



Loudoun County
VIRGINIA

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED **JUNE 30, 2020**

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TIM HEMSTREET
County Administrator

As part of our commitment to provide easily accessible, reliable information about your local government, we are pleased to present the Loudoun County, Virginia, Popular Annual Financial Report (PAFR) for Fiscal Year 2020 (July 1, 2019 - June 30, 2020). The PAFR presents important and informative information about the financial condition of your county government in a concise and easy-to-understand format.

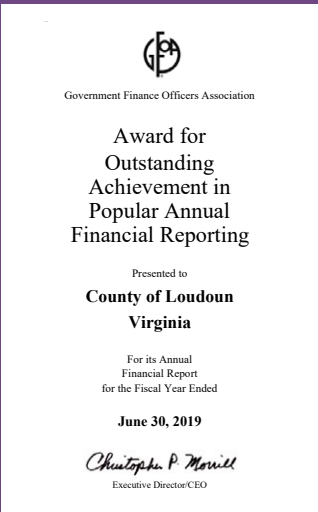
Although the County's year-end results were negatively impacted due to the COVID-19 pandemic, the County concluded Fiscal Year 2020 in sound financial condition. This is due to both restricting discretionary spending in the last quarter of the fiscal year and the diversity of County revenues, which make them less susceptible to volatility. In Fiscal Year 2020, the County has continued to effectively manage the challenges of continued growth, including extending the Metrorail Silver Line into Loudoun County, reviewing and approving zoning amendments that are consistent with the newly adopted Comprehensive Plan, working on the development of the Unmet Housing Needs Strategic Plan, and improving the regional transportation network.

Population growth continues to be a dominant trend affecting every area of government operations. Loudoun must efficiently provide needed services for the growing population and the necessary infrastructure for the future, as well as grow the tax base and resources required to pay for that infrastructure. The County must continue to balance demands for additional services with the ability to pay for those services.

Loudoun County continues to follow a policy of fiscal sustainability, which is particularly important given the potential impacts of the COVID-19 pandemic. In April 2020, the County adopted a Fiscal Year 2021 budget that resulted in an overall increase of \$47.9 million in the general county government and a \$36.9 million addition in the school operating fund, compared to Fiscal Year 2020. However, \$100 million of new expenditures included in the budget were simultaneously frozen as a reserve measure to address the potential impacts due to the pandemic. The \$100 million reserve includes \$40 million of County funding and \$60 million of funding for Loudoun County Public Schools.

The Board's emphasis on sound fiscal planning, budget development and financial management contributes to the present positive financial condition of the County and sets the parameters and tasks for next year.

Tim Hemstreet



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, 2019. 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 three consecutive years (fiscal years ended 2017-2019). 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. 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.

Loudoun 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. For more than two centuries, agriculture was the dominant industry in Loudoun County, which had a relatively constant population of about 20,000 people. That began to change in the early 1960s when Washington-Dulles International Airport was built, which attracted new businesses, workers and their families to the area. At the same time, the metropolitan Washington area began a period of rapid growth. Major road improvements

made commuting from Loudoun County much easier, attracting more and more people to the eastern part of the county.

In the last three decades, the population of Loudoun County nearly quadrupled. The current population is approximately 423,953 and Loudoun is one of the fastest growing jurisdictions in the Washington metropolitan area.

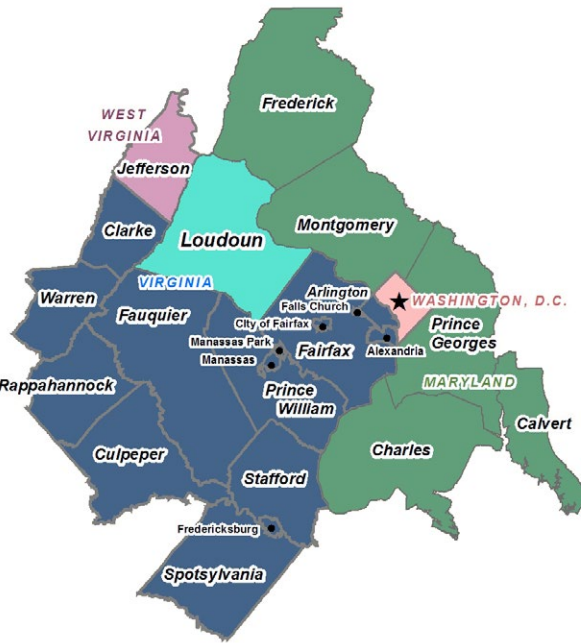
A labor pool of highly skilled people, abundant greenfield commercial opportunities, international connections through Washington-Dulles International Airport, pending arrival of three Metro rail stations, and the world's densest fiber optic infrastructure are among Loudoun's most desirable assets.

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. It supplements the annual Comprehensive Annual Financial Report (CAFR), but does not substitute for the CAFR. 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 online at loudoun.gov/cafr.

