

# LOUDOUN COUNTY, VIRGINIA



## CITIZENS' POPULAR ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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# LETTER FROM THE COUNTY ADMINISTRATOR

To the citizens of Loudoun County:

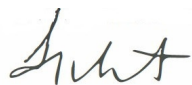
We are pleased to present the County of Loudoun, Virginia Popular Annual Financial Report (PAFR) for the fiscal year July 1, 2017 through June 30, 2018. We deliver this report to you as part of the County officials' and Board of Supervisors' commitment to keep residents and stakeholders informed of the financial condition of their local government, and our accountability to provide fiscal stability. This report provides important, informative, accurate, and understandable information about the financial condition of your county government, in a concise and accessible format. This report supplements the annual Comprehensive Annual Financial Report (CAFR) in a summarized and simplified presentation. This report does not conform to generally accepted accounting principles (GAAP) and focuses only on governmental services. Financial information related to Loudoun County Public Schools, Central Service Funds, Self Insurance Funds, and Fiduciary Funds are not included. While the PAFR is not audited and does not contain the full set of financial statements and disclosures, it does contain figures and information extracted from the fully audited CAFR.

The CAFR is prepared in conformity with GAAP and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants, Cherry Bekaert, LLP. The CAFR is available in its entirety online at [www.loudoun.gov/cafr](http://www.loudoun.gov/cafr), or in print at the Department of Finance and Procurement, in the Government Center. We encourage all citizens to read the CAFR and the full financial disclosures contained within the document.

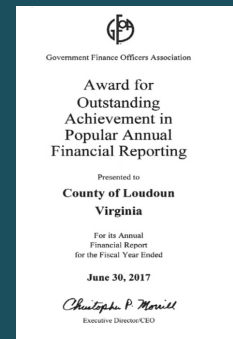
I am pleased to report that the County concluded fiscal year 2018 in sound financial condition. The County continued its commitment to effectively manage the challenges that come with continued growth. These commitments include extending the Metrorail Silver Line into the County; and as a result, updating the County's Comprehensive Plan. The Board of Supervisors continues to designate two cents of real estate tax revenues in support of road projects that serve to improve the regional transportation network.

Population growth continues to be a dominant local trend affecting every area of the government's operations. Loudoun is expected to continue to experience one of the highest percentage growth rates in population and jobs in the Washington Metropolitan Area. Continued planning and commitment is required to meet the challenge of efficiently providing needed services for the growing population; providing for the necessary infrastructure for the future; and growing the tax base and resources required to pay for that infrastructure. Loudoun County has continued to follow a policy of fiscal sustainability. In April 2018, the County adopted a fiscal year 2019 budget that resulted in an overall increase of \$40.3 million in the general county government and a \$74.1 million addition in the school operating fund as compared to fiscal year 2018 appropriations.

In managing our available resources, the County must strike a balance between demands for additional services and the ability to pay for those services. Financial management continues to be of paramount importance in this and future fiscal years. The County's financial health is reflected in the soundness of its current financial condition, and it is anticipated that current financial management practices will continue the County's tradition of fiscal stability. The Board's emphasis on sound fiscal planning, budget development and financial management contributes to the present financial condition of the County and sets the parameters and tasks for next year.



**TIM HEMSTREET**  
County Administrator



The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of Loudoun, Virginia for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The County of Loudoun, Virginia has received a Popular Award for the last one year (fiscal year ended 2017). We believe our current report continues to conform to the Popular annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



# LOUDOUN COUNTY AT A GLANCE

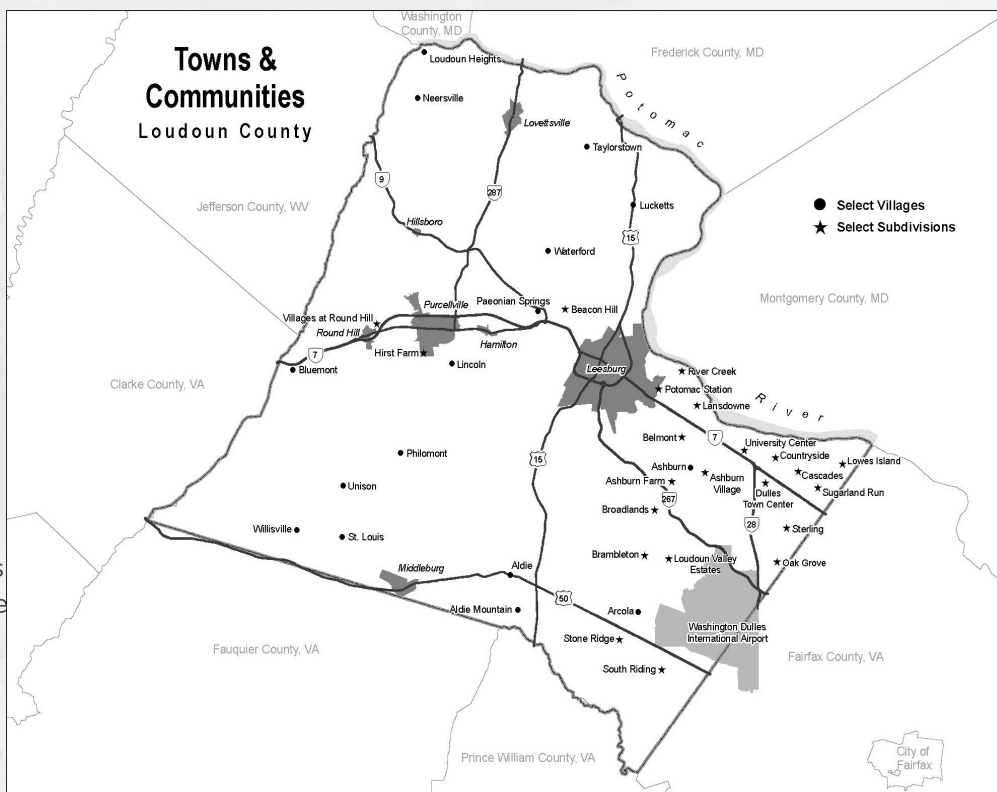
The County of Loudoun was established in 1757 and named for John Campbell, Fourth Earl of Loudoun. The County is located in the Northwestern tip of the Commonwealth of Virginia just west and north of Washington, D.C., and is considered to be part of the Northern Virginia and Washington Metropolitan areas.

The County is bordered by the Blue Ridge Mountains and Potomac River, and is approximately 517 square miles in size, covering 330,880 acres of land area. The current population is approximately 402,561; Loudoun is one of the fastest growing jurisdictions in the Washington Metropolitan Area. The population increased 22.4% since 2010, and nearly quadrupled in the last three decades. Loudoun has experienced a five-fold increase in population since 1980.

