



Loudoun County
VIRGINIA

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

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TIM HEMSTREET

County Administrator

To the citizens of Loudoun County:

We are pleased to present the Loudoun County, Virginia, Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022. 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 and understandable information about the financial condition of your county government, in a concise and accessible format.

The County concluded Fiscal Year 2022 in sound financial condition, in part due to the diversity of revenues of the County which make it less susceptible to volatility in the economy. In addition, the County continued its commitments designed to effectively manage the challenges that continued growth has brought to Loudoun County. These commitments include extending the Metrorail Silver Line into Loudoun County; constructing needed capital facilities and identifying funds for their operations; and, as a result of adopting a new Comprehensive Plan, facilitating the update of the County's Zoning Ordinance to achieve the vision of the plan. The Board continues to designate two cents of real estate tax revenues in support of multiple road projects 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 2022, the County adopted a Fiscal Year 2023 budget that resulted in an overall increase of \$52.2 million in the general county government and a \$53.7 million addition in the school operating fund compared to Fiscal Year 2022 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.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**County of Loudoun
Virginia**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell
Executive Director/CEO

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 Loudoun County, Virginia, for its Popular Annual Financial Report for the fiscal year ended June 30, 2021. 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.

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. Loudoun County, Virginia, has received a Popular Award for the last five consecutive years (Fiscal Years 2017-2021). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA to determine its eligibility for another Award.

LOUDOUN COUNTY AT A GLANCE

Loudoun 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. Loudoun is bordered by the Blue Ridge Mountains and Potomac River, and is approximately 520 square miles in size, covering 330,880 acres of land area.

Leesburg has served continuously as the county seat since 1757. Hamilton, Hillsboro, Leesburg, Lovettsville, Middleburg, Purcellville and Round Hill are incorporated towns within the county.

In the last three decades, the population of Loudoun County has nearly quadrupled. The current population is

approximately 429,747 and Loudoun is one of the fastest growing jurisdictions in the Washington metropolitan area.

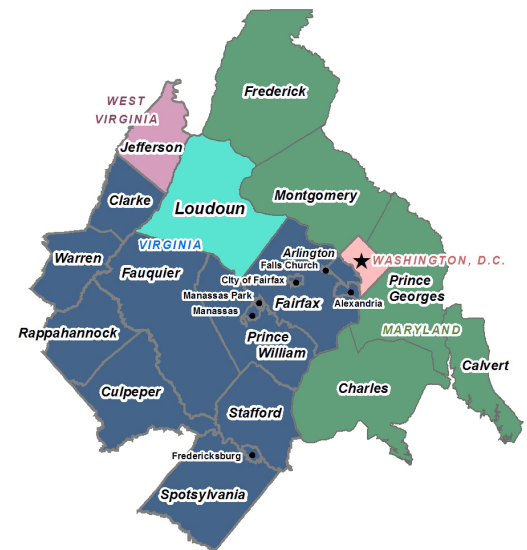
A labor pool of highly skilled people, abundant greenfield commercial opportunities, international connections through Washington-Dulles International Airport, three new Metrorail stations and the world's densest fiber optic infrastructure are among Loudoun's most desirable assets.

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.

Towns & Communities



Washington Metropolitan Area



ABOUT THIS REPORT This report is intended to provide the public with information about Loudoun County's financial condition in an easily understandable format. The PAFR supplements the Annual Comprehensive Financial Report (ACFR) and is not a substitute for the ACFR. 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, Internal Service 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 ACFR.

The ACFR is prepared in conformity with GAAP and audited in accordance with GAAP by a firm of licensed certified public accountants, Cherry Bekaert, LLP. The ACFR is available in its entirety online at www.loudoun.gov/financialreports. We encourage all citizens to read the ACFR and the full financial disclosures contained within the document.

MAJOR INITIATIVES

During Fiscal Year 2022, the county made significant progress on the five focus areas of the Board of Supervisors strategic initiatives: open spaces and environment, connecting Loudoun, collective bargaining, equitable communities, and economic development. The county also continued its response to the COVID-19 pandemic by providing free testing events and providing opportunities for residents to receive the COVID-19 vaccine.

The county has made great strides in connecting Loudoun residents physically and digitally.

In July 2021, the Board approved the **Linear Parks and Trails Plan**, which will help connect hikers, walkers, runners, equestrians, cyclists and paddlers to natural and cultural landscapes. The plan's signature project entails construction of pedestrian bridges in the Goose Creek and Broad Run stream valleys, parking/access points, trails, benches/seating areas, trailhead restroom facilities, a canoe/kayak launch in the Goose Creek stream valley, and wayfinding signage for connectivity to major regional trail networks.

Other significant transportation projects completed this year included the final segment of Riverside Parkway and the extension of Davis Drive; Elk Lick Intersection Improvements; and the opening of Crosstrail Boulevard from Kincaid Boulevard to Russell Branch Parkway.

The county also took steps toward improving safety on the U.S. Route 15 corridor between Montresor Road and the Village of Lucketts, as well as improving safety and operations along Route 9 between the West Virginia state line and Route 7.

The county's new **Environmental Commission** solicited public input on topics of interest. A workshop in September 2021 generated ideas for updating the county's Energy Strategy, a comprehensive, 30-year road map for the Loudoun County government and community. And to reduce plastic pollution in the region, the county implemented a new plastic bag tax approved by the Board.

In the digital space, Loudoun was awarded a **\$17.5 million grant from the Virginia Telecommunications Initiative** to provide fiber to homes in areas not currently served by a wired provider. The county is working in partnership with All Points Broadband to help fund construction of a fiber-to-the-home broadband network. In July 2021, the Board authorized the use of \$12.4 million of future American Rescue Plan Act funds as the County's contribution toward the project.

The county's focus on building equitable communities included the adoption of the **Unmet Housing Needs Strategic Plan**. Following the plan's adoption, the county moved forward with developing processes and programs

that address Loudoun-specific needs and work toward the attainable housing goal.

