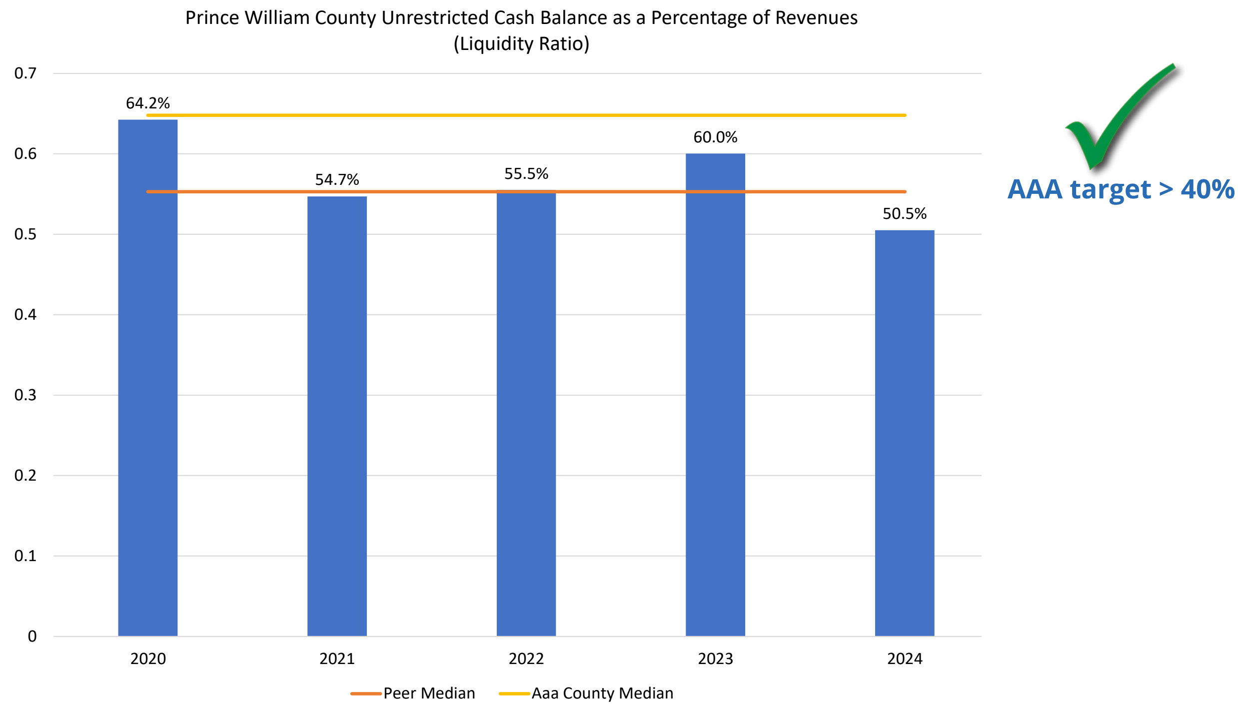


Source: Prince William County, Department of Finance – Treasury Management

Liquidity

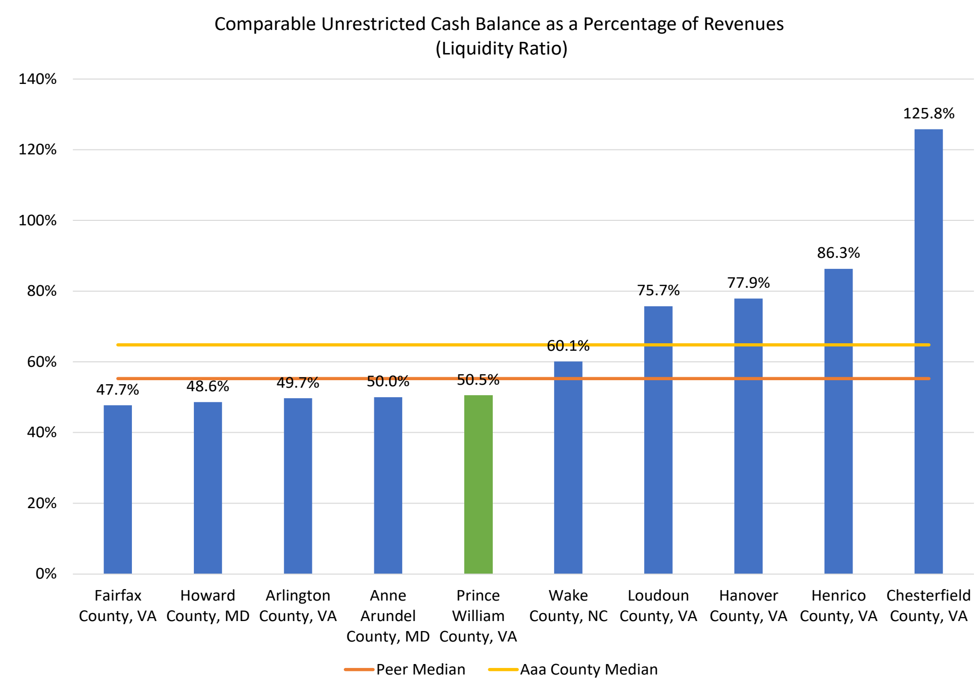
Liquidity ratios analyze the ability of an organization to pay off both its current liabilities as they become due, as well as its long-term liabilities as they become current. In other words, these ratios show the cash balance levels of the County and the ability to turn other assets into cash to pay off liabilities and other current obligations. Cash basis liquidity measures assess the County's relative degree of financial cushion. A good indicator of liquidity level is the cash cushion available to an entity at the end of the fiscal year.

Moody's examines the historical cash balance as a percentage of revenues to determine whether an entity has a strong or weak cash margin. A history of weak year-end liquidity signifies a tight cash position with little buffer available if revenues unexpectedly decline. Moody's 'Aaa' target for this liquidity metric is greater than 40%. The liquidity ratio looks at entities' unrestricted cash in total governmental activities, total business type activities and the internal services funds, net of short-term debt from operating funds. The County is currently at 50.5% and rates 'Aaa' in this category, with unrestricted cash balances exceeding $1.032 billion on June 30, 2024.



Source: Moody's Financial Ratio Analysis database

The chart below compares Prince William County to the peer group median and the median of all 'Aaa' rated counties in the nation for historical cash balance as a percentage of revenues. The County is below both the peer median and the 'Aaa' county median of 64.8%.



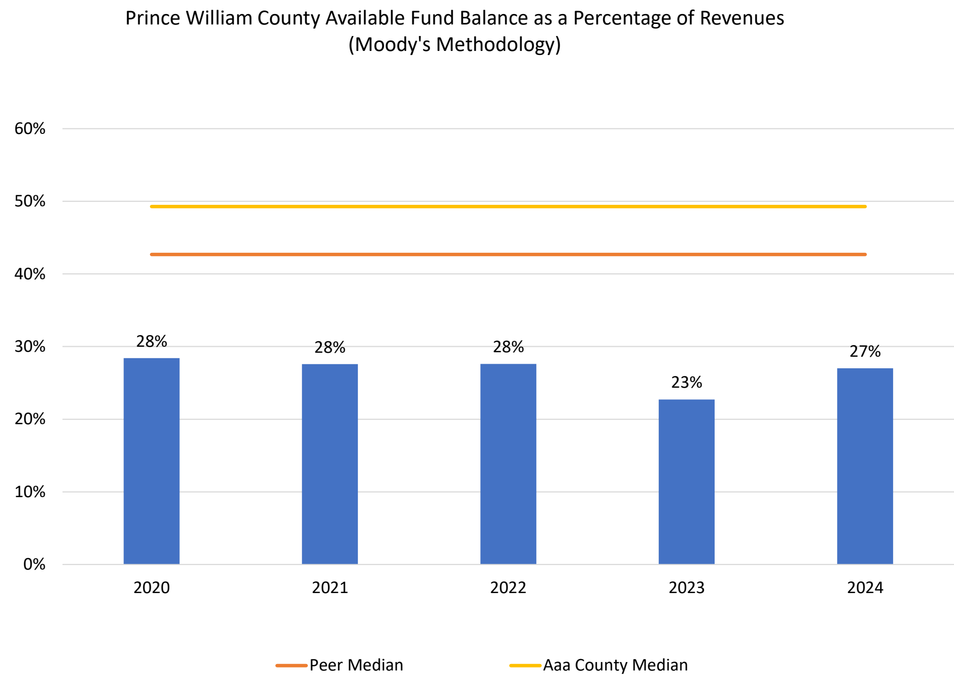
Source: Moody's Financial Ratio Analysis database

Fund Balance

Fund balance is another factor the rating agencies assess to measure financial position. Typically, a proprietary reporting unit reports all related assets and liabilities with the difference between the two reported as net assets, or a measure of net worth. Because Governmental Funds (i.e., general fund, special revenue funds and capital projects funds) report only a subset of related assets and liabilities, the difference between the two is closer to a measure of liquidity, rather than net worth, and could be compared to the term "working capital" in the private sector.

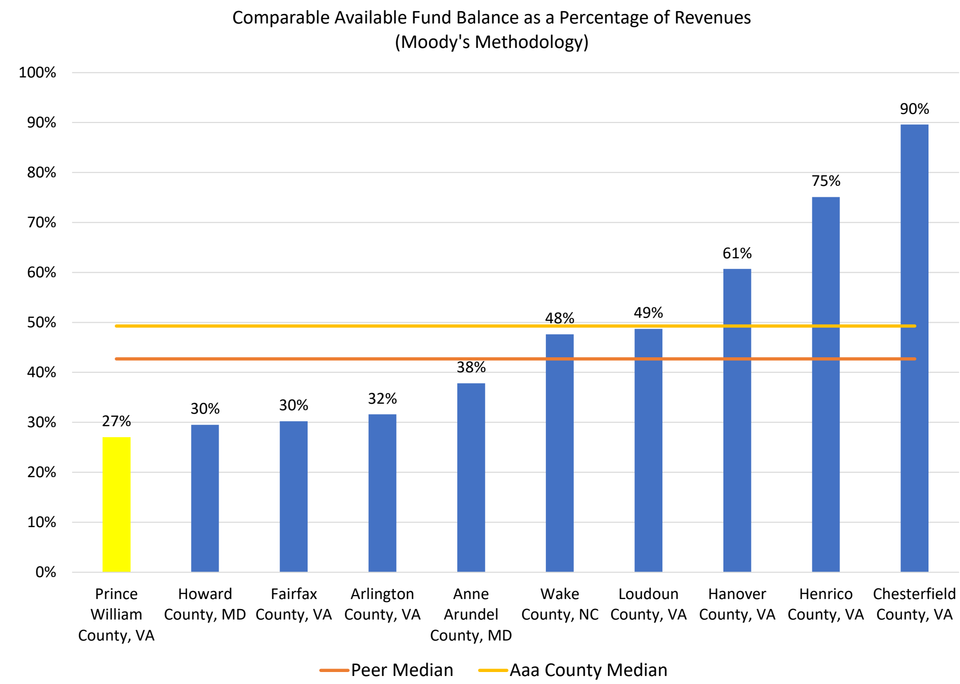
Fund balance ratios generally reflect an entity's revenue and expenditure policies under Generally Accepted Accounting Principles (GAAP), and therefore, show the effects a locality may have taken to balance its budget. Valuable information about both the past and the future is communicated through these ratios. Existing levels of fund balance depict the cumulative effects of an organization's financial history and identify the liquid resources available to fund future liabilities and unforeseen contingencies.