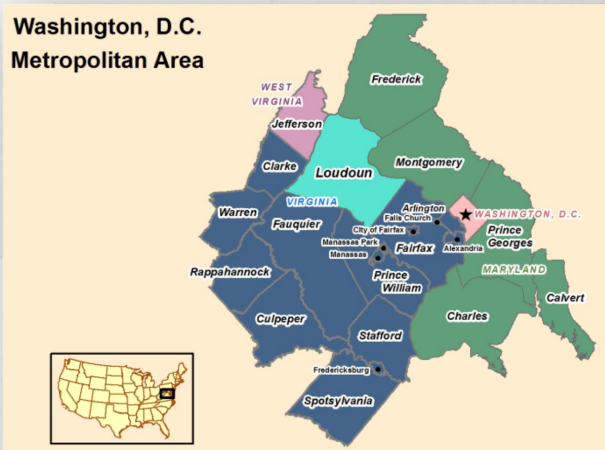
A labor supply of highly skilled people, a stable political climate, the cooperative attitude of state and local governments, abundant commercial and industrial acreage, connection to the world through Washington Dulles International Airport and an estimated 70% of the world's internet traffic are but a few of the attractive features of the County.

The Town of Leesburg, the County government seat, is located in the heart of the County. Incorporated towns within the County include Hamilton, Hillsboro, Leesburg, Lovettsville, Middleburg, Purcellville and Round Hill.

Loudoun County is a growing, dynamic county known for its beautiful scenery, rich history, expanding and diverse business opportunities, comfortable neighborhoods, and high quality public services. Since the late 1990s, Loudoun County has successfully attracted office, light industrial and retail businesses, sparking commercial construction at an unprecedented scale.



**Washington, D.C. Metropolitan Area**



**Per Capita Personal Income\*\* \$71,218**  
**Unemployment Rate\*\*\* 3.0%**  
**Median Household Income\*\* \$134,464**  
**Public School Enrollment\* 83,105**  
**Cost Per Pupil\* \$14,277**

**New Commercial Permits\*\*\* 4,473,382 sf.**  
**New Residential Use Permits\*\*\* 3,656 units**  
**County & School Employees\* 16,052**  
**Total Employment\*\*\* 161,384**  
**Office/Industrial Vacancy Rate (2017 average)\*\*\* 7.5%**

\* Forecast FY 19 \*\*Calendar Year 2016 \*\*\*Calendar Year 2017

# YOUR BOARD OF SUPERVISORS

The County is governed by an elected body of representatives called the Board of Supervisors, with one Supervisor elected from each of the eight magisterial districts and one At-Large (Chairman) for a term of four years. The Board of Supervisors is the legislative and policy setting body for the County government, oversees general governmental operations, and is responsible for appropriating funds for the various County departments and agencies.



Loudoun County Board of Supervisors 2016–2019 (From left to right) Tony R. Buffington, Blue Ridge; Kristen C. Umstaddt, Leesburg; Koran T. Saines, Sterling; Ralph M. Buona, Vice Chair, Ashburn; Ron A. Meyer, Broad Run; Phyllis J. Randall, Chair, At Large; Matthew F. Letourneau, Dulles; Geary M. Higgins, Catoclin; Suzanne M. Volpe, Algonkian

## BOARD VISION

By honoring its rich heritage as well as embracing the robust opportunities of a new day, Loudoun County maintains the high quality of life it has achieved, shapes a future that represents the best of both worlds, and creates a place where its residents are proud to live, work, learn, and play.

## ELECTION DISTRICTS



A County Administrator is appointed by the Board of Supervisors to act as the Board's agent in the administration and operation of departments and agencies. The Board also appoints the Planning Commission, the Library Board of Trustees, the Family Services Board, as well as other advisory boards, commissions and committees. In addition to the Board of Supervisors, other elected County officials include: the School Board, the Commonwealth's Attorney, Commissioner of the Revenue, Treasurer, Sheriff, and Circuit Court Clerk. The judges of the Circuit Court, General District Court, and the Juvenile and Domestic Relations District Court are elected by the state legislature.



# LOUDOUN'S ECONOMY

The County's key industries include Data Centers, Information & Communications Technology, Federal Government Contracting, Aerospace & Defense, Aviation & Transportation, Health Innovation Technology, and Agriculture & Related Businesses.

Loudoun County's "Data Center Alley" is the world's largest concentration of data centers, with nearly ten million square feet currently in operation. An estimated 70% of all daily global Internet traffic travels through Loudoun's digital infrastructure. Major industry leaders like Amazon, Verizon Business, Google, Facebook and Salesforce all trust their most important digital assets to the connectivity in the County.

Information and communications technology is Loudoun's largest industry cluster, representing 19% of all business establishments and 15% of the county's employment. Businesses value the highly qualified workforce, proximity to Dulles International Airport and the nation's capital, and transit accessibility.

On the small business side, 86% of Loudoun's businesses have fewer than 20 employees. Twenty-four Loudoun small businesses are currently listed on Inc. Magazine's annual listing of fastest growing companies.

The construction of the Metro Silver Line into Loudoun remains a driver for economic development. Mixed-use transit-oriented communities are developing in the area around the future Ashburn and Loudoun Gateway stations.

Historically, Loudoun has been a primarily rural, agrarian community, and the county remains home to nearly 1,400 farms which raise livestock and produce. Loudoun is at the forefront of the craft beverage revolution, with more wineries (44) and more breweries (32) than any other jurisdiction in the state. Its modern rural economy has also helped make Loudoun a tourist destination.

Thanks in part to the diversity of Loudoun's business base and the financial strength of the long-term investors in the community, the County's commercial environment has been able to withstand downturns in the national and international economies. The County's economy continues to demonstrate sustained growth in employment and has outpaced other local jurisdictions within the region.

In fiscal year 2018, the Department of Economic Development successfully worked with more than 100 businesses that moved to or expanded in the County. Those businesses invested a combined total of \$6.4 billion in Loudoun and 7,771 jobs recruited or retained. The companies that moved to or expanded in the County during FY 2018 represent continued diversification with the addition of agricultural, cybersecurity, and professional sports businesses.

During FY 2018, Loudoun County entered into an exciting new partnership with DC Soccer Management Company and DC Sports Facilities Entertainment, LLC to base team offices for the Major League Soccer team DC United and a new affiliate Division II franchise, Loudoun United Franchise Club, in Loudoun County.