In July 2021, the county's first chief equity officer began his work, focusing on the development of a countywide plan that promotes **equitable, community-based outcomes** where residents and employees can thrive. Departmental initiatives include the Budget Equity Team and the Department of Planning and Zoning Equity Roundtable. In addition, Loudoun Economic Development became a partner in the Northern Virginia Minority-Owned Businesses Working Group.

To help meet critical community needs, the county allocated nearly \$2.5 million to 36 local nonprofits and faith-based organizations as part of the American Rescue Plan Act of 2021, also known as ARPA. This allocation supported adult education and childcare, legal services, and mental health services, along with employment, emergency food, utility and rental assistance programs.

The County opened a number of new facilities, including the 18,000 square foot, LEED Gold-designated **Lucketts Fire and Rescue Station** and the **Loudoun County Animal Services facility**, which is the first public shelter in the United States to meet 100 percent of the Association of Shelter Veterinarians Animal Shelter Guidelines. The new animal services facility will house more than 2,300 animals a year, providing them with full veterinary care at the on-site clinic. The department plans to position the 22,000-square-foot facility to serve as a regional training facility for animal welfare partners and humane law enforcement officers.

The newly renovated **Sterling Community Center** opened in March 2022. The renovated center occupies 20,700 square feet of space and includes a new patio area for public seating, an outdoor amphitheater area around the existing pavilion, an enlarged gym, fitness room, computer room, kitchen, classrooms, an art room and teen center.

The opening of **Potomac Green Neighborhood Park** and **Lovettsville Community Park** represented the county's commitment to green space and recreation in neighborhoods across the county.

The county successfully updated the county's election districts in June 2022 as part of the **local redistricting process**. The new election districts are the result of a process that was informed by the 2020 census and input from the public. The redrawing of election districts each decade is required by law. The redrawn districts were designed by the Board and members of the public to help maintain districts in which the number of residents is balanced over the next decade.

YOUR BOARD OF SUPERVISORS



Loudoun County Board of Supervisors 2020–2023 (First row, from left to right) Juli E. Briskman, Algonkian; Koran T. Saines, Vice Chair, Sterling; Phyllis J. Randall, Chair At-Large; Kristen C. Umstattd, Leesburg. Second row, from left to right: Caleb A. Kershner, Catoctin; Sylvia R. Glass, Broad Run; Tony R. Buffington, Blue Ridge; Michael R. Turner, Ashburn; Matthew F. Letourneau, Dulles.

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 Chair for a term of four years.

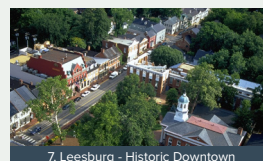
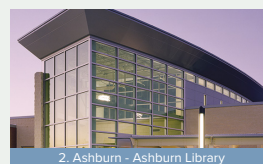
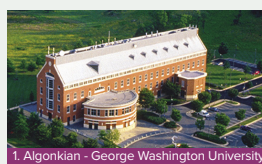
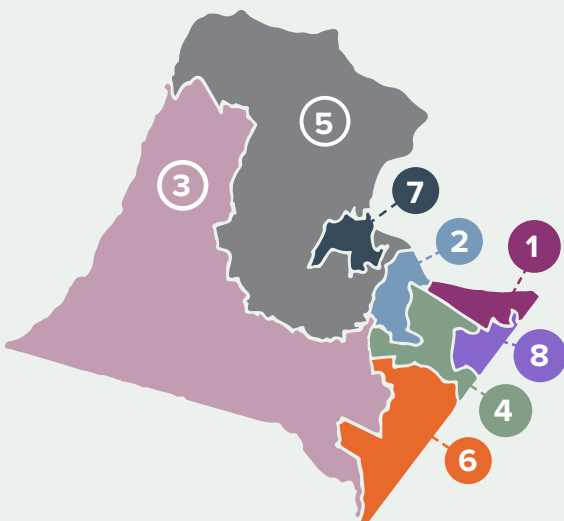
The Board of Supervisors is the legislative and policy setting body for the County government, oversees general governmental operations, and is responsible for appropriating funds for the various County departments and agencies.

The strategic priorities of the 2019-2023 Board are focused on open spaces and environment; connecting Loudoun, collective bargaining; equitable communities; and economic

development.

The Board of Supervisors appoints a County Administrator to act as the Board's agent in the operation of departments and agencies. The Board also appoints a County Attorney, along with advisory boards, commissions and committees that provide opportunities for county residents to be directly involved in local government. Other elected County officials include the School Board, Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff and Treasurer. The judges of the Circuit Court, General District Court, and the Juvenile and Domestic Relations District Court are elected by the state legislature.

LOUDOUN COUNTY ELECTION DISTRICTS



LOUDOUN'S ECONOMY

Founded in 1757 and covering 520 square miles, Loudoun County is a growing, dynamic county of more than 400,000 people. Loudoun is known for its beautiful scenery, rich history, healthy diversity of expanding business opportunities, comfortable neighborhoods, and high quality public services.

The sixth fastest growing county in the United States between 2000 and 2010, with its population increasing 84 percent, Loudoun County's economy reflects the relative stability, high income and low unemployment characteristics of the Washington, D.C. region. The county's key industries include data centers, information and communications technology, federal government contracting, aerospace and defense, aviation and logistics, health innovation technology, and agriculture and rural business.

Between 2010 and 2020, Loudoun County continued to be one of the fastest growing counties, increasing by another 39 percent. The County's economy continues to grow and is responsible for a considerable share of Northern Virginia's job growth during the past few years. In FY22, Loudoun Economic Development was recognized as Economic Development Organization of the Year for 2021 by the International Economic Development Council.

Loudoun Economic Development celebrated 139 businesses opening or expanding in the county in FY22, representing 6,584 new jobs, 6.7 million square feet, and \$5.73 billion in new commercial investment.