Moody's measures total fund balance as a percentage of revenues, a measurement of "available balances." Moody's 'Aaa' target is greater than 35%. This ratio includes available fund balance plus net current assets to revenue to assess the ability to meet current and short-term financial obligations. This calculation includes revenue from total governmental funds and business-type activities. The County does not score 'Aaa', but rather with 27.0%, scores in the 'Aa' category on a pure quantitative scorecard basis.



AAA target > 35%

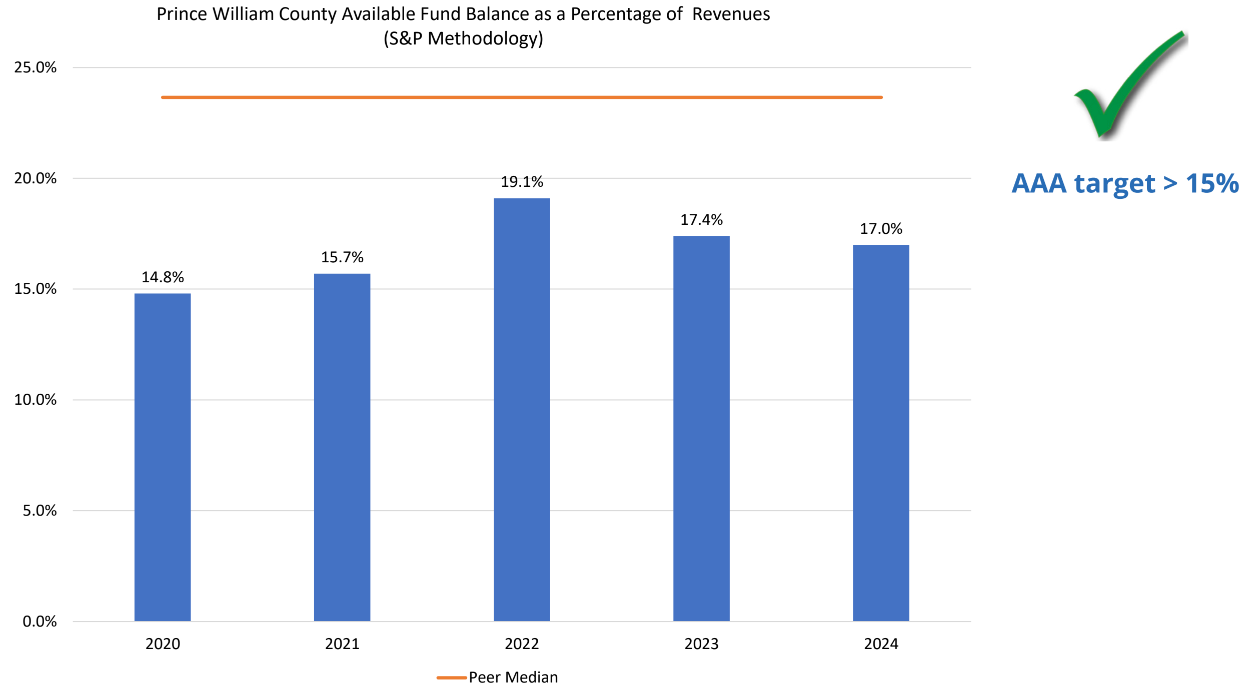
Source: Moody's Financial Ratio Analysis database



AAA target > 35%

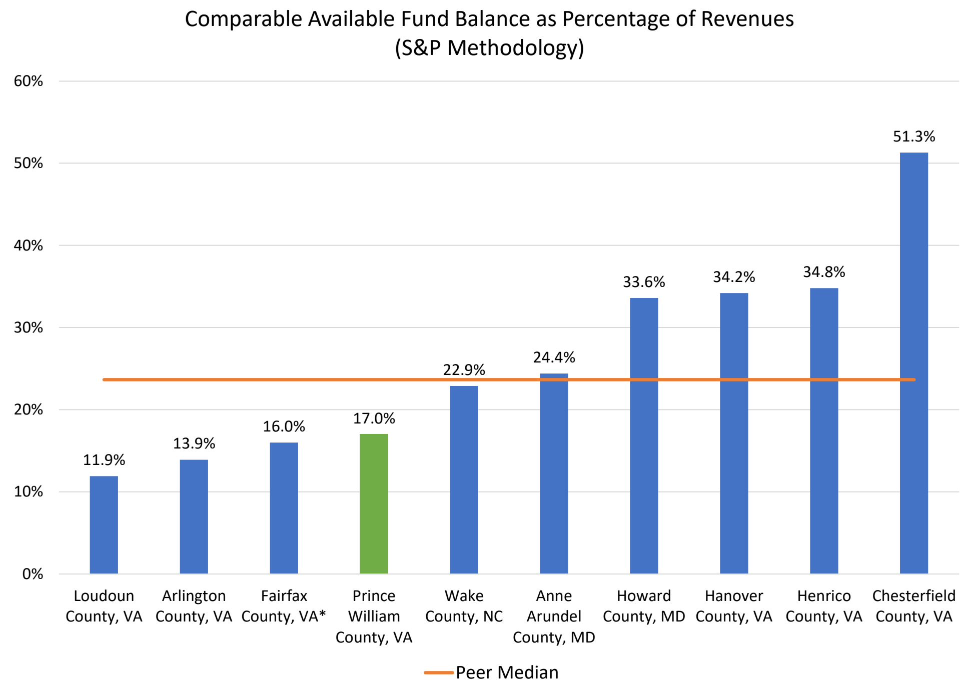
Source: Moody's Financial Ratio Analysis database

New to the 2024 report, S&P measures available fund balance relative to General Fund revenues. This ratio includes available General Fund balance which is comprised of unassigned, assigned, and a portion of committed fund balance. S&P's 'AAA' target is greater than 15%. The County scores in the 'AAA' (the strongest) category for this metric, with a ratio of 17.0%.



Source: County's S&P report, dated September 20, 2024 for FY 2021 – FY 2023. FY 2020 & FY 2024 is estimated by PFM.*General Fund Balance includes assigned, unassigned, committed capital reserve, and committed revenue stabilization reserve

The next chart illustrates the same fund balance metric as compared to the County's peers. The County scores below the median for its peer group.



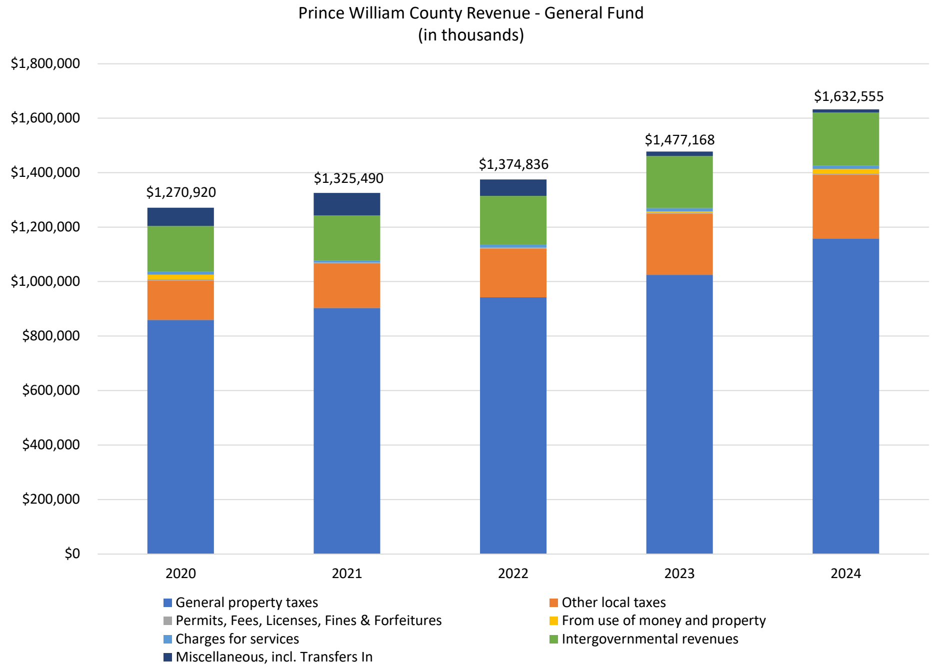
Source: Reflects PFM's estimate of FY 2024 credit ratios unless denoted by *

* Reflected S&P report for FY 2024

Budgetary Practices

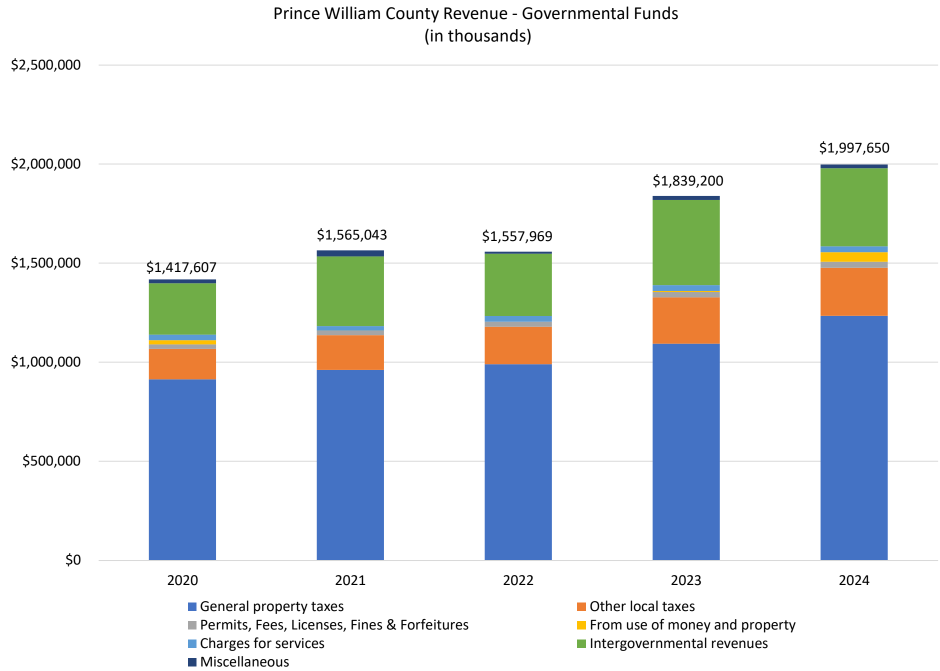
Revenues

A financially sustainable position includes flexible budget practices. This includes adjusting predictions in forecasting revenues and expenditures to meet obligations or raising revenues. The last five years General Fund revenues and transfers in are depicted below. Various categories of revenue are shown, including general property taxes, which remains the largest source of revenue for the County with a steady year-over-year increase. The General Fund revenues are used in S&P's General Fund Operating Result ratio on page 16.