In June 2018, Governor Ralph Northam announced that Discovery, Inc., an American media company and worldwide leader in real life entertainment, intends to invest \$16 million to expand its global technology and operations hub in Loudoun County, creating approximately 240 new jobs.

Additional information on the County's FY 2018 economic development activities can be found in the annual report online at <https://biz.loudoun.gov/annualreport/>.

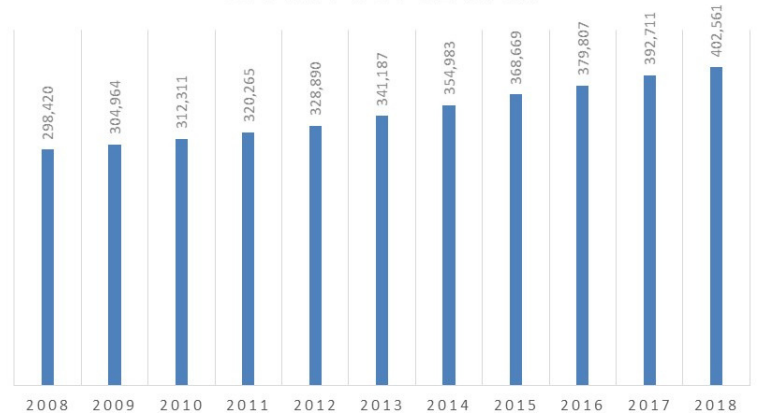


# ECONOMIC INDICATORS

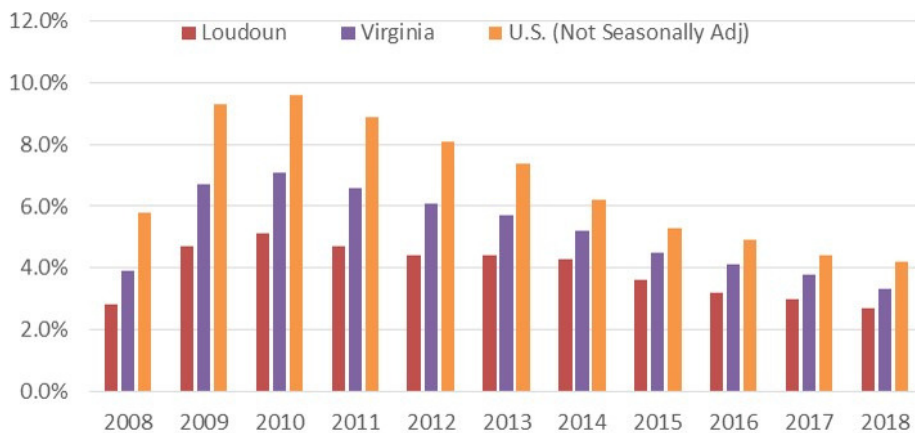
Loudoun's unemployment rate continues to be consistently lower than the national average. The unemployment rate for Loudoun County remained low at 2.7 percent as of June 2018, significantly lower than the corresponding U.S. unemployment rate of 4.2 percent.

Income levels in Loudoun County continue to exceed the U.S. average by a large margin. The County's median household income has been ranked highest in the nation since 2007 among jurisdictions with populations above 65,000. The U.S. Census Bureau's 2016 American Community Survey 1-Year Estimates reported Loudoun's median household income to be \$134,464, more than twice the nationwide median of \$57,617. Loudoun County's income per person is also substantially above the national average.

### COUNTY POPULATION

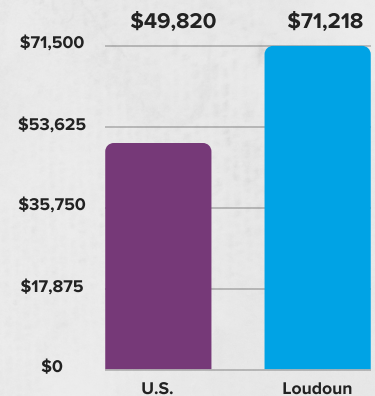


### Annual Average Unemployment Rates



Source: U.S. Bureau of Labor Statistics

### 2016 Per Capita Income



Source: U.S. Bureau of Economic Analysis, November 2017





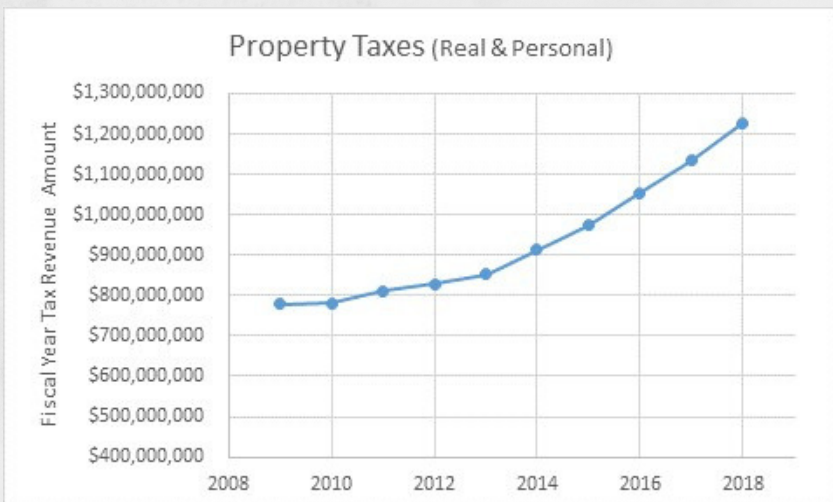
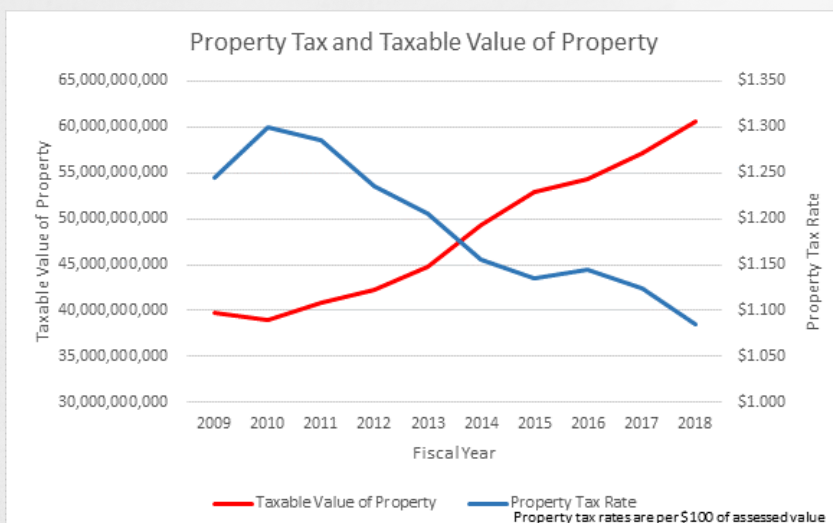
# TAXES

The County's largest revenue source is property tax revenue. Fiscal year 2018 was another year of revenue and tax base growth, with a property tax revenue increase of approximately \$89.1 million from fiscal year 2017. Property tax includes real property and personal property. Real property is assessed annually at 100% fair market value, with the date of value being January 1. The increase in personal property is due to the combination of increasing vehicle values and revenue derived from computer equipment and furniture and fixtures within the growing data centers located in the county.