MAJOR INITIATIVES

Broadband and Cellular Access

The County's efforts to increase broadband and cellular access in western Loudoun County were advanced in FY 20 by awarding a significant contract for dark fiber wide-area network services. This project will provide fiber to County facilities as well as extend broadband infrastructure connectivity by making middle mile fiber available to private carriers.

COVID-19 Response

The last quarter of FY 2020 saw Loudoun County quickly and effectively respond to the COVID-19 pandemic in a number of key areas:

- The County allocated \$2 million for eligible nonprofit and faith-based organizations affected by the COVID-19 pandemic as part of the federal funding made available to the county through the Commonwealth of Virginia from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Grants were provided to fund emergency food assistance, COVID-19 service expansion and nonprofit service interruption programs.
- The County also established a \$680,000 limited rental assistance program for households economically impacted by COVID-19.
- The Domestic Abuse Response Team developed a video and webpage to highlight available resources to assist and protect survivors.
- Loudoun County Public Library assisted front-line health workers and first responders by manufacturing face shields using 3D printers. These face shields were distributed through the county's Emergency Operations Center.
- The County launched new Wi-Fi hot spots in April 2020, amplifying Loudoun County Public Library's Wi-Fi signals to provide internet access from the parking lots adjacent to the Lovettsville, Middleburg and Purcellville libraries.

- The Department of Economic Development mobilized quickly to aid the business community, working with over 3,600 unique Loudoun businesses to provide business support, business resources, workforce assistance and grant and funding assistance.

Transportation and Capital Infrastructure

During FY 2020, the County broke ground on major projects, including the Ashburn Road Sidewalk Project, the Ashburn Senior Center, and the renovation of Sterling Community Center, while celebrating the completion of Seneca Ridge Drive road improvements, proceeding on the courthouse expansion and renovation, and planning for Route 15 improvements and the Ashburn Recreation and Community Center.

Unmet Housing Needs

During FY 20, the County continued to develop innovative solutions to address unmet housing needs. In September 2019, officials joined with community partners to celebrate the opening of the Stone Springs Apartments complex in Sterling, which provides affordable housing for 128 families in eastern Loudoun. Financing for the project included a \$3 million loan from the Loudoun County Housing Trust as part of the County's Affordable Multi-Family Housing Loan Program. The program is one of several initiatives created by the Board of Supervisors to increase the supply and retention of affordable multi-family rental housing units. The County also provided project-based vouchers and letters of support for the Woods at Birchwood, an active adult community and Low-Income Housing Tax Credit project.

The County also moved forward in FY 2020 with the development of the Unmet Housing Needs Strategic Plan, which will identify strategies and tools, as well as housing targets, to address housing needs.



Face shields made by Loudoun County Public Library

4



Variety of housing types

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 (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.

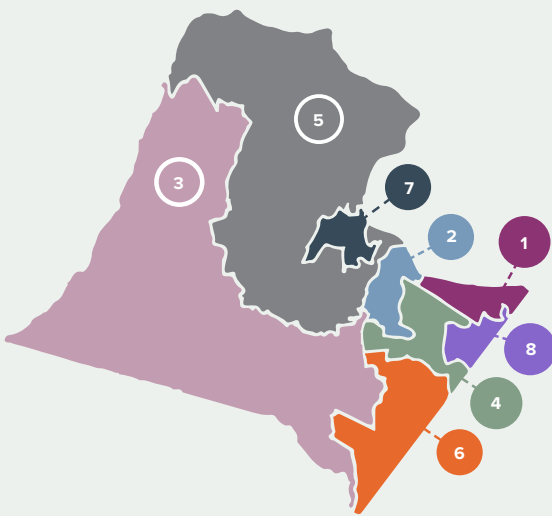


Loudoun County Board of Supervisors 2020–2023 (First row, from left to right) Juli E. Briskman, Algonkian; Koran T. Saines, Vice Chair, Sterling; Phyllis J. Randall, Chair At Large; Kristen C. Umstattd, Leesburg. Second row, from left to right: Caleb A. Kershner, Catoctin; Sylvia R. Glass, Broad Run;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

The Board's vision guides County staff in providing outstanding services and programs to residents and businesses, balancing innovation and tradition, and

managing fiscal resources responsibly in an environment of rapid growth.

LOUDOUN COUNTY 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, Clerk of the Circuit Court, Commonwealth's Attorney, Commissioner of the Revenue, 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’S ECONOMY

Loudoun County’s economic and demographic conditions are reflective of the relative stability, high income and low unemployment characteristics of the Washington region. The construction of the Metro Silver Line into Loudoun remains a driver for economic development opportunities. In the area around the future Ashburn and Innovation stations, the Department of Economic Development is marketing mixed-use, transit-oriented communities including Loudoun Station, Gramercy District, Moorefield Station and Innovation Station. In March 2019, the Board of Supervisors approved the Silver District West project, a 158-acre, mixed use community that will be located between Ashburn Station and Loudoun Gateway Station. Today, thanks in part to the diversity of Loudoun’s economic 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. Even when accounting for the effects of the COVID-19 pandemic, the unemployment rate for Loudoun County was 5.1% as of September 2020, significantly lower than the corresponding U.S. unemployment rate of 7.9%.