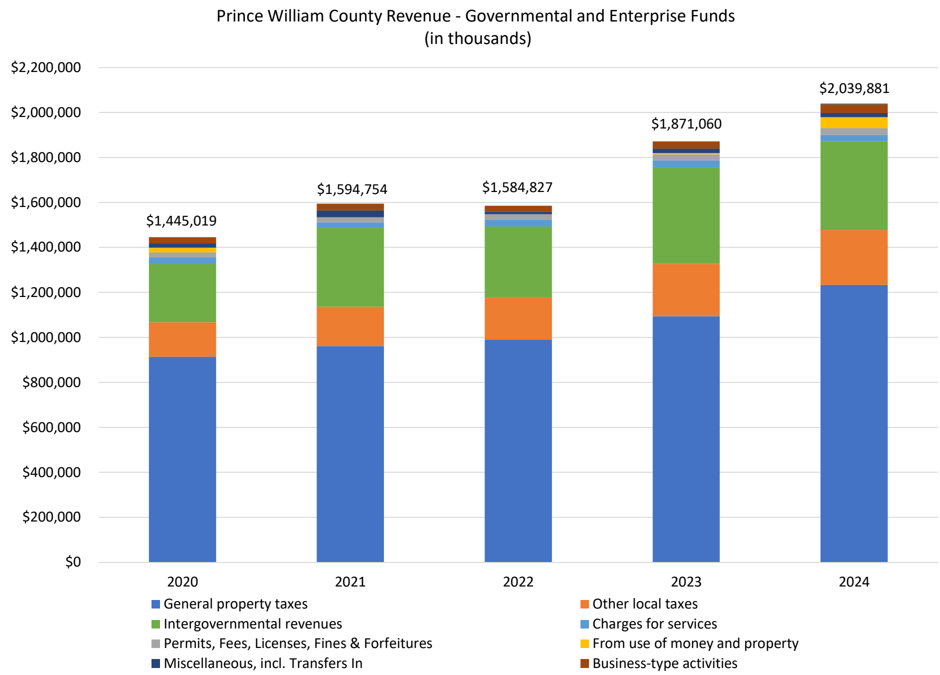
Source: Prince William County Annual Comprehensive Financial Report FY 2020-2024, Exhibit 5.

The following chart shows Governmental Funds revenues that, in addition to General Fund revenue, include Special Revenue Funds, and Capital Projects Funds revenues.



Source: Prince William County Annual Comprehensive Financial Report FY 2020-2024, Exhibit 5.

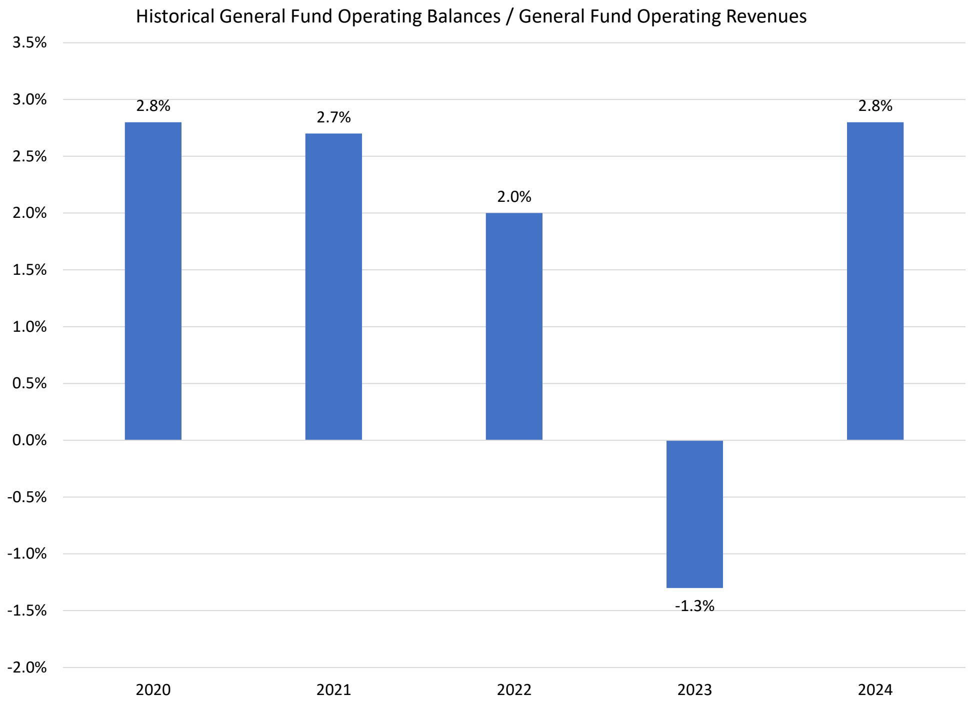
Several Moody's ratios, such as Liquidity ratios and Fund Balance are reported in the Financial Position section that starts on page 9 and Long-term Liabilities and Fixed Cost ratios reported in the Liabilities section on page 20, use total Governmental and Enterprise Funds revenues that are presented in the following chart.



Source: Prince William County Annual Comprehensive Financial Report FY 2020-2024, Exhibits 5 and 8.

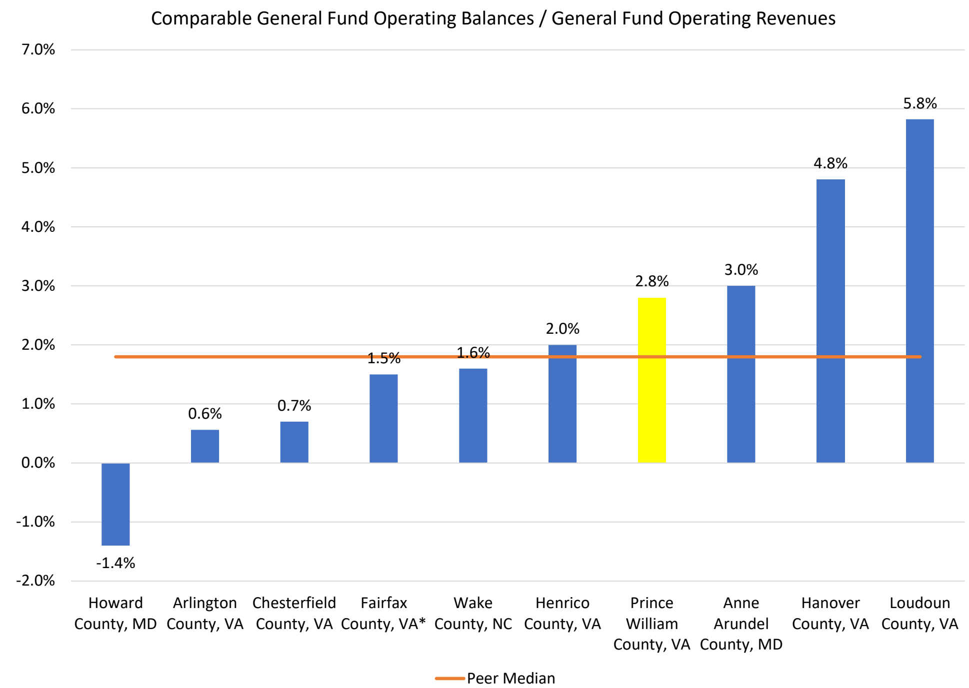
Budget Strength Measurement

The rating agencies measure the magnitude of revenues that exceed expenditures at year end. Thus, S&P measures the County's historical general fund operating balance* (excluding School Division and, beginning with fiscal year 2020, Fire and Rescue Levy funds), surplus or deficit, as a percentage of general fund operating revenues. Prior to 2024, the S&P metric was a percentage of general fund expenditure. The 3-year average of this metric is what is used in the scorecard. The 'AAA' target is greater than 3%. The County's metric for fiscal year 2024 is 2.8% with a 3-year average of 1.2%, above the peer median of 1.8%.



AAA target > 3%

Source: County's S&P report, dated September 20, 2024, for FY 2021 – FY 2023. FY 2020 & FY 2024 are estimated by PFM. *General Fund Balance includes assigned, unassigned, committed capital reserve, and committed revenue stabilization reserve



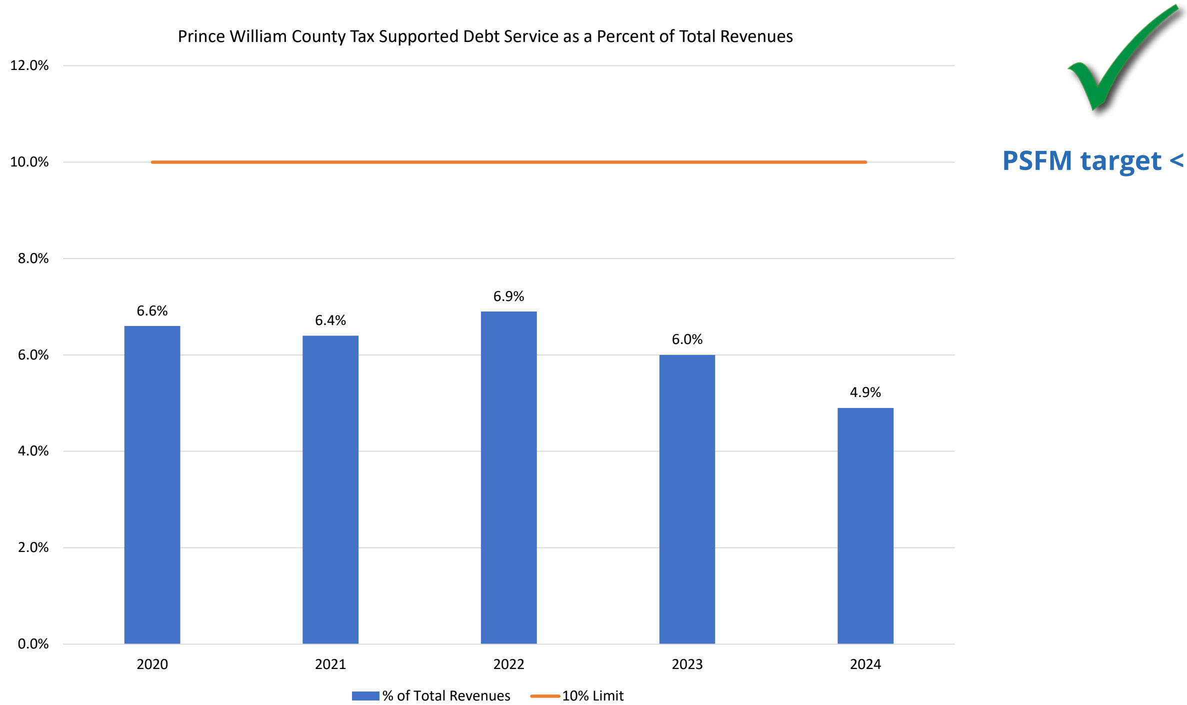
Source: Reflects PFM's estimate of FY 2024 credit ratios unless denoted by *