Loudoun's economic success in fiscal year 2018 is evidenced by several developments. The number of new residential dwelling units permitted exceeded 3,000 for the sixth consecutive year. More than 4.2 million square feet of private-sector, non-residential space was permitted for construction of which 1.7 million square feet was attributable to data center space. In addition, the assessed values of both real and personal property continued to increase during calendar year 2017. The assessed value of commercial properties increased by 7.7 percent with the taxable residential property assessment increasing by 5.9 percent.

Fiscal Year 2018 is the sixth consecutive year in which personal property tax revenue on computer equipment continued to increase; it increased by more than 20 percent over the previous year, exceeding \$195 million.

In April 2018, the Board set the calendar year 2018 real property tax rate at \$1.085 per \$100 of assessed value from \$1.125 for the calendar year 2017. Assessment data for real property appreciated 3.4 percent for 2018 over 2017, allowing the tax rate to be decreased while still providing sufficient revenue to support Loudoun County Public Schools and County departments that continue to feel the impact of the County's continued population growth.



Top Ten Tax Payers			
Rank	Business	Assessed Value	% of Taxable Assessed Value
1	Toll Road Investors Partnership II LLC	367,724,700	0.45%
2	Cyrusone LLC	309,343,210	0.38%
3	Dulles Town Center Mall LLC	289,796,160	0.35%
4	Chelsea GCA Realty Partnership LP	261,062,410	0.32%
5	Digital Loudoun Parkway Center North LLC	243,647,560	0.30%
6	Redwood ERC Ashburn LLC	212,503,500	0.26%
7	Equinix R P II LLC	193,652,360	0.24%
8	VISA USA INC	192,420,560	0.23%
9	Smith, Verlin W, Et Als Trustees	142,284,200	0.17%
10	RPAI Ashburn Loudoun LLC	140,350,290	0.17%



Data centers are an important part of the Loudoun County economy.

# LOUDOUN COUNTY GOVERNMENT BY THE NUMBERS

The County general government consists of 30 departments organized into functional areas:

## General Government Administration

**446 employees**  
**AAA bond rating**  
**99.99% major computer availability**  
**3,314 hours conducting disaster and emergency planning and response activities**  
**761,662 sq.ft. office space leased & owned**



## Judicial Administration

**147 employees**  
**11,225 criminal cases concluded**  
**18,615 civil cases concluded**  
**60,159 Deed book recordings**  
**187,211 sq.ft. court space**



## Health & Welfare

**685 employees**  
**3,754 vaccinations administered**  
**158,589 senior meals provided**  
**3,265 households requesting emergency support services**  
**1,500 individuals receiving mental health outpatient services**  
**\$35,042 mean household income for new affordable dwelling unit (ADU) renters**  
**114 households with new leased ADUs**  
**19 group homes**  
**1 homeless shelter**  
**1 transition shelter**  
**2 youth shelters**



## Public Safety

**1,528 employees**  
**1,788 volunteers**  
**9:56 average emergency response time**  
**21,585 emergency medical incidents responded**  
**6,888 fire incidents**  
**21 fire & rescue stations**  
**5 sheriff stations**  
**212,000 sq.ft. jail space**  
**1 animal shelter**



## Community Development

**337 employees**  
**3,650 residential building permits**  
**965 new structures completed after January 1st of tax year**  
**242 subdivision applications submitted**  
**3,456 commercial building permits**  
**201,700 building code inspections performed**  
**7,771 jobs recruited or retained**  
**1 landfill**  
**9 recycling drop-off centers**



## Parks, Recreation & Culture

**743 employees**  
**661,936 annual park visits**  
**5,150 adults participating in adult sports leagues**  
**54,117 children participating in youth sports**  
**294 athletic fields maintained**  
**313,316 library program attendees**  
**9 libraries**  
**2 recreation centers**  
**4 senior centers**  
**50 parks**  
**9 community centers**  
**3 respite centers**



The County's financial performance is measured each year against the County's adopted budget. The Board of Supervisors is required to adopt a final budget no later than the date on which the fiscal year begins, July 1. The annual budget serves as the foundation for the County's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual Budget and Appropriations Resolution and adopted in the budget by the Board of Supervisors. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by individual fund. Management control is maintained at the department level within each organizational unit.



# FUND BALANCE & NET POSITION

## Government Wide

The Government-wide Statement of Net Position, along with the Statement of Activities, answers the question of whether the County is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to a private-sector company. All revenues and expenses are taken into account regardless of when cash is received or paid.

In the Statement of Net Position, the County is divided into Governmental activities and Component unit. All of the County's basic services are reported as Governmental activities. Property taxes, other local taxes, and state and federal grants finance most of these activities. The Component unit, the Loudoun County School Board, is a separate legal entity. Although legally separate, the County is financially accountable and provides operating and capital funding for the Loudoun County Public Schools.

On a Government-wide basis, which includes the School Board component unit, the County ended FY 2018 with a positive net position of \$1.6 billion. This represents a 10.1% increase over the FY 2017 net position, as restated. In FY 2018, overall assets increased by \$219.3 million due in part to an increase in cash and investments resulting from higher property tax collections, increased interest earned on investments, unspent bond proceeds, and \$55.2 million in capital assets from increases in projects under construction, donations of land, and the addition of buildings, equipment and infrastructure. Liabilities increased by \$146.9 million due to an increase in the amount due to Schools, and long-term liabilities increased due to new debt issued in 2018, drawdown of loan funds for the Metrorail extension, and offset by decreases in pension and other post employment employee benefit obligations.