Highlights of the year include:

- Approximately \$4.94 million in funding for 124 Business Reinvestment and Recovery Grants from the county's American Rescue Plan Act funding. The grants funded innovative solutions that accelerate business growth for companies who pivoted in the wake of COVID-19.
- United States Tennis Association Mid-Atlantic Section announced plans to build a state-of-the-art, 36-court tennis campus.
- Plans for Rivana at Innovation Station, a 4.4 million-square-foot, mixed-use destination development adjacent to Metro's Silver Line extension, were unveiled, marking the first phase of a 103-acre transit-oriented development on the border of Loudoun and Fairfax counties. The plans for Innovation Station include:
 - o Nearly 2,000 multifamily housing units;
 - o 1.8 million square feet of Class-A office space;
 - o A 185,000-square-foot retail village;
 - o A 265-room boutique hotel;
 - o A network of green and public spaces, including an 11-acre park.
- Raytheon Technologies renewed its 521,000-square-foot lease in Dulles, preserving thousands of tech jobs.
- Athari Biosciences, a rapid-growth, minority- and woman-owned startup focused on improving equity and inclusion across all facets of healthcare, selected Loudoun County for its corporate headquarters.

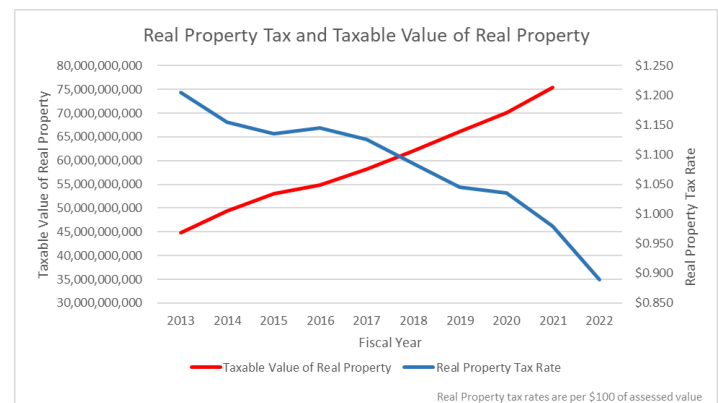
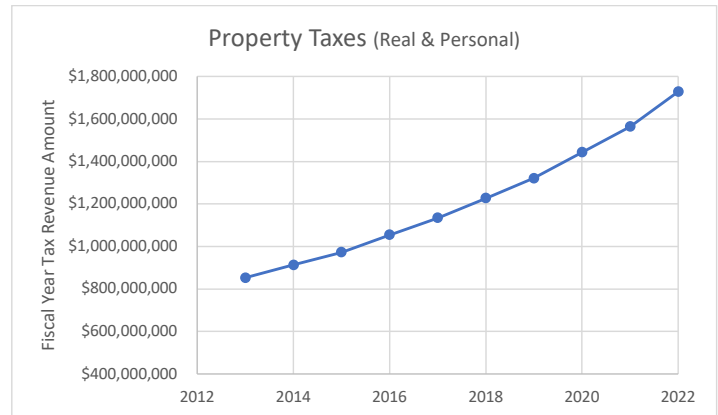


Rivana at Innovation Station

TAXES

The County's largest revenue source is property tax revenue. Fiscal Year 2022 was another year of revenue and tax base growth, with a property tax revenue increase of approximately \$156.0 million from Fiscal Year 2021. 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 real property and personal property taxes was a result of growth in assessment values. In prior years, a significant portion of this growth was the result of buildout of data centers, which increased computer equipment and furniture and fixtures. While this source of revenue is still growing, that growth rate slowed due to the lingering effects of COVID-19. Collection rates for property tax remained consistent with prior years.

In April 2022, the Board set the calendar year 2022 real property tax rate at \$0.89 per \$100 of assessed value, \$0.09 lower than the previous rate of \$0.98 for the calendar year 2021. The increase in real and property values due to growth in assessment values, enabled the County to decrease the real property tax rate while still providing sufficient revenue to support Loudoun County Public Schools and County Government operations that continue to feel the impact of the County's sustained population growth. Over the past decade, as the assessed real property tax values appreciated, the Board has reduced the property tax rates.



Top Ten Tax Payers			
Rank	Business	Assessed Value	% of Taxable Assessed Value
1	Cyrusone LLC	1,211,176,480	1.06%
2	Digital Loudoun 3 LLC	1,201,601,730	1.05%
3	Equinix R P II LLC	468,480,580	0.41%
4	Digital Loudoun Pkway Ctr North LLC	446,328,130	0.39%
5	Fox Properties LLC	354,823,530	0.31%
6	Redwood ERC Ashburn LLC	349,199,300	0.31%
7	Aligned Energy Data Centers (Ashburn)/Propco LLC	339,843,750	0.30%
8	Amazon Data Services	322,835,700	0.28%
9	NTT Global Data Centers VA LLC	294,444,390	0.26%
10	Iskandar Ventures LLC	283,203,130	0.25%



Data center in Ashburn

LOUDOUN COUNTY GOVERNMENT BY THE NUMBERS

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

General Government Administration

- 535 employees
- Triple-A bond ratings by all three major credit ratings agencies.
- 100% major computer availability
- 99% of public inquiries resolved within 48 business hours
- 870,285 sq. ft. office space leased & owned



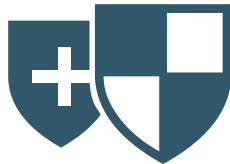
Health & Welfare

- 796 employees
- 133,284 senior meals provided
- 2,734 residents in the Medical Reserve Corps
- 1,044 households receiving assistance to meet their basic needs
- 52,009 companion service hours delivered to older and disabled adults
- 1,199 children served by early intervention developmental services
- 19 group homes
- 1 homeless services shelter
- 1 transition shelter
- 1 youth shelter



Public Safety

- 1,636 employees
- 1,600 volunteers
- 10:53 minutes average response time for emergency calls
- 25,369 emergency medical incidents responded
- 7,950 fire incidents
- 21 fire & rescue stations
- 5 sheriff stations
- 212,000 sq. ft. jail space
- 1 animal shelter



Judicial Administration

- 201 employees
- 5,250 criminal cases concluded
- 13,617 civil cases concluded
- 77,779 deed book recordings
- 252,799 sq. ft. court space