* Reflected S&P report for FY 2024

LIABILITIES

Debt and Pensions

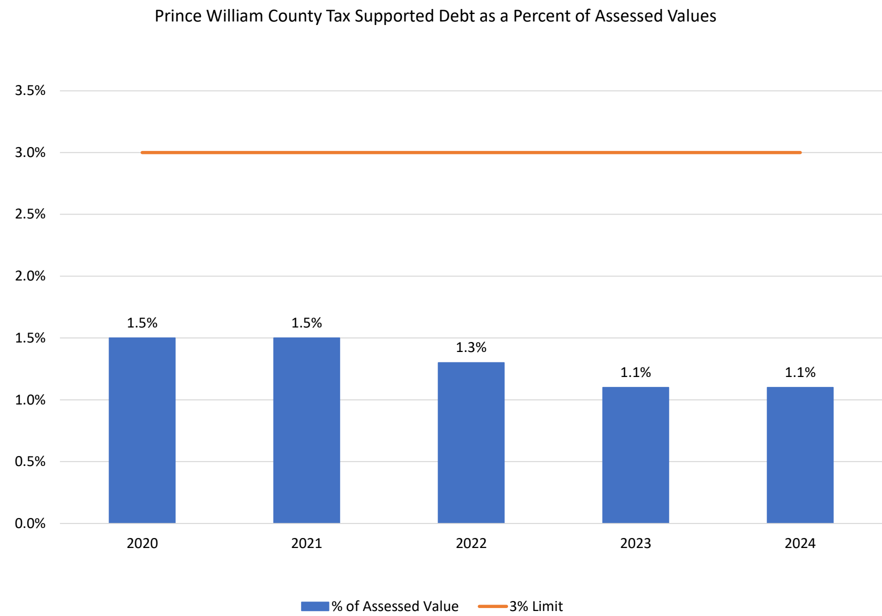
The last component of a financially sustainable community are manageable liabilities. Rating analysts seek to assess an entity's debt burden and debt affordability, taking into account the debt structure. Within the Principles of Sound Financial Management (PSFM), the County established guidelines for debt management, including self-imposed debt limits, which is a credit strength. The first self-imposed limit measures total debt service as a percentage of total revenues and may not exceed 10%. For fiscal year 2024, the County debt service measured 4.9% of total revenues.



PSFM target < 10%

Source: Prince William County Annual Comprehensive Financial Report FY 2024, Table 14.

The second self-imposed limit states that total tax supported debt will not exceed 3% of net assessed values of taxable real and personal property. At 1.1% for fiscal year 2024, the County continues to maintain debt below this limit.



PSFM target < 3%

Source: Prince William County Annual Comprehensive Financial Report FY 2024, Table 14.

Prince William County's debt capacity forecast represents County management's commitment to maintaining debt service at less than 10% of total revenue. The calculations are based on current existing debt, as of June 30, 2024, plus debt for projects included in County's Adopted Capital Improvement Program (CIP) for fiscal years 2025-2030, and the County's projected revenue, as detailed in the table below.

Prince William County Debt Capacity Forecast

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total existing and CIP debt service, incl. Schools[1]	$144,820,810	$154,317,238	$170,410,262	$201,280,685	$211,188,496	$222,792,318
Percent change from prior year	2.10%	6.56%	10.43%	18.12%	4.92%	5.49%
General Revenue (in thousands)[2]	$1,591,879	$1,732,674	$1,807,906	$1,889,734	$1,974,751	$2,063,874
Growth	7.78%	8.84%	4.34%	4.53%	4.50%	4.51%
Total Revenue (in thousands)[3]	$3,103,896	$3,378,423	$3,525,112	$3,684,663	$3,850,432	$4,024,207
Debt service as a percentage of Total Revenue	4.67%	4.57%	4.83%	5.46%	5.48%	5.54%
PSFM imposed limit	10%	10%	10%	10%	10%	10%

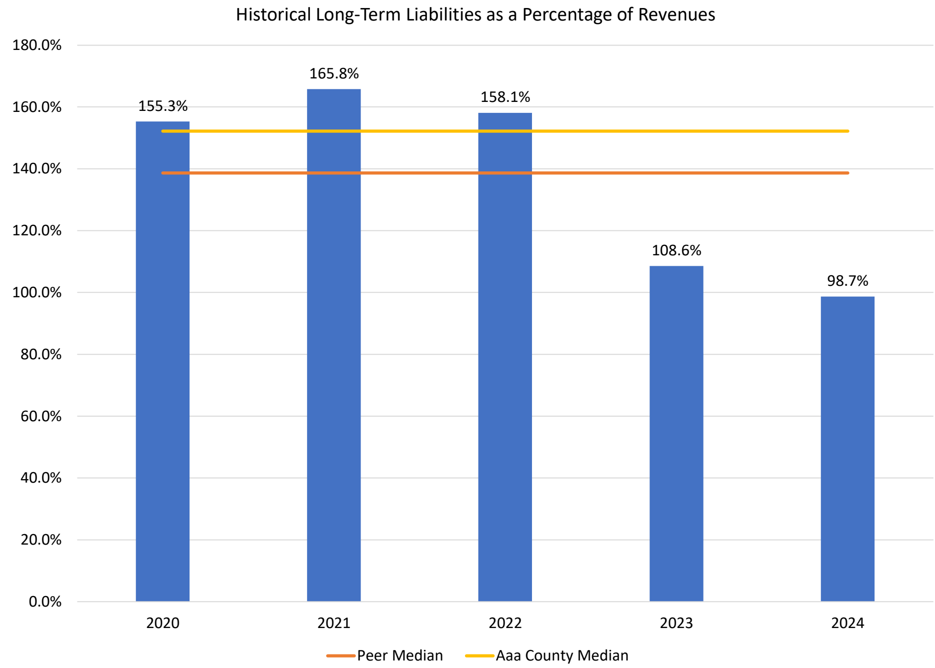
Source: 1 Adopted FY 2026 Budget, April 2025 including Schools CIP estimate.

2 FY 2025 Quarterly Revenue and Expenditure Updates for FY 2025 Forecast; Projections of General County Revenue report for FY 2026-2030 Forecast

3 Total Revenue estimates are calculated based on the most recent revenue numbers as shown in FY 2024 ACFR, Table 14.

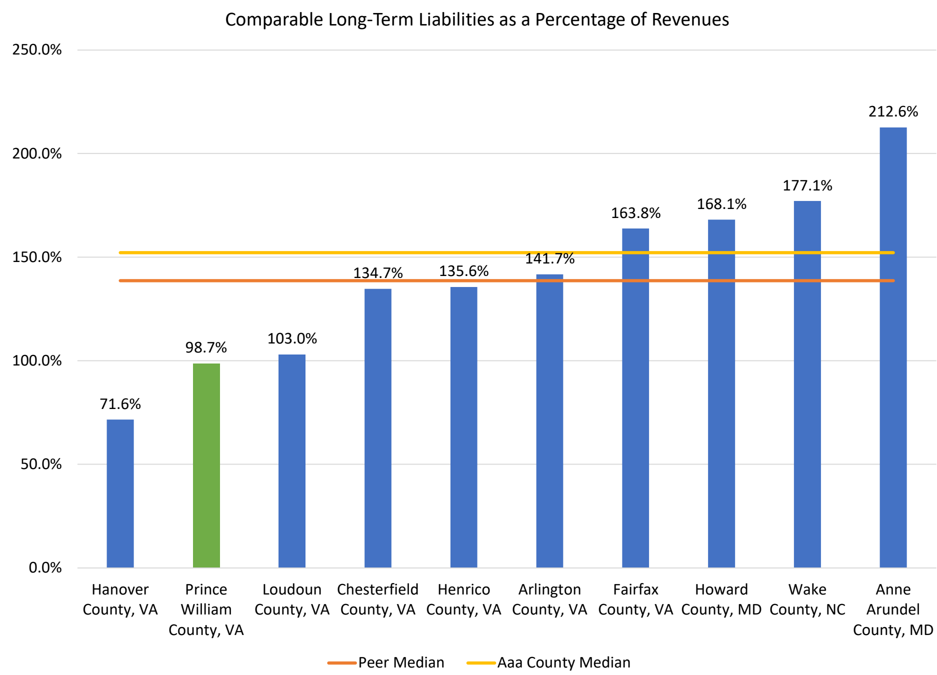
They include General Fund, Special Revenue Funds, School Board and ADC component units revenues.

In addition to debt, rating agencies assess pension liability. Unfunded pension liabilities represent a long-term liability that can present future budgetary pressures if not reduced. One of Moody's financial performance metrics in debt and pension obligations expresses the potential budgetary impact of long-term liabilities, including pension and other post-employment benefit (OPEB) liabilities, in addition to outstanding debt, and speaks to the relative affordability of debt obligations based on current revenue sources. The 'Aaa' target is less than 100%. The County's ratio of 98.7% scores in the 'Aaa' range and better than the peer group and Aaa medians of 138.7% and 152.2%, respectively.