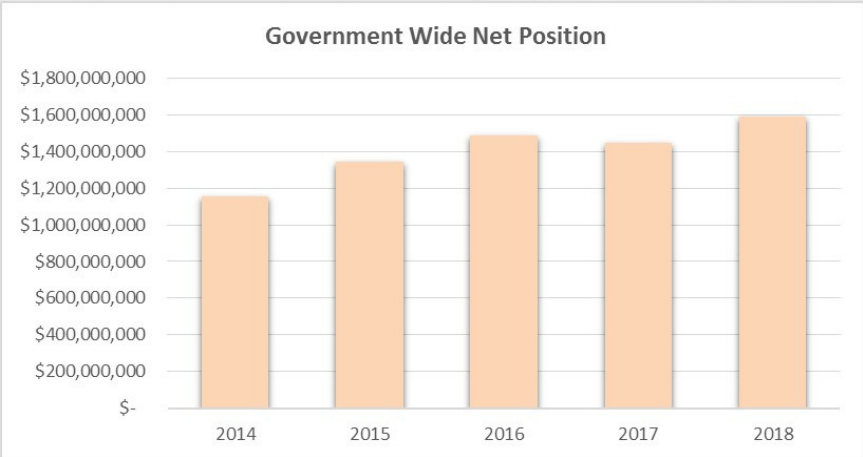
Liberty Elementary School



Northstar Boulevard-Belmont Ridge New Traffic Signal



Loudoun County Animal Services: "Home for the Holidays"



# FUND BALANCE AND NET POSITION

## Governmental Funds

The County presents two kinds of financial statements: the government-wide statements discussed previously, and the fund financial statements.

The Governmental fund financial statements provide information on a current resource basis only and focus in greater detail on the County's funds, and not the County as a whole. Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and, (2) the balances left at year end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. As such, long-term assets and liabilities are not included.

A fund balance that is both positive and available is an important component in maintaining the County's strong fiscal condition. It serves to support the County's strong bond ratings and provides sufficient carry-over funds for cash flow purposes. Carry-over funds eliminate the need for short-term borrowing between the start of the fiscal year and the receipt of revenue from taxes.

Loudoun's general fund balance has increased over time, indicating a healthy fiscal trend. The General Fund balance increased \$23.6 million from the prior fiscal year and \$99.5 million of the total \$361 million General Fund balance was unassigned and available to meet the County's current and future needs. Higher collections than projected in general property tax revenues, and lower than forecasted expenses contributed to the ending fund balance.

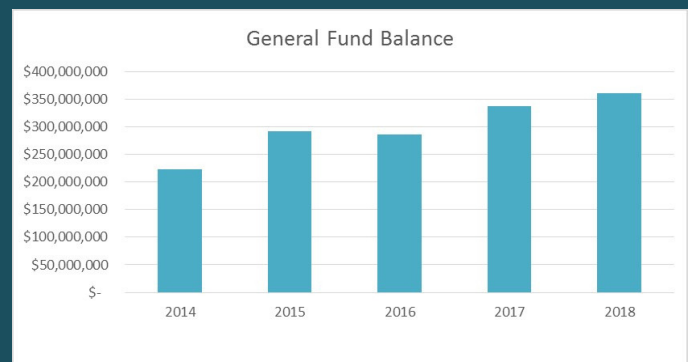
In addition to the General Fund, the County has 24 special revenue funds reported in the CAFR as Non-Major Governmental Funds. A Special Revenue Fund is a fund established to collect revenue for a specific project or purpose and provides an extra level of accountability and transparency to taxpayers and others that the funds are being used for their intended purpose. Please refer to the CAFR for detail on these Special Revenue Funds.

Governmental fund balances are listed in five categories:

- Non-Spendable: funds that cannot be spent because they are not in spendable form or are required legally or contractually to remain intact;
- Restricted: funds to be used only for a specific purpose based on constraints placed on the funds by external parties, legislation, or constitutional provision;
- Committed: funds to be used only for a specific purpose based on constraints placed by formal action of the Board of Supervisors;
- Assigned: funds the government designates to be used for a specific purpose;
- Unassigned: residual fund balance available for any purpose. At the end of each fiscal year, the unassigned fund balance is available for appropriation by the Board to be used for one-time expenditures.

The County maintains a fiscal reserve in the committed portion of fund balance equal to no less than 10% of the County and Component Unit, Schools' operating revenues. In FY 2018, the fiscal reserve increased by \$11 million to a total of \$192 million.

	Governmental Funds				
	Financial Analysis of Fund Balance				
	Fiscal Year 2018				
	General	Capital Projects	Debt Service	Non-Major Governmental	Total
Non-Spendable	\$ 1,324,240	\$ -	\$ -	\$ -	\$ 1,324,240
Restricted	-	308,282,300	-	184,014,500	492,296,800
Committed	226,632,199	120,306,222	-	16,947,255	363,885,676
Assigned	33,784,272	16,851,225	50,933,829	7,304,363	108,873,689
Unassigned	99,528,390	-	-	-	99,528,390
Total Fund Balance	\$ 361,269,101	\$ 445,439,747	\$ 50,933,829	\$ 208,266,118	\$ 1,065,908,795





# FISCAL YEAR 2018 FINANCIAL RESULTS: GENERAL FUND SUMMARY

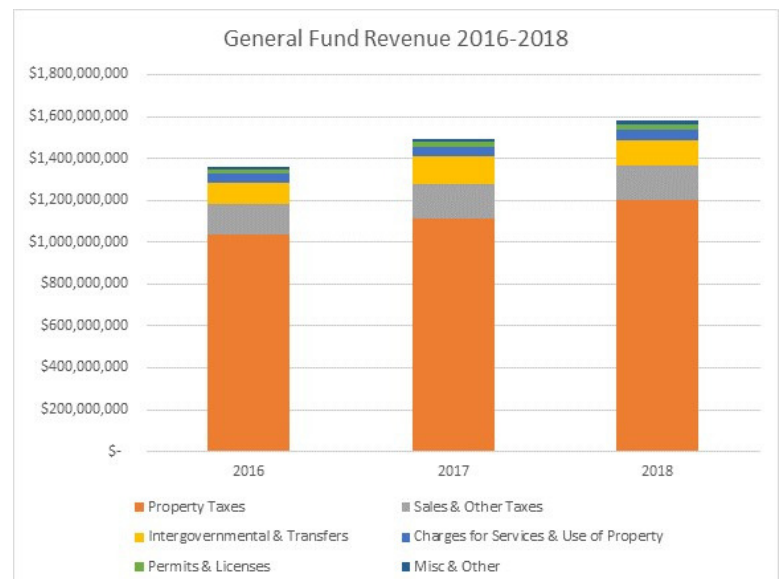
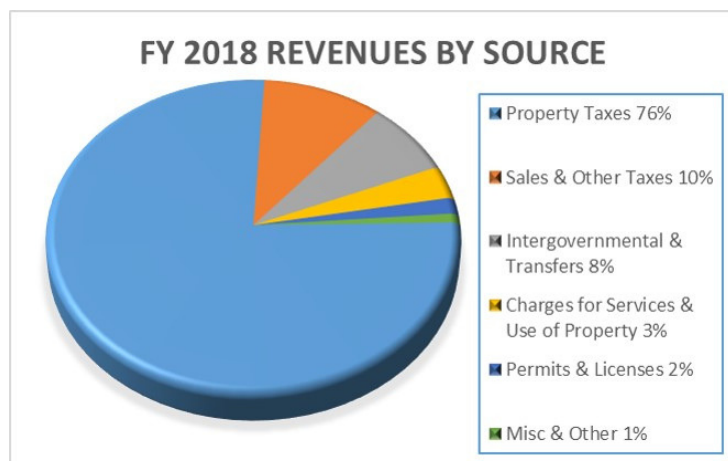
The General Fund is the primary tax and operating fund for County Governmental Activities used to account for all County revenues and expenditures which are not accounted for in other funds and which are used for the general operating functions of County agencies.