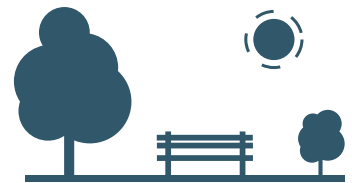
Public Works

- 126 employees
- 1 landfill
- 8 recycling drop-off centers



Parks, Recreation & Culture

- 854 employees
- 411,899 annual park and recreation center visits
- 6,133 adults participating in adult sports leagues
- 45,301 children participating in youth sports
- 322 athletic fields maintained
- 330,803 library program attendees
- 10 libraries
- 3 recreation centers
- 5 senior centers
- 7 community centers
- 3 respite centers
- 55 parks; 4,237 acres



Community Development

- 306 employees
- 1,614 residential building permits
- 685 new structures completed after January 1st of tax year
- 94% of available affordable dwelling units (ADUs) rentals filled
- 156,988 building code inspections performed
- 227 subdivision applications submitted
- 3,117 commercial building permits
- 6,584 jobs recruited or retained
- 118 commuter buses



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.

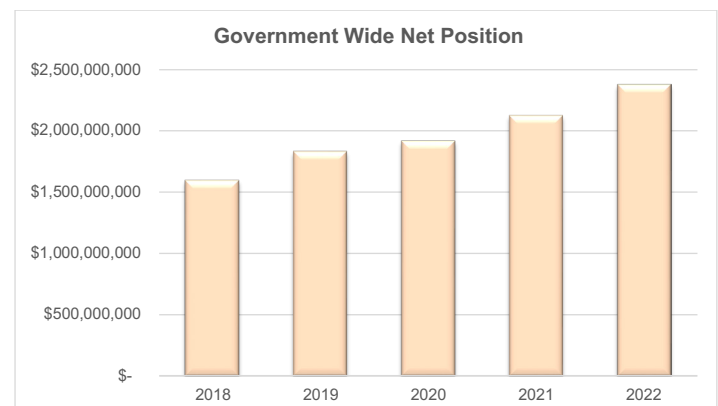
In the Statement of Net Position, the County reports Governmental activities and its Component Unit. All the County's basic services are reported as Governmental activities. Property taxes, other local taxes, and state and federal grants finance most of these activities. The Component unit, the Loudoun 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 2022 with a positive net position of \$2.4 billion. This represents a 11.8% increase over the FY 2021 net position and continues the pattern of growth in net position over the past several years. The largest portion of the Primary Government and component units' net position reflects the investment in capital assets, less any related debt used to acquire those long-term assets and are therefore not available for future spending. The investment in capital assets of \$4.7 billion increased by 3.6% over the prior year. The Primary Government and Schools use these capital assets to provide a variety of services to its residents. Total liabilities for the Primary Government increased by \$118.8 million, primarily due to an increase in debt and the implementation of a governmental accounting standard, related to leases

in FY 2022 which now includes, liability for the right- to-use leased assets in the amount of \$80.9 million. This increase was offset by a decrease of \$500 million in net pension liabilities by the Component Unit and the Primary Government's net investment income which exceeded service, interest costs and changes in assumptions and other inputs.

Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles for state and local governmental entities.

GASB issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.



Luckett's Fire and Rescue Station

FUND BALANCE & NET POSITION

GOVERNMENTAL FUNDS

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

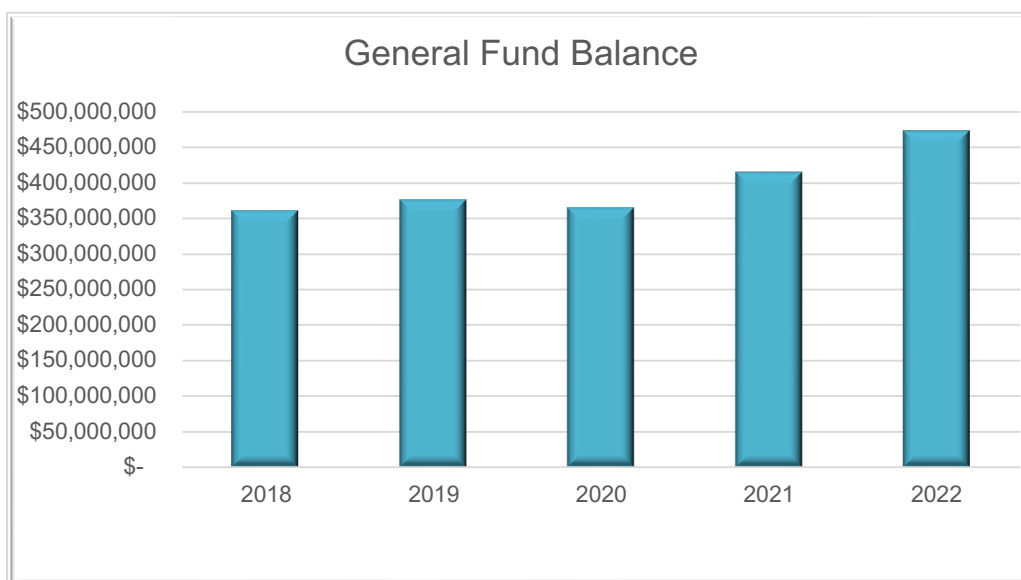
The Governmental fund financial statements provide information on a current resource basis only and focus in greater detail on the County's funds, and not the County as a whole. Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets 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.

Loudoun's general fund balance has been increasing over time and is both positive and available. This indicates a healthy trend and strong fiscal condition which serves to support the County's Triple-A bond ratings and provides sufficient carry-over funds for cash flow purposes. Carryover funds eliminate the need for short-term borrowing between the start of the fiscal year and the receipt of revenue from taxes. The general fund balance increased by \$58.1 million in 2022 from prior year. Higher collections than projected in general property tax revenues, and lower than forecasted expenses, contributed to the ending fund balance. The total general fund balance is \$473.5 million of which \$113.8

million was unassigned and available to meet the County's current and future needs.