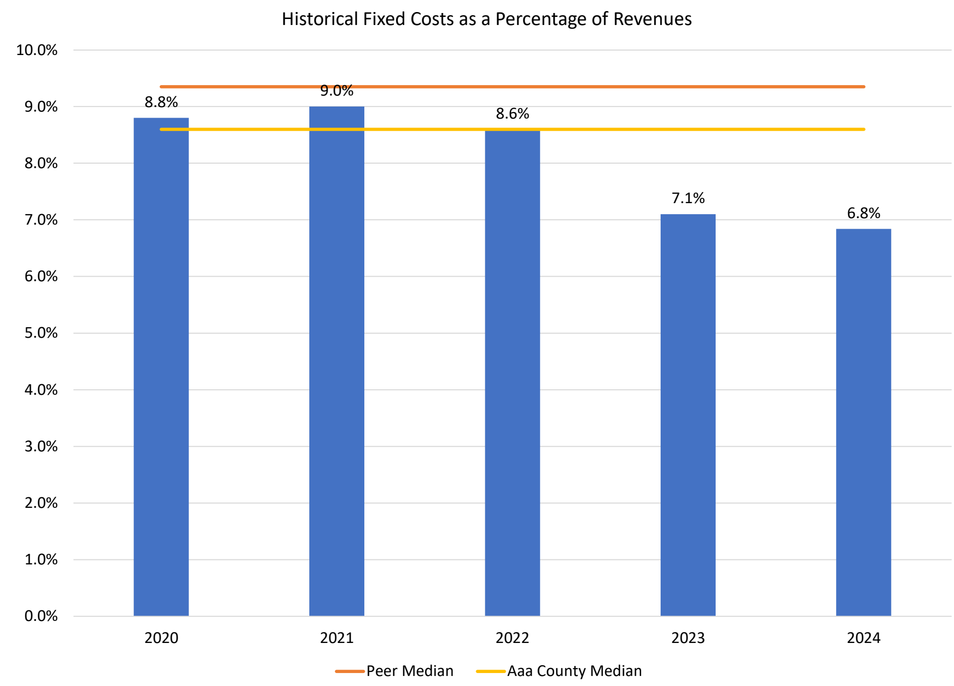
AAA target < 100%

Source: Moody's Financial Ratio Analysis database



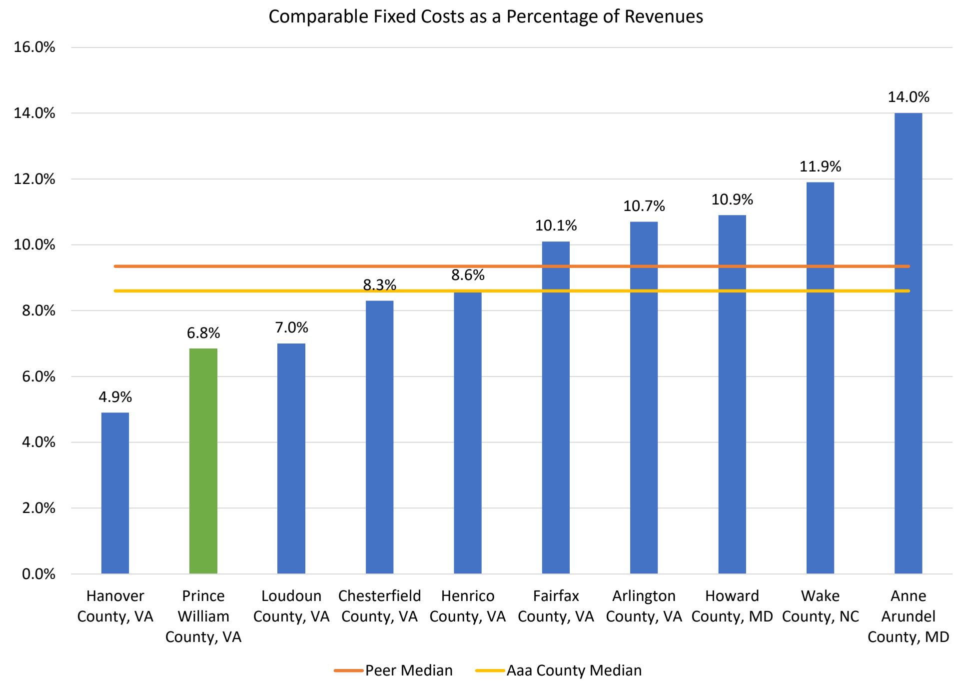
Source: Moody's Financial Ratio Analysis database

Another sub-factor in Moody's Leverage category is the fixed-costs ratio. It measures estimated annual fixed costs associated with outstanding debt, pensions, OPEB, and other long-term liabilities relative to total governmental and business-type revenues. Debt and other long-term liabilities fixed costs in this ratio are calculated by Moody's through their implied debt service calculation using the 10-Average of Bond Buyer 20-Bond GO Index as of December 31, 2024. The 10-Average of Bond Buyer 20-Bond GO Index tracks the average yields of 20-year general obligation municipal bonds with Aa2/AA credit ratings over a 10-year period. Pension fixed costs are calculated by Moody's through their tread water indicator calculation. The tread water indicator is an estimate of the annual pension contribution necessary to prevent growth in unfunded liabilities. The County rates 'Aaa' in this category at 6.8% and scores better than the peer group and Aaa medians of 9.4% and 8.6% respectively.



AAA target < 10%

Source: Moody's Financial Ratio Analysis database



AAA Target < 10%

Source: Moody's Financial Ratio Analysis database

ECONOMIC ENVIRONMENT

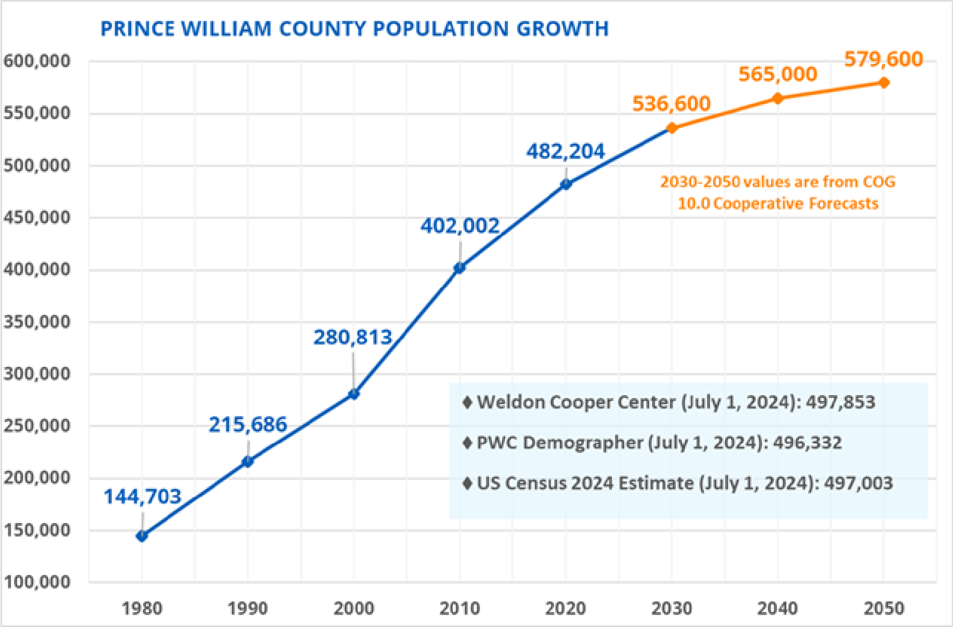
The political and economic environment begins with the governing body. The rating agencies look at the stability of the Board of County Supervisors, adherence to the Principles of Sound Financial Management and consistency in operations. Governance factors capture an organization's willingness to make proactive policy decisions to ensure the maintenance of a strong financial position and reliable financial cushion. Rating agencies report that entities that attempt to increase expenditures for popular services and programs and simultaneously pledge not to raise taxes or cut other programs will generally experience negative impacts such as a deterioration in their balance sheets as reserves are extinguished and the debt load grows. Historically, the County has scored very well in this area, with the institutional framework and management assessment at 'very strong'.

The County is continuing to experience a growing population. The County demographer estimates the population at 499,809 as of the fourth quarter of 2024. The chart below illustrates periods of major growth during the 1960s and 1970s followed by even larger gains through 2020. The County is forecast to maintain population growth in the coming decades but at a decreasing pace as time passes. The COVID-19 pandemic began in the United States in March 2020 and lasted through 2022. Between 2022 and 2023, the population in Northern Virginia counties began to recover from pandemic-induced domestic out-migration. According to the Census Bureau, Prince William County maintained population growth through the pandemic years, rising from 482,200 in 2020 to an estimated 499,809, as of Q4 2024.

PWC Historical Population Data

Year	Count	Gain/Loss	% Change
1900	11,112	1,307	13.33%
1910	12,026	914	8.23%
1920	13,660	1,634	13.59%
1930	13,951	291	2.13%
1940	17,738	3,787	27.15%
1950	22,612	4,874	27.48%
1960	50,164	27,552	121.85%
1970	111,102	60,938	121.48%
1980	144,703	33,601	30.24%
1990	215,686	70,983	49.05%
2000	280,813	65,127	30.20%
2010	402,002	121,189	43.16%
2020	482,204	80,202	19.95%
2030	536,600	54,396	11.28%
2040	565,000	28,400	5.29%
2050	579,600	14,600	2.58%

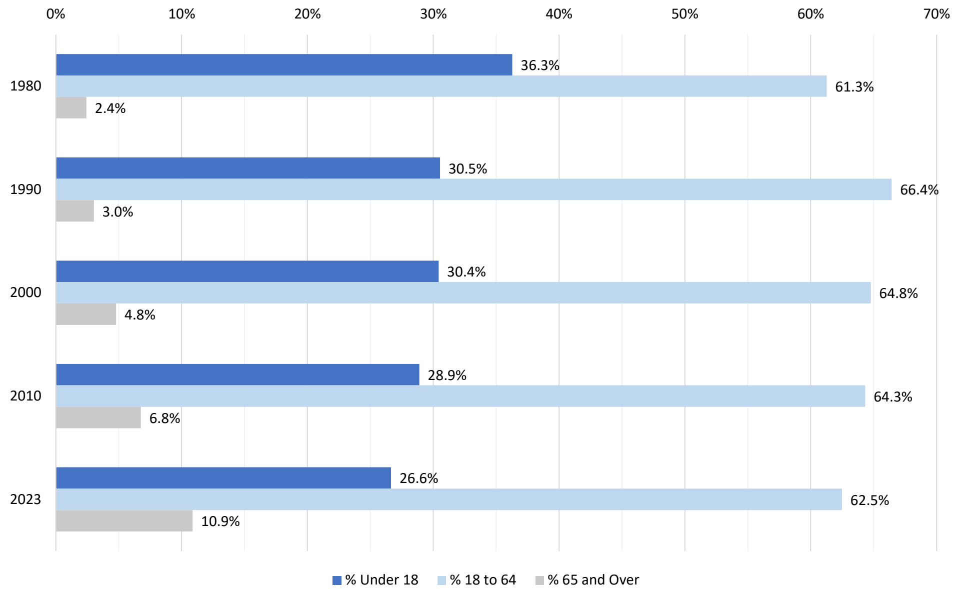
Sources: Prince William County Demographer – Historical population retrieved from University of Minnesota Population Center's NHGIS;2019-2023 American Community Survey (ACS) 5-Year Estimates. Population projections from Metropolitan Washington Council of Governments Round 10.0 Cooperative Forecasts.