The charts shown here report only on the General Fund and are presented on a current financial resource, non-GAAP basis. More detailed GAAP basis financial statements can be found in the County's CAFR.

## General Fund Revenues

The majority of the County's General Fund revenues come from property taxes on real and personal property. The real property tax, which is the tax homeowners and businesses pay on their land and buildings, is calculated at \$1.085 per \$100 of assessed value for 2018. The personal property tax, which taxes property such as vehicles, is \$4.20 per \$100 of assessed value. For FY 2018, actual revenues and transfers-in exceeded amended budget amounts by \$75.2 million, or 5%, while actual expenditures and transfers out were less than the amended budget amounts by \$38.1 million, or 2.4%. General property tax and other local tax revenues exceeded the revised budget by approximately \$66.8 million due to an increase in personal property taxes of \$45.6 million, interest revenue of \$8.9 million, and higher business license and bank franchise taxes offset by small increases and decreases in other accounts. Computer Equipment Business Personal Property tax (BPPT) revenue, a component of the Personal Property tax, has experienced the largest growth. This trend in real and personal property tax revenue increase is demonstrated in the revenue growth from 2016 to 2018.

General Fund Revenues	Adopted Budget	Amended Budget	Actuals	Variance
General Property Taxes	\$ 1,145,638,700	\$ 1,145,638,700	\$ 1,203,943,441	\$ 58,304,741
Other Local Taxes	152,048,130	152,048,130	160,587,445	8,539,315
Permits and Licenses	22,727,563	22,767,434	26,413,319	3,645,885
Fines and Forfeitures	1,871,650	1,871,650	2,059,764	188,114
Use of Money and Property	4,957,869	5,080,869	14,018,102	8,937,233
Charges for Services	36,987,999	41,535,100	39,286,622	(2,248,478)
Payment from Component Unit	-	15,674,101	15,674,101	-
Other Local Revenue	9,702,757	11,459,605	12,821,084	1,361,479
Intergovernmental Revenue	91,308,859	100,996,192	97,434,295	(3,561,897)
Transfers from Other Funds	6,423,647	7,856,843	7,856,807	(36)
<b>Total</b>	<b>\$ 1,471,667,174</b>	<b>\$ 1,504,928,624</b>	<b>\$ 1,580,094,980</b>	<b>\$ 75,166,356</b>



# FISCAL YEAR 2018 FINANCIAL RESULTS: GENERAL FUND SUMMARY

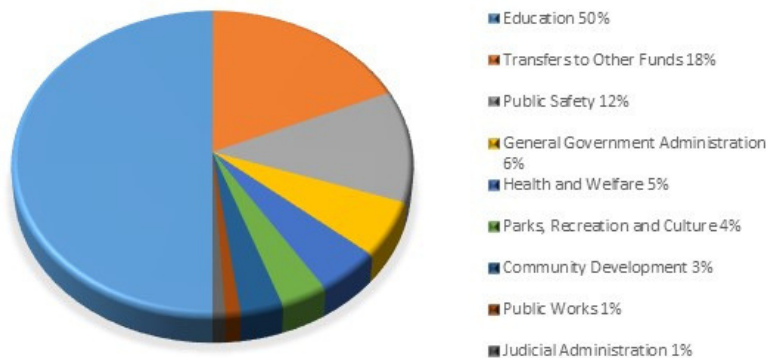
## General Fund Expenditures

Education continues to be one of the County's highest priorities and commitments and represents 50% of general fund expenditures. Education expenses as part of governmental funds in fiscal year 2018 increased by \$48.9 million from the previous fiscal year primarily due to an increase in the transfer to the Component Unit-Schools for operating expenses with a nominal increase in contributions for capital projects. The County holds bond proceeds for the Schools and reimburses the Schools as projects are constructed. General Fund expenditures overall were \$38 million less than budget; departmental vacancies and savings in materials and supplies, utilities, and contractual services were primary drivers for under-budgeted expenditures. Overall, expenditure savings were 2.4% of Revised Budget, similar to previous years'.

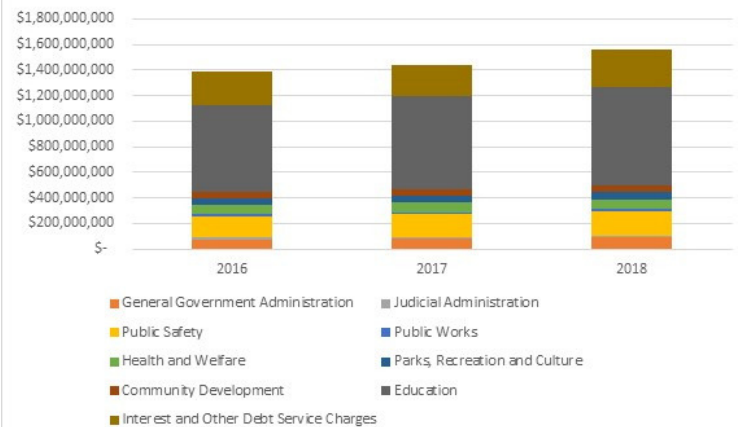
General Fund Expenditures	Adopted Budget	Amended Budget	Actuals	Variance
General Government Administration	\$ 85,415,642	\$ 86,939,553	\$ 91,968,373	\$ (5,028,820)
Judicial Administration	15,608,799	15,963,744	14,772,826	1,190,918
Public Safety	194,185,310	199,135,603	185,602,390	13,533,213
Public Works	19,564,563	21,591,516	18,003,377	3,588,139
Health and Welfare	75,055,509	85,137,116	75,884,270	9,252,846
Parks, Recreation and Culture	59,806,140	62,069,944	55,586,926	6,483,018
Community Development	53,741,863	59,452,812	50,516,282	8,936,530
Education	771,824,151	778,824,151	778,824,151	-
Transfers to Other Funds	244,073,106	285,484,378	285,326,877	157,501
<b>Total</b>	<b>\$ 1,519,275,083</b>	<b>\$ 1,594,598,817</b>	<b>\$ 1,556,485,472</b>	<b>\$ 38,113,345</b>