The federal American Recovery Plan Act (ARPA) was enacted to provide additional relief to individuals, businesses and state and local governments for COVID-19 related expenses associated with revenue loss, immediate needs for economic development programs, local tourism stabilization, non-profit support, ongoing COVID-19 response, and broadband and future initiatives. The County received \$40.2 million of ARPA funds during the fiscal year. The County recognized increased revenue from general property tax and other local taxes as a result of increased assessed values for both real and personal property. The decline in availability of both new and used vehicles caused the prices of vehicles to increase and therefore their valuation for tax purposes also increased. Residential property values benefited from low interest rates and strong housing demand. Vacancy savings, and lower than anticipated operations and maintenance expenses, resulted in lower expenses and a higher fund balance for the year.

In addition to the General Fund, the County has 24 special revenue funds reported in the ACFR 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 ACFR for detail on these Special Revenue Funds.



FUND BALANCE & NET POSITION

GOVERNMENTAL FUNDS

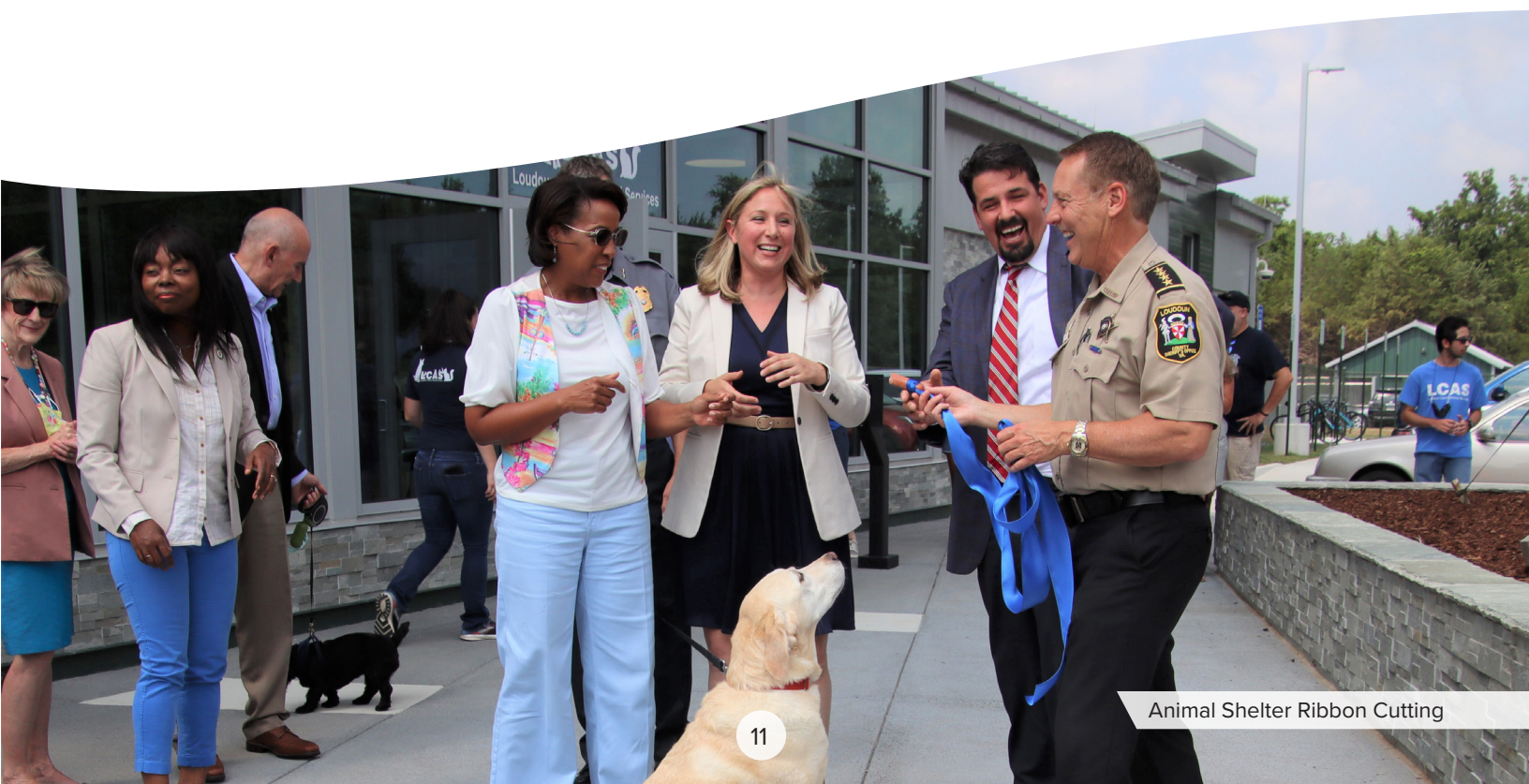
Governmental fund balances are listed in five categories:

- 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' General Fund operating revenues. In FY 2022, the fiscal reserve increased by \$13.8 million to a total of \$256.3 million.

Governmental Funds
Financial Analysis of Fund Balance
Fiscal Year 2022

	General	Capital Projects	Debt Service	Non-Major Governmental	Total
Non-Spendable	\$ 525,215	\$ -	\$ -	\$ -	\$ 525,215
Restricted	-	311,405,665	-	186,975,954	498,381,619
Committed	305,349,112	283,769,524	-	31,075,864	620,194,500
Assigned	53,798,321	67,997,226	35,180,704	21,789,436	178,765,687
Unassigned	113,794,631	-	-	-	113,794,631
Total Fund Balances	\$ 473,467,279	\$ 663,172,415	\$ 35,180,704	\$ 239,841,254	\$ 1,411,661,652



FISCAL YEAR 2022 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 ACFR.