Sources: Prince William County Demographer – Historical population retrieved from University of Minnesota Population Center's NHGIS; 2019-2023 American Community Survey (ACS) 5-Year Estimates.Population projections from Metropolitan Washington Council of Governments Round 10.0 Cooperative Forecasts; Weldon Cooper Center for Public Service, Demographics Research Group, at UVA; U.S. Census Population Estimates Program.

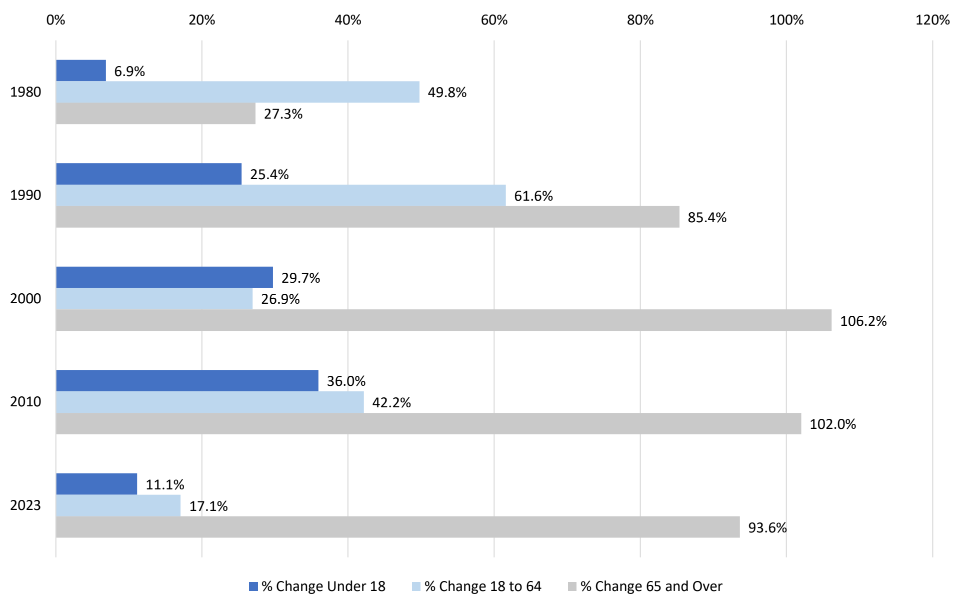
Demographic factors drive demands for programs and services, impacting the expenditures of a local government. The largest sector of the County population is the 18- to 64-year-old age group, but the fastest rate of growth continues to be in the 65 and over category. In 2019-2023, the U.S. Census Bureau estimated that the County's 65 and over category stood at 52,703 people, nearly double that of the 2010 value of 27,220.

Prince William County
Age Group Distribution
1980-2023



Sources: PWC Demographer: Historical population retrieved from University of Minnesota Population Center's NHGIS; 2019-2023 American Community Survey (ACS) 5-Year Estimates.

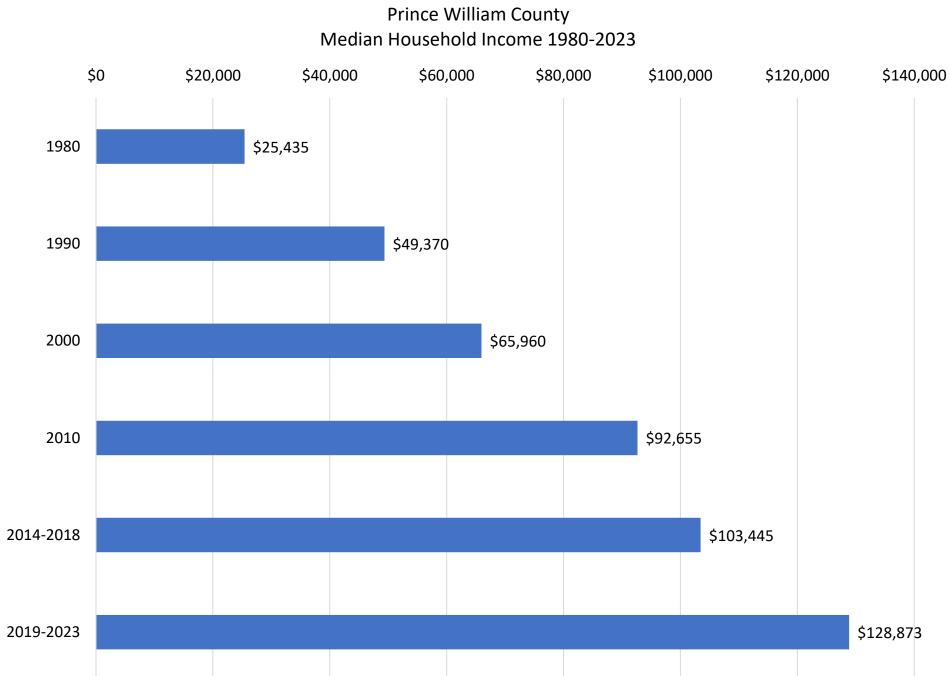
Prince William County
Age Group Percent Change
1980-2023



Sources: PWC Demographer: Historical population retrieved from University of Minnesota Population Center's NHGIS; 2019-2023 American Community Survey (ACS) 5-Year Estimates.

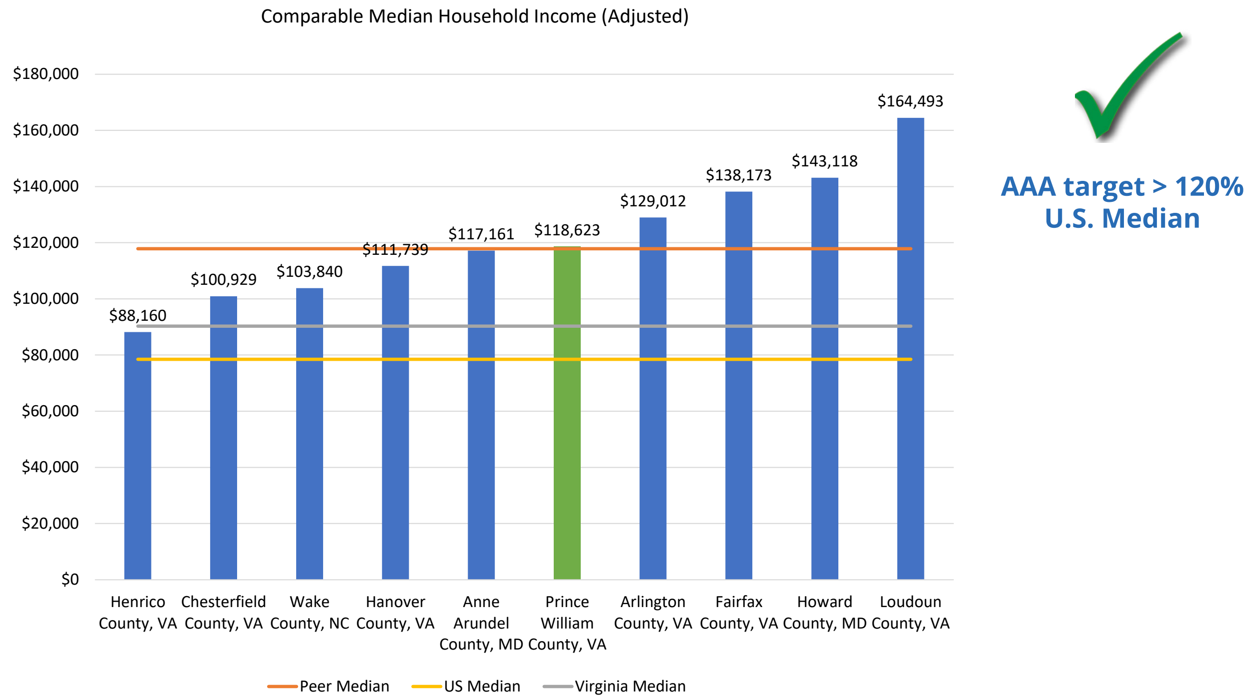
Wealth

A high median household income is a positive economic indicator and a measure of the strength and resilience of a tax base. A jurisdiction with high wealth levels may have greater flexibility to increase property tax rates to meet financial needs. Wealthier communities also have greater spending power and drive demand to support growth in the commercial sector. For example, even during the Great Recession, the retail industry in Prince William County remained relatively strong. The 2019-2023 median household income as reported by the U.S. Census American Community Survey increased to $128,873, up from $103,445 just five years earlier.



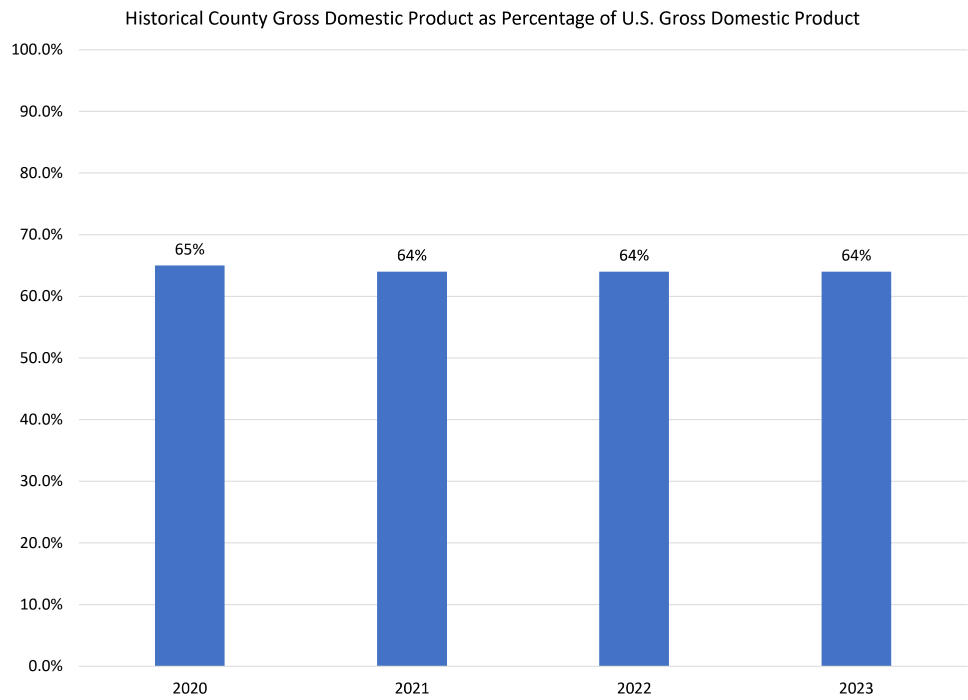
Sources: PWC Demographer: Data for 1980-2000 retrieved from University of Minnesota Population Center's NHGIS; U.S. Census American Community Survey (ACS) 2014-2018 5-Year Estimates and 2019-2023 5-Year Estimates.