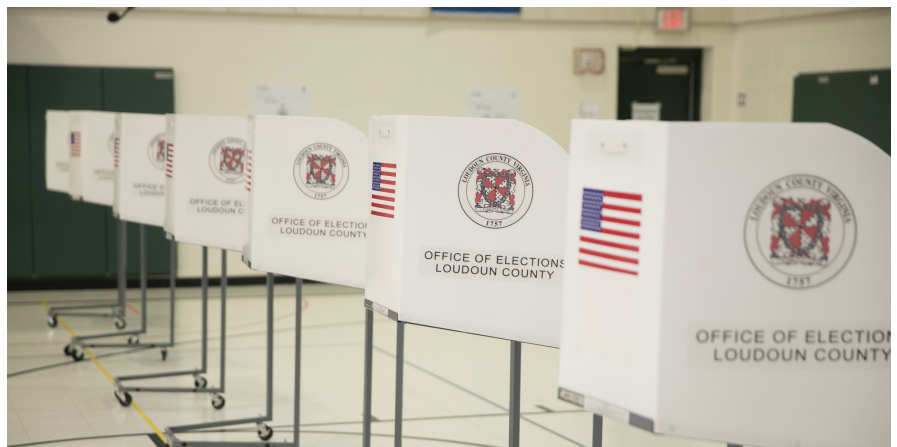
FY 2018 EXPENDITURES BY ACTIVITY



General Fund Expenditures 2016-2018



Dulles South Recreation & Community Center





# CAPITAL IMPROVEMENTS

The county's Capital Improvement Plan focuses on key areas of improvement, including:

- **An efficient and effective transportation network**
- **Expanding infrastructure to support education for our children**
- **Safe and secure neighborhood**
- **Activities for our residents**

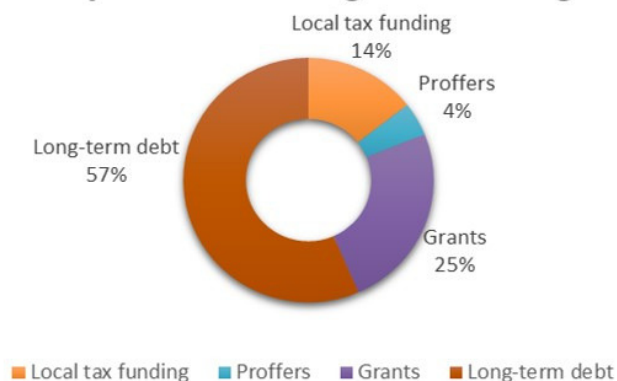
By the end of fiscal year 2018, the Government invested approximately \$1.4 billion in capital assets, while the Component-Unit Schools had \$1.8 billion in capital assets. This represents an increase of \$55.2 million over FY 2017 for the Primary Government, and \$138.3 million for the Component Unit-Schools.

Capital Assets - Primary Government	Balance
Land	\$ 168,639,424
Buildings	530,812,915
Improvements Other Than Buildings	63,954,364
Equipment	277,966,587
Construction in Progress	90,946,719
Infrastructure	651,392,232
Accumulated Depreciation	(425,120,294)
<b>Total Capital Assets</b>	<b>\$ 1,358,591,947</b>

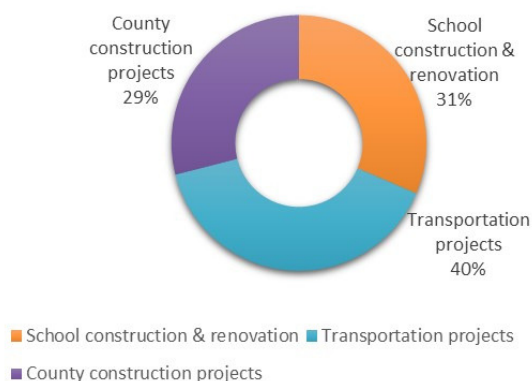
The Capital Improvement Program (CIP) is the six-year plan for the County's highest priority capital projects that replace, improve, expand, and develop infrastructure, facilities, or other large County assets. The CIP budget continues to grow in complexity. The priority projects in the CIP include transportation, public safety and public school projects. During the fiscal year 2018 budget process, the County amended the \$2 billion, six-year (FY 2017 – FY 2022) CIP, with school construction and renovation projects totaling \$639.8 million, transportation projects totaling \$804.5 million and County construction projects totaling \$589.4 million. The \$2 billion Amended Plan is principally funded with \$293.6 million in local tax funding, \$90 million in proffers, \$498.5 million in grants and \$1.147 billion funded with long-term debt.

Additional information is available in the FY2018 Adopted Budget, Volume 2, and can be found on the County website at [www.loudoun.gov/budget](http://www.loudoun.gov/budget). An interactive map of active and planned projects, as well as project updates, can be found at [www.loudoun.gov/underconstruction](http://www.loudoun.gov/underconstruction)

## FY 2017 - FY 2022 Amended Capital Improvement Program Funding



## FY 2017- FY 2022 Amended Capital Improvement Program



## PROJECTS INCLUDED IN THE CIP

### School projects

- Elementary school projects including new schools as well as classroom additions totaling \$207.3 million
- New middle school for \$57.8 million
- Two new high schools and renovations to existing schools, and the installation of artificial turf fields and track resurfacing at four high schools, totaling \$319.2 million
- School projects including school bus acquisition and replacement, a staff training center, and security improvements to school facilities throughout the County totaling \$55.5 million

### Countywide capital projects

- Construction of Prentice Drive/ Lockridge Rd. West for \$89.6 million
- Construction of Westwind Drive for \$43.7 million
- Construction of Crosstrail Blvd. for \$43.6 million
- Route 7/Battlefield Parkway Interchange for \$45.0 million
- Various segments of Northstar Blvd for \$81.8 million
- Metro capital contribution for \$66.0 million
- Other transportation projects for \$434.8 million
- Storm water management project for \$32.4 million
- Capital project management support: \$63.2 million
- Public Safety capital improvements of \$159.3 million
- Health and Welfare capital improvements of \$4.5 million
- Parks, Recreation and Cultural capital improvements of \$260.1 million
- General Government projects for \$66.0 million

# MAINTAINING OUR AAA STATUS

Loudoun County issues debt in the form of bonds and other financial instruments to help fund large projects. As the County has experienced near exponential growth over the last two decades, the need for more facilities has grown as well. New schools, fire stations, police stations, recreational centers, and roads are often funded through the issuance of bonds. While Loudoun County has taken on debt in the creation of these capital improvements, it has done so responsibly and within the confines of good fiscal management.