General Fund Revenues

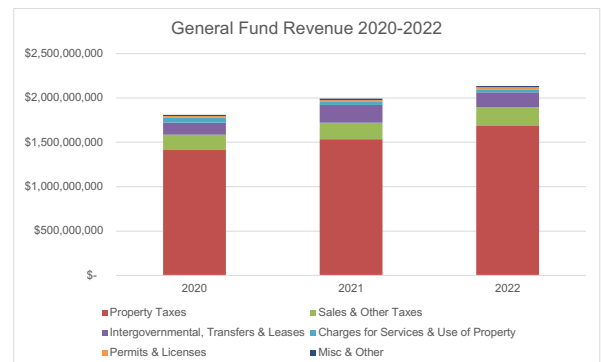
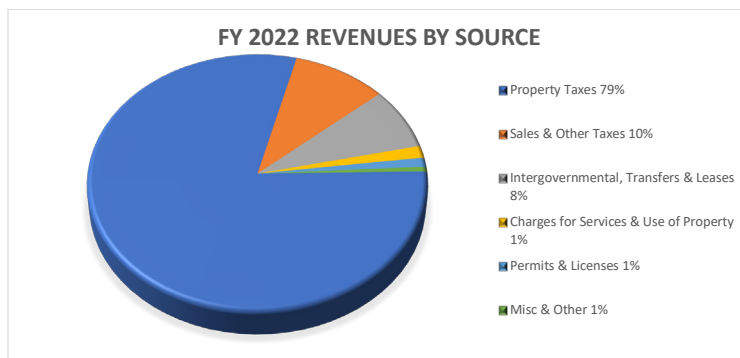
Seventy nine percent of the County's General Fund revenues come from property taxes on real and personal property.

For FY 2022, actual revenues and transfers-in exceeded amended budget amounts by \$79.8 million. The amended budget includes appropriation of federal stimulus funds provided to the county through ARPA funding, to address the COVID-19 pandemic. General property tax and other local tax revenues exceeded the amended budget by \$80.6 million. Real and personal property taxes driven by increases in assessment values and continued growth of data centers provided \$38.1 million of the increase. The

large increases in sales and use taxes and recordation taxes were based on steady on-line consumer spending, in addition to a return of consumers to brick and mortar establishments. Interest rates remained low in FY 2022 and stimulated home sales and refinancing of mortgages, resulting in increased recordation taxes. Other revenues and transfers exceeded the amended budget by \$8.6 million.

Intergovernmental revenues fell short of the amended budget by \$9.5 million, due to the receipt of grants funds, prior to meeting eligibility requirements for programs such as pandemic recovery activities and broadband initiatives which were budgeted upon receipt. Charges for Services were \$14.1 million below budget due to pandemic related revenue losses in areas such as after school activity fees, recreational sports program fees, library fees, building permit fees and transit fees. Due to interest rate increases and market conditions, investments valued at year end had an unrealized loss and, as a result, Use of Money and Property was \$8.7 million less than budgeted.

General Fund revenues grew by 7% from 2021 to 2022 and demonstrate a continuation of the revenue growth trend driven largely by real and personal property tax revenue.



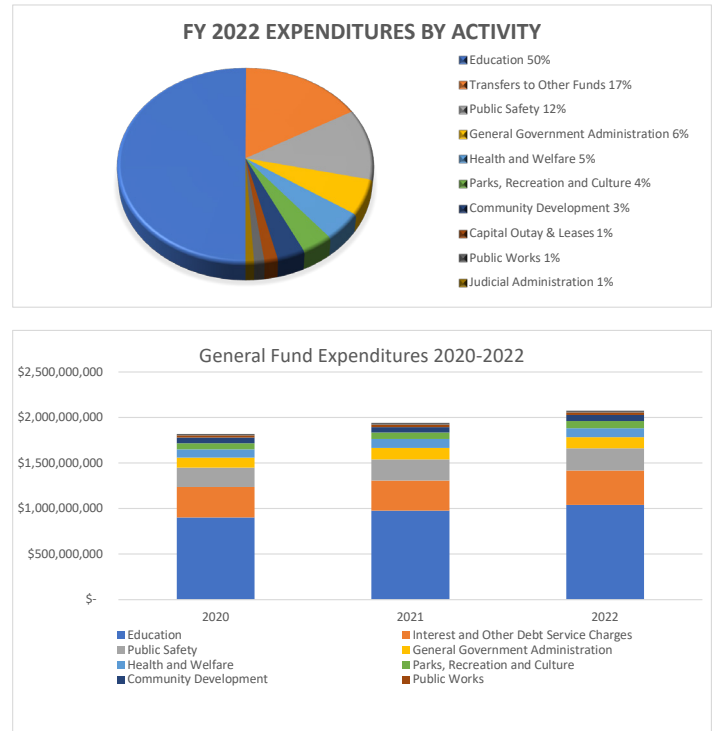
General Fund Revenues	FY 2022			FY 2021	
	Final Budget	Actual	Variance	Actual	
General Property Taxes	\$ 1,646,499,200	\$ 1,692,001,602	\$ 45,502,402	\$ 1,533,783,329	
Other Local Taxes	\$ 170,856,200	\$ 205,972,923	\$ 35,116,723	\$ 188,122,240	
Permits and Licenses	\$ 25,196,045	\$ 24,729,516	\$ (466,529)	\$ 22,945,387	
Fines and Forfeitures	\$ 1,543,300	\$ 1,662,929	\$ 119,629	\$ 1,263,916	
Use of Money and Property	\$ 5,340,562	\$ (3,436,605)	\$ (8,777,167)	\$ 9,429,784	
Charges for Services	\$ 49,681,579	\$ 35,599,703	\$ (14,081,876)	\$ 23,571,362	
Miscellaneous Revenue	\$ 1,612,252	\$ 10,138,204	\$ 8,525,952	\$ 21,526,534	
Recovered Costs	\$ 10,273,495	\$ 9,622,592	\$ (650,903)	\$ 10,268,082	
Intergovernmental Revenue	\$ 141,893,131	\$ 132,389,431	\$ (9,503,700)	\$ 177,302,900	
Transfers-in, Sale of Capital assets & Leases	\$ 1,762,670	\$ 25,766,073	\$ 24,003,403	\$ 3,791,296	
Total	\$ 2,054,658,434	\$ 2,134,446,368	\$ 79,787,934	\$ 1,992,004,830	

FISCAL YEAR 2022 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.