Moody's analyzes median household income as opposed to median family income. Household income includes the income of all people who occupy a housing unit regardless of relationship, whereas family income measures the income of two or more people related by birth, marriage, or adoption. Under Moody's methodology, median household income is adjusted for regional differences in the cost of living using Regional Price Parities. On the adjusted median household income metric, the County scores very strongly as a 'Aaa' at $118,623 (151.0% of U.S. Median). This exceeds the 'Aaa' target of 120% of the U.S. median of $78,538, which is $94,245.

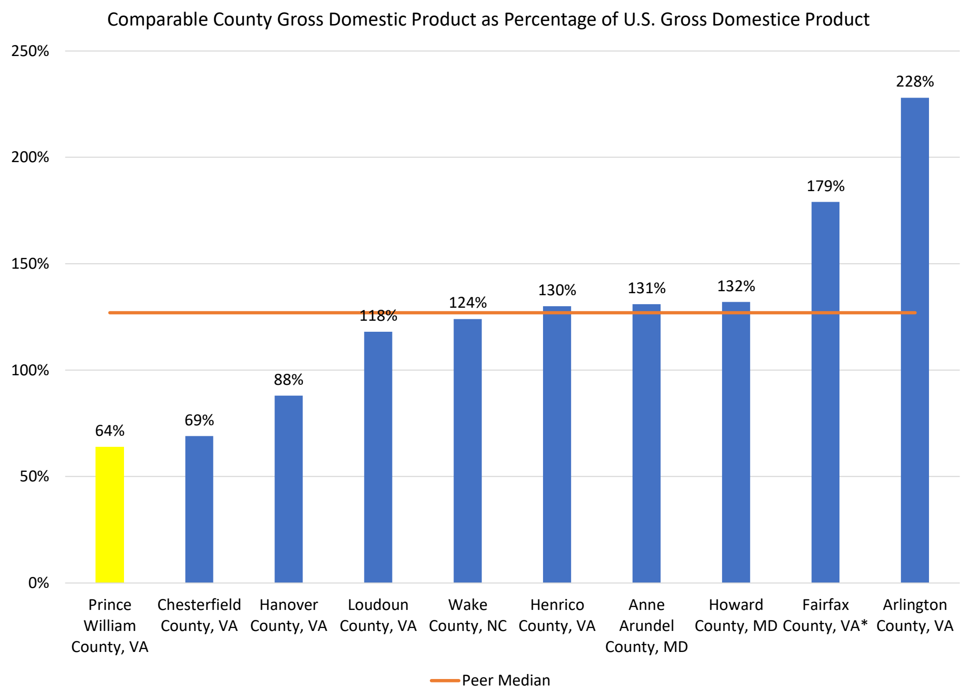


Source: Moody's Financial Ratio Analysis database. American Community Services and Bureau of Economic Analysis, as of 2023; 2024 data unavailable

Under their new rating criteria, S&P evaluates two economic metrics: Gross County Domestic Product (GCP) as a percent of U.S. Gross Domestic Product (GDP) and Per Capita Personal Income (PCPI) as a percent of U.S. PCPI. On GCP as a percent of GDP, the County's ratio is 64% which lags the peer median of 127% and is below the 'AAA' target of 110%.



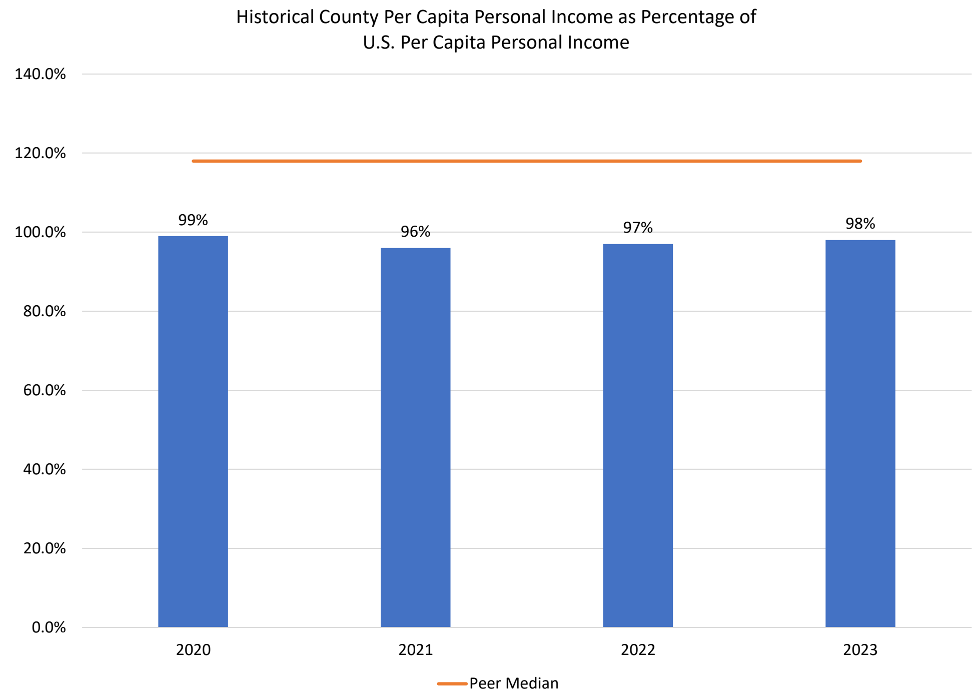
Source: County's S&P report, dated September 20, 2024, for FY 2021 – FY 2023. FY 2020 & FY 2024 are estimated by PFM. FY 2023 is most recent data available.



Source: Reflects PFM's estimate of FY 2024 credit ratios unless denoted by *

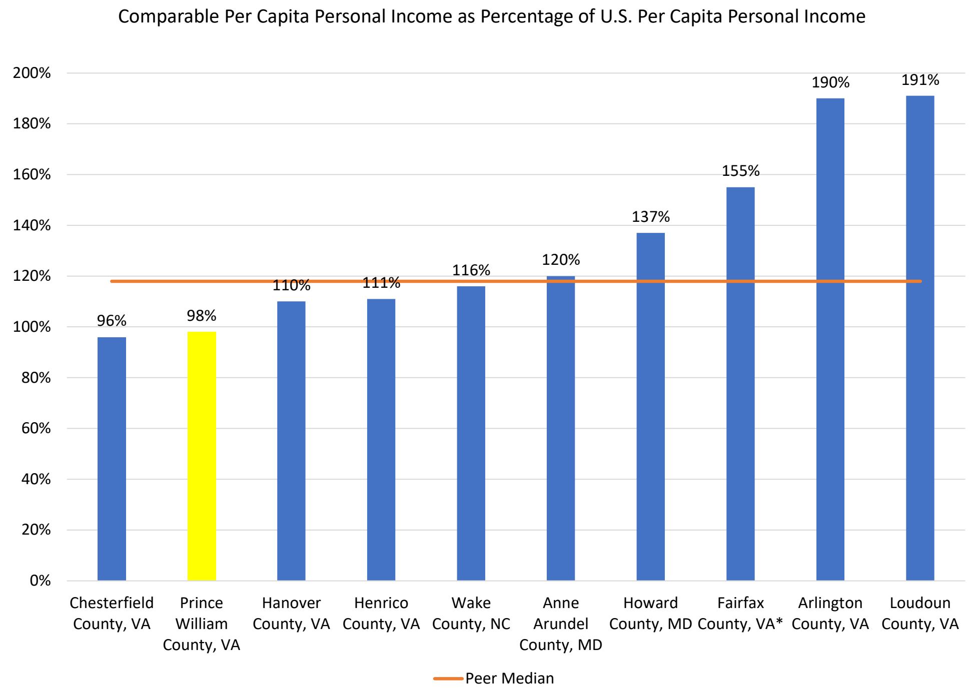
* Reflected S&P report for FY 2024

On County PCPI as a percent of U.S. PCPI, the County's ratio is 98%, slightly below the AAA target of 100% and lags the peer median of 118%.



AAA target > 100%

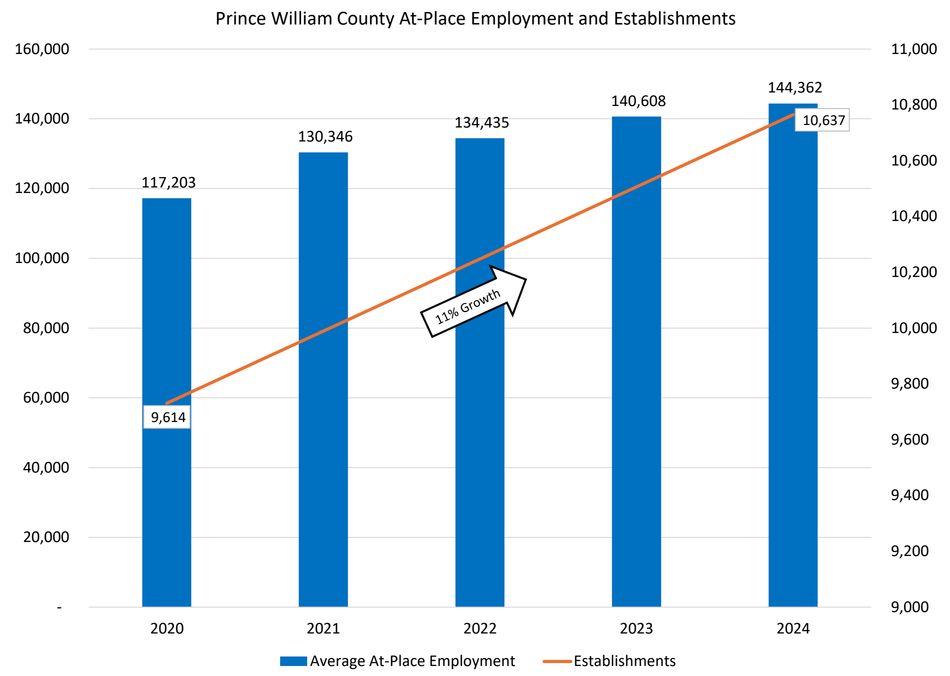
Source: County's S&P report, dated September 20, 2024, for FY 2021 – FY 2023. FY 2020 & FY 2024 are estimated by PFM. FY 2023 is most recent data available.



Source: Reflects PFM's estimate of FY 2024 credit ratios unless denoted by *.

* Reflects S&P report for FY 2024. FY 2023 is most recent data available.