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. Loudoun’s 2019 median household income was \$151,800, more than twice the latest published 2016 nationwide median of \$65,712. Approximately 60% of Loudoun residents attained education of a bachelor’s degree or greater.

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.

Loudoun’s economic and demographic environment continued to improve in calendar year 2019. The County issued building permits for 3,035 residential units. Approximately 5 million square feet of new commercial space was permitted. It was another exceptionally strong year for new investment, as Loudoun continues to benefit from competitive advantages in the data center market. In addition, the assessed values of both real and personal property continued to increase during 2019. The County remains committed to business-friendly

initiatives. The Department of Economic Development continues to work with the Board of Supervisors to create competitive business incentives which are strategic and selective. Additionally, the County maintains partnerships aimed at furthering business development in the County, including the Economic Development Authority, the Economic Development Advisory Commission, the Rural Economic Development Council, Small Business Development Center, George Mason University’s Mason Enterprise Center, Visit Loudoun, Virginia Cooperative Extension - Loudoun and the Loudoun Chamber of Commerce. All of these efforts are part of an intentional strategy to support and grow the business community.

In fiscal year 2020, the Department of Economic Development worked with 89 businesses that moved to or expanded in the County. Those businesses invested a combined total of \$5.8 billion in Loudoun and created or retained 3,427 jobs. The County is home to more than 1,200 farms, which raise livestock and produce, with much of the latter sold to local consumers, covering 121,932 acres. The County facilitates successful direct-sale opportunities for agricultural businesses including the Spring and Fall Farm Tours and annual Take Loudoun Home for the Holidays tree, food and gift guide. In the face of the COVID-19 health crisis, Loudoun re-imagined the farm tours in a virtual format with an interactive map to connect farmers and consumers during the planting and harvesting seasons. The farm tours were viewed thousands of times by a global audience, including viewers from more than 16 countries. In April, 2020, the department launched the Loudoun Made, Loudoun Grown Marketplace, an e-commerce platform that allows consumers to purchase directly from local farms, artisans and producers, with 100% of sales going directly to the farmer.

The County continues to lead Virginia in grapes and wineries, hops and breweries, llamas and alpacas, honey production, and farmers who are women, Latino, Hispanic or Asian, as well as farmers with military experience. Loudoun’s long-standing commitment to supporting rural business owners makes it easier for them to do business in Loudoun and keep the farmland in agricultural use.

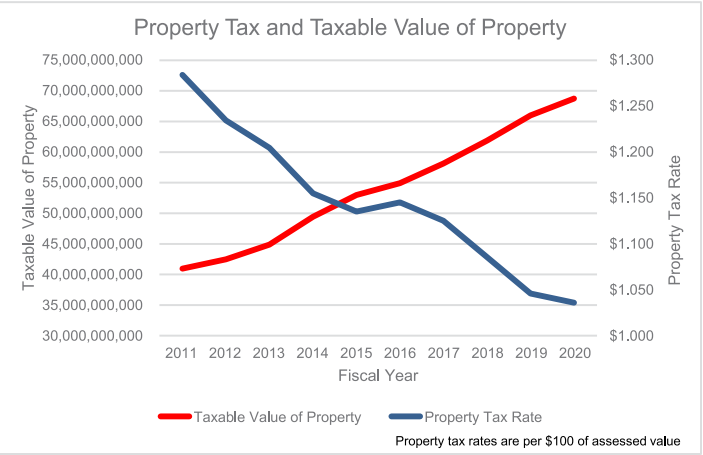
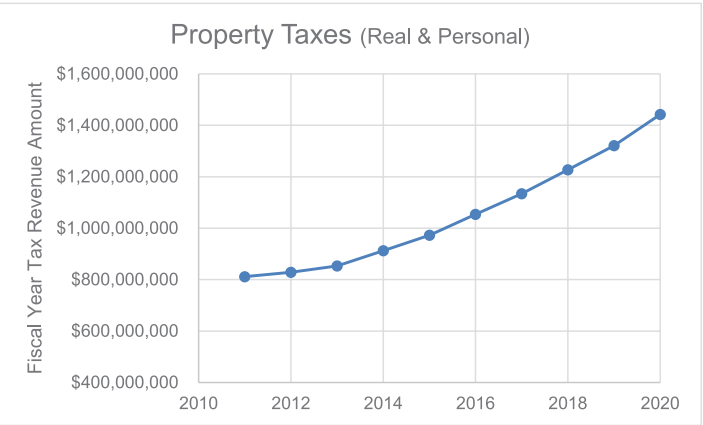
Additional information on the County’s FY 2020 economic development activities can be found in the annual report online at biz.loudoun.gov/annualreport.

TAXES

The County’s largest revenue source is property tax revenue. Fiscal year 2020 was another year of revenue and tax base growth, with a property tax revenue increase of approximately \$122.4 million from fiscal year 2019. 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. Growth in data centers and the resulting buildout of those