Actual expenditures and transfers were \$66.7 million, or 3.1%, less than amended budget amounts. Salaries and benefits realized savings of \$16.8 million from vacancy savings and tight labor market conditions. Due to the tight labor market and competition for candidates, the County has experienced some challenges in filling vacant positions and many positions are taking longer to hire than originally anticipated. Most of the expenditure savings were in operations and maintenance areas to include contractual services of \$33.8 million, other charges of \$18.1 million, and materials and supplies of \$7.2 million. Total expenditures grew by 7% over FY 2021. Capital outlay and debt service were higher than budgeted by \$29.5 million due to the implementation of GASB Statement No. 87, *Leases*, however, overall expenditures related to leases were not higher than budgeted but were re-classified, from operating expenditures to principal and interest for right-to-use leased assets.



General Fund Expenditures	FY 2022			FY 2021
	Final Budget	Actual	Variance	
General Government Administration	\$ 133,338,850	\$ 122,334,437	\$ 11,004,413	\$ 125,474,570
Judicial Administration	25,333,905	20,806,853	4,527,052	18,888,976
Public Safety	260,812,255	245,683,769	15,128,486	234,665,496
Public Works	32,729,948	25,379,597	7,350,351	27,249,135
Health and Welfare	121,987,215	98,987,675	22,999,540	96,268,002
Parks, Recreation and Culture	94,411,211	76,894,688	17,516,523	70,495,204
Community Development	90,170,784	68,727,968	21,442,816	62,410,569
Capital Outlay & Leases	-	33,078,925	(33,078,925)	-
Education	1,039,573,833	1,039,733,320	(159,487)	977,445,308
Transfers to Other Funds	344,684,255	344,707,171	(22,916)	329,512,135
Total	\$ 2,143,042,256	\$ 2,076,334,403	\$ 66,707,853	\$ 1,942,409,395



CAPITAL IMPROVEMENTS

The County's Capital Improvement Plan (CIP) provides a six-year forecast of the County and School's land, facility, and equipment needs and the plan to replace, improve, expand, and develop infrastructure, facilities, or other large County assets. The plan prioritizes the following key areas:

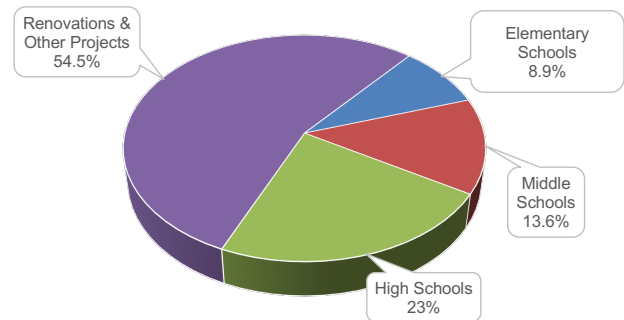
- An efficient and effective transportation network
- Expanding infrastructure to support education for our children
- Safe and secure neighborhood activities for our residents

By the end of FY 2022, the Government invested approximately \$1.8 billion in capital assets, while the Component Unit-Schools had \$2.2 billion in capital assets. This represents an increase of \$171.4 million over FY 2021 for the Primary Government, and \$59.8 million for the Component Unit-Schools.

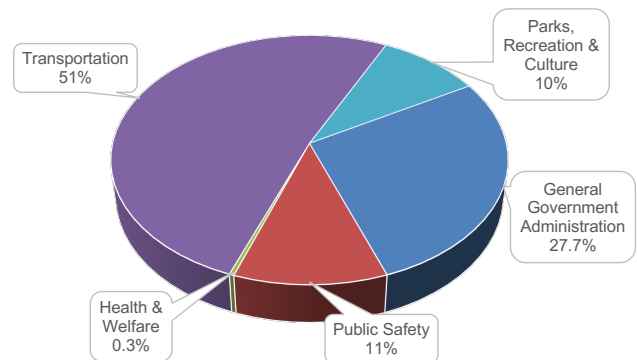
FY 2022, the County amended six-year CIP (FY 2021-FY 2026) totals \$3.1 billion, and includes transportation projects totaling \$1.2 billion, school construction and renovation projects totaling \$830 million, and county construction projects totaling \$1.1 billion. The County appropriated \$130 million in the CIP to build three Metrorail garages, which were completed in FY 2022, in preparation for the Silver Line service to Loudoun, that began November 15, 2022. Funding for the FY 2022 amended CIP increased approximately \$203.4 million from the FY 2021 adopted CIP primarily due to additional funding for county construction projects totaling \$186.6 million and school projects totaling \$24.5 million offset by a decrease in transportation projects totaling \$7.7 million. County construction projects increased by \$100.7 million for Parks and Recreation, \$95.7 million for general, administrative and IT projects, \$5.1 million for Health and Welfare projects, and was offset by reductions of \$20.8 million for Public Safety Projects. The amended FY 2021-FY2026 CIP is principally funded with \$815.5 million in local tax funding, \$42.7 million in proffers, \$367.7 million in intergovernmental assistance, and \$1.87 billion in debt financing.

The County's CIP budget continues to grow in size and complexity. The majority of funding is dedicated to transportation projects, which include roads, sidewalks, signals, traffic calming, and transit projects. The Board of Supervisors dedicates two cents of the real property tax rate per annum to assist with the cost of local transportation projects. The County receives local and regional funds from the Northern Virginia Transportation Authority (NVTA) as authorized by House Bill (HB) 2313, in addition to other funding including proffers, and state and federal grants. Additionally, the County has entered into agreements with the Virginia Department of Transportation (VDOT) to provide funding for projects that will be managed and constructed by VDOT.

School Projects by Type



County Projects by Function



As of FY 2022, there were 52 active transportation and transit projects in various phases of design and construction, including segments of Crosstrail Boulevard, Braddock Road, various intersection and interchange improvements which include, Route 7 and Route 50 Corridors, segments of Route 15, segments at Northstar Boulevard, Prentice Drive and Shellhorn Road, and pedestrian improvements to Metro station areas, which include sidewalks and trails along roads leading to Metrorail stations.