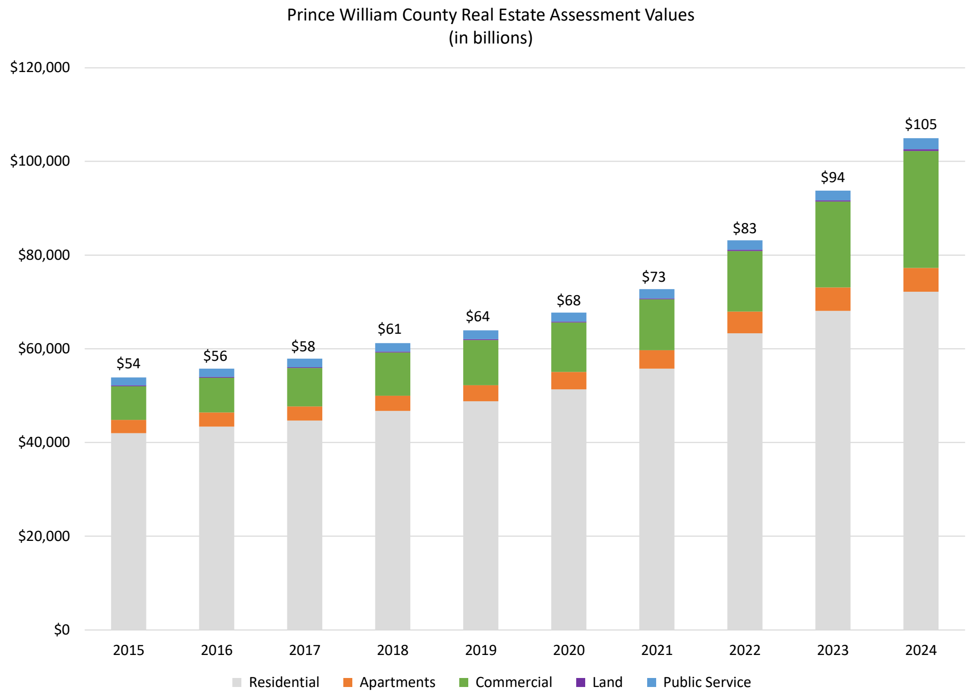
An area where the County has experienced consistent year-over-year growth is reflected in at-place employment. This is important as increases in employment boosts a local economy, creating a larger tax base. The rating agencies have positively noted the County's diverse economy and economic development efforts to grow and expand a high-end employment base. Despite the COVID-19 pandemic, many existing businesses have sustained their operations with the support of a variety of business relief loan and grant programs and similar funding resources available through federal, state, and local governments.



Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, 2nd Quarter 2024

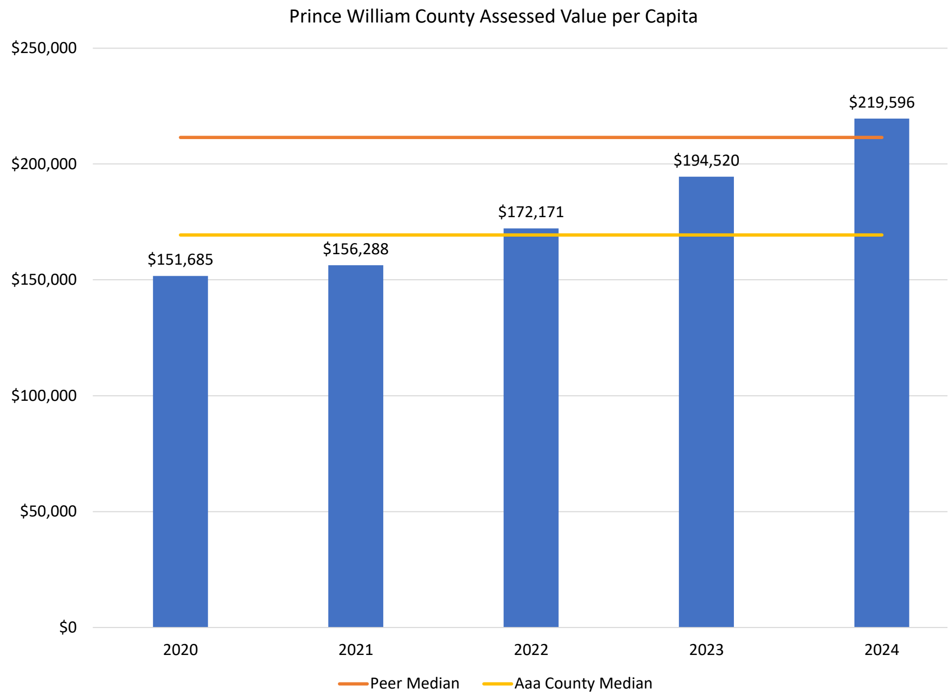
Assessed Value

The tax base is the primary source from which a local government derives its revenues. A large, robust, diverse tax base typically offers a local government more flexibility, as well as protection from unexpected shocks, such as the loss of a significant employer or industry. A smaller, more concentrated tax base, on the other hand, is more prone to feel the impacts of such loss due to the dependency on a fewer number of properties. The County's tax base has continued to grow with total assessed values in the 2024 Land Book exceeding $100 billion. The County remains more heavily concentrated on residential properties as compared to some of its Northern Virginia peers. Over the last three years, peers have seen growth in their commercial sector.

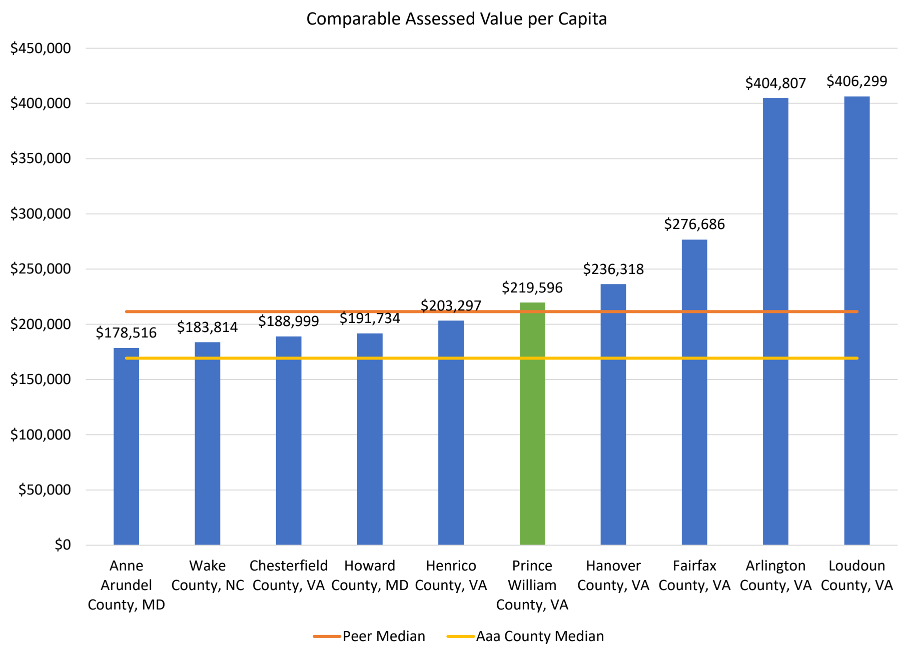


Source: Prince William County Real Estate Assessments Office 2024 Annual Report.

Moody's regards historical assessed value per capita of greater than $180,000 as a 'Aaa' target. This metric converts the taxable property available (real estate and personal property) to generate revenues to a per resident metric, depicting the availability of tax-generating resources to fund programs and services relative to the users. The County achieves a 'Aaa' for this factor with a ratio of $219,596. The County's score is above the nationwide 'Aaa' median of $169,428 and the peer median of $211,447. Of the 118 counties that Moody's rates 'Aaa', as of the most recent data published by Moody's, 57 counties met the 'Aaa' target for this metric.



Source: Moody's Financial Ratio Analysis database



Source: Moody's Financial Ratio Analysis database

Sources:

PFM Financial Advisors, LLC.

Moody's Investors Service Rating Methodology

Standard & Poor's Ratings Services Ratings Direct

Prince William County Annual Comprehensive Financial Report For The Year Ended June 30, 2024

2024 Annual Report Prince William County Real Estate Assessments Office

Prince William County Demographer

Virginia Employment Commission, Quarterly Census of Employment and Wages

American Community Services and Bureau of Economic Analysis

Nielsen's Claritas Database

Virginia Auditor of Public Accounts, Local Government Fiscal Distress Monitoring 2022 and 2023 Report, dated June 2024

Prince William County 2024 - 2029 Capital Improvement Plan

Moody's Scorecard Summary

Factors & Subfactors	Weight
Factor 1: Economy	30%
Economic Growth	10%
Full Value per Capita	10%
Median Household Income (adjusted for cost of living)	10%
Factor 2: Financial Performance	30%
Available Fund Balance Ratio	20%
Liquidity Ratio	10%
Factor 3: Institutional Framework	10%
Institutional Framework	10%
Factor 4: Leverage	30%
Long-term Liabilities Ratio	20%
Fixed Cost Ratio	10%
Rating	**100%**

S&P's Scorecard Summary (implemented September 2024)

Factors & Subfactors	Weight
Factor 1: Institutional Framework	100%
Framework Score	
Factor 2: Management	20%
Budgeting Practices	35%
Long-term Planning	35%
Policies	30%
Factor 3: Economy	20%
Gross City/County Product (GCP) per capita as % of U.S. GDP per capita	50%
City/County Per Capita Personal Income (PCPI) as % of U.S. PCPI	50%
Factor 4: Financial Performance	20%
Operating Result (%)	
Net Revenues / Operating Revenues (General Fund) (3 year Average)	
Factor 5: Reserves and Liquidity	20%
Available Reserves / Revenues (General Fund)	
Factor 6: Debt and Liability	20%
Current Cost for Debt Service and Liabilities / Governmental Revenues	50%
Net Direct Debt per capita	25%
Net Pension Liability per capita	25%
Rating	**100%**

Fitch's Scorecard Summary (implemented April 2024)

Factors & Subfactors	Weight
Factor 1: Financial Profile	35%
Financial Resilience	35%
Revenue Volatility	--*
Factor 2a: Demographic and Economic Strength - Trend	8%
Population Trend	8%
Factor 2b: Demographic and Economic Strength - Level	26%
Unemployment Rate	9%
% of Population w. Bachelor's Degree and Higher	9%
MHI as % of Portfolio Median	9%
Factor 2c: Demographic and Economic Strength – Concentration & Size	9%
Population Size	4.5%
Economic Concentration	4.5%
Factor 3: Long-Term Liability Burden	21%
Liabilities (direct)/Personal Income	7%
Liabilities (direct)/Governmental Revenues	5%
Carrying Costs/Governmental Expenditures	8%
Rating	**100%****

*Treated asymmetrically, where weight is marginal for issuers that exhibit low to moderate revenue volatility. For issuers with higher revenue volatility, this factor will moderately lower the metric.
**The sum does not add up to 100% due to rounding.

The ratios from this scorecard are not utilized in any of the metrics featured in this Fiscal Health Outlook Report

PRINCE WILLIAM
COUNTY

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