Loudoun County has a fiscal policy that creates the guidelines for debt issuance. Per that fiscal policy, the County shall not have net debt greater than 3.0% of the estimated market value of taxable property. For fiscal year 2018, the County’s debt ratio is only 1.71%, which is positive given the growth challenges incumbent on the County. Additionally, the county has an annual debt issuance guideline of \$225 million, which serves as a planning tool to manage how rapidly the county incurs debt.

In June 2018, the County issued \$148.3 million in General Obligation Public Improvement Bonds and \$56.6 million in Bond Anticipation Notes through the Economic Development Authority. Net debt per capita as a percentage of income is not to exceed 8%, and during fiscal year 2018 it stood at 5.17%. Debt service expenditures as a percentage of governmental fund expenditures should not exceed 10%. The County paid \$179 million towards its debt, 5.73% of expenditures. At the end of fiscal year 2018, the County had \$1.57 billion in outstanding general obligation bonds, premiums, loans, and capital leases. This represents a net increase of \$152.1 million from FY 2017.

In fiscal year 2018, Moody’s Investors Services, Inc. reaffirmed the County’s bond rating of Aaa, Fitch Credit Rating Services and S&P Global maintained the County’s bond rating of AAA. These are the highest ratings available from each of these firms. In May, 2018 Fitch Credit Rating Services reaffirmed the AA+ rating on the County’s Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds. The AAA bond ratings allow the County to borrow at the best rates the market can provide and ensures that our citizens’ tax revenues are efficiently used.

The rating agencies referenced the following attributes of the County:

- strong operating performance,
- consistently solid financial performance,
- solid economic growth,
- sizeable and diverse tax base,
- strong budgetary performance and financial management,
- very strong liquidity,
- manageable debt burden,
- solid reserve levels

COUNTY OF LOUDOUN, VIRGINIA COUNTY POLICY DEBT MARGIN	Fiscal Policy Guideline	Fiscal Year 2018
Ratio Data:		
Population		402,561
Estimated Market Value of Taxable Property		\$92,321,203,198
Per Capita Income		75,700
Governmental Expenditures		3,125,085,075
Total Reporting Entity Outstanding Debt		1,574,668,301
Total Reporting Entity Debt Service Expenditures		179,055,454
Debt Capacity Goals / Ratios:		
Annual Debt Issuance Limit	\$225,000,000	\$158,275,000
Debt Per Capita	2,500.00	3,911.63
Debt To Estimated Market Value of Taxable Property	3.00%	1.71%
Debt To Per Capita Income	8.00%	5.17%
Debt Service To Expenditures	10.00%	5.73%



Route 7-659 Interchange Ribbon Cutting



Academies of Loudoun



# 2019 AND BEYOND

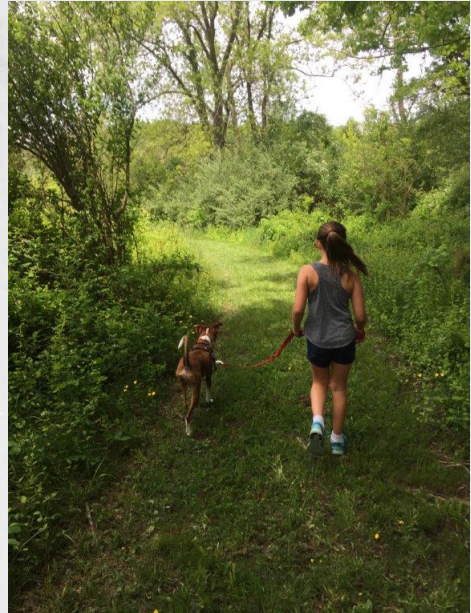
As Loudoun County continues to grow, providing services that meet the needs of County residents and businesses is paramount.

One of the Board's strategic initiatives is in the area of community needs and quality of life. Of particular focus in this area is affordable housing. The Affordable Housing Assistance Team has been established, comprising staff from the departments of Family Services, Management and Budget, Planning and Zoning, Transportation and Capital Infrastructure, County Administration, Building and Development, Finance and Procurement, and the Department of Economic Development. In FY 2018, the Board broadened the use of the Housing Trust Fund by amending the Trust Agreement, allowing the Trust funds to be used more expansively in the future through an annual competitive process to finance affordable rental units and help advance projects that propose greater numbers of affordable units that otherwise would not have qualified.

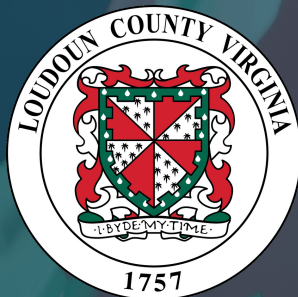
Construction of the Silver Line Project is progressing, with an anticipated 2020 opening. At the same time, the County is making important road, pedestrian, and transit connections to serve the Metrorail expansion by enhancing economic development opportunities around the stations. County transit service routes are also being modified to encourage and enable residents and commuters to use Metrorail. Several active and planned CIP projects will directly support Metrorail operations.

Loudoun County is also nearing the completion of Loudoun 2040, the new Comprehensive Plan, which includes the county's General Plan and Countywide Transportation Plan. Once adopted, it will serve as the County government's guide for land use and transportation policy for the foreseeable future.

The County also has an ongoing priority of attracting and retaining highly qualified employees to serve Loudoun's citizens. To support that priority, the county has undertaken a Classification and Compensation Study. Phase One of the study was completed in September 2017, and the Board of Supervisors updated the County's compensation philosophy with the goal to be more in line with northern Virginia jurisdictions as to pay and benefits. Phase Two of the study is taking place in FY 2019.







The County of Loudoun's Popular Annual Financial Report

is a publication of the

Loudoun County, Virginia

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