Many public safety and parks and recreation projects are in development such as several new and replacement fire and rescue stations, the construction and renovation of the Courts Complex, Lovettsville District Park Phase II, Philip A. Bolen Memorial Park Phase II, and the Ashburn Recreation Center. County projects completed in FY 2022 include: Metro parking garages, Lovettsville Park, Potomac Green Community Park and Sterling Community Center renovations.

Additional information is available in the FY 2022 Adopted Budget, Volume 2, and can be found on loudoun.gov/budget. An interactive map of active and planned projects, as well as project updates, can be found at loudoun.gov/underconstruction

MAINTAINING OUR AAA STATUS

Loudoun County issues debt in the form of bonds and other financial instruments to help fund capital 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 FY 2022, the County's debt ratio is only 1.49%, which is positive given the growth challenges incumbent on the County. Additionally, the county has an annual debt issuance guideline of \$250 million, which serves as a planning tool to manage how rapidly the county incurs debt. Net debt per capita as a percentage of income is not to exceed 8.0%, and during FY 2022 it was 5.12%. Debt service expenditures as a percentage of governmental fund expenditures should not exceed 10.0%. The County paid \$224.7 million towards its debt, representing 7.53% of expenditures. At the end of FY 2022, the County had \$2.02 billion in outstanding general obligation bonds, premiums, loans, and capital leases. This represents a net increase of \$80.9 million from FY 2021.

In September 2021, the County sold \$23 million in General Obligation Bonds, Series 2021B, to refund one outstanding bond series for a net present value savings of \$4.2 million. In June 2022, the County sold \$156.7 million in General

Obligation Bonds, Series 2022A, to provide funding for the design, construction, renovation and equipping of various school, parks and recreation and public safety facilities, and transportation projects. Also, in June 2022, the County sold \$73.8 million of Public Facility Revenue Bonds, Series 2022A&B, through the Economic Development Authority (EDA), to provide funding for the design, construction, renovation and equipping of government office space, a new courthouse building and renovations to the existing courthouse, public safety, parks and recreation and soccer facilities, landfill, land acquisition and various school projects.

In FY 2022, Moody's Investors Services, Inc. reaffirmed the County's Aaa bond rating, S&P Global Ratings (S&P) and Fitch Credit Rating Services affirmed the County's triple-a bond ratings. These are the highest ratings available from each of these firms. The Aaa/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 and solid reserve levels.
- manageable debt burden.



2023 AND BEYOND

As Loudoun County continues to grow, providing programs and services that meet the needs of county residents and businesses will continue to be a priority.

Metro Silver Line

The long-awaited Metro rail service to Dulles Airport and Loudoun County began November 15, 2022. Metro service to Dulles Airport and beyond will be pivotal to developing Loudoun's emerging Urban Policy Area, providing significant employment opportunities and diverse housing options. The extension completes the final phase of the full 23-mile expansion that began construction in 2009, opening the first segment five years later. Three newly opened stations -- Ashburn, Loudoun Gateway and Washington Dulles International Airport -- will provide Loudoun residents with a new transportation option for accessing employment, entertainment, the region's two airports and other destinations served by Metro.

Environmental and Energy Work Plan

The county's newly adopted Environmental and Energy Work Plan will guide policies and practices related to the environment, sustainability and energy management. The plan focuses on the following initiatives:

- Energy sustainability, including programs that promote and incentivize clean and renewable energy sources such as solar energy to reduce greenhouse gas emissions from both county operations and other community sectors.
- Enhancing natural resources, such as trees, wildlife, watershed and land conservation through programs aimed at tree preservation, the creation of wildlife corridors and implementation of projects from watershed management plans.
- Environmental justice, which examines the impact of environmental issues on underserved populations.
- "Government by example," which includes programs to enhance the sustainability of Loudoun County government operations.
- Increasing public engagement in environmental and sustainability initiatives through annual events such as an environmental awards program and a public forum on environment and energy.

Parks and Trails

Hal and Berni Hansen Regional Park is a new 257-acre facility off Evergreen Mills Road in Aldie, between the Brambleton and Willowsford communities. The park includes a cricket pitch, disc golf course, athletic fields, a skate plaza, an amphitheater, and a lodge/event center.

The county is also launching a master planning process for Franklin Park, which currently encompasses 200 acres between the towns of Purcellville and Round Hill. With the county's recent acquisition of 103 acres adjacent to the current park, planners have identified potential amenities that may be added to the newly enlarged park, including equestrian facilities, additional hiking trails, and improved parking and restroom facilities. Also in western Loudoun, the Round Hill to Franklin Park Trail Project is a new shared-use path that links the Town of Round Hill to Franklin Park.

Veterans Treatment Docket

The Virginia Supreme Court has approved Loudoun County's application to establish a Veterans Treatment Docket, which launched in December 2022. Loudoun's specialty docket will serve justice-involved veterans of the U.S. military branches who have mental illness or co-occurring disorders. The Loudoun County Veterans Treatment Docket is part of the county's efforts to expand access to mental health services and to support those who served in the military. The creation of the specialty court docket for veterans is part of a broader criminal justice reform effort supported by the Board of Supervisor's 2020-2023 Strategic Initiatives.

Zoning Ordinance Rewrite

A multi-year process to rewrite the county's Zoning Ordinance is expected to conclude in early 2023. Throughout the process, the county has engaged with the public in discussions about new and revised land uses, definitions and performance standards; improvements to parking regulations; renaming of zoning districts; changes to process; and changes that will implement the Loudoun County 2019 Comprehensive Plan. The Loudoun County Zoning Ordinance defines and implements land use and design standards for unincorporated areas of the county. Input from the public, the Board of Supervisors, advisory bodies, county departments, and community and professional groups will be factored into the final ordinance.

Unmet Housing Needs Initiatives

The implementation of Loudoun County's Unmet Housing Needs Strategic Plan has taken steps to address the affordability gaps that exist in the county by providing the Affordable Multi-Family Housing Loan Program, open to non profit and for-profit developers. The program encourages private investment by providing gap financing to address unmet housing needs. The Project Based Voucher program also encourages owners of rental properties to contract with the county to provide affordable rental housing.



Loudoun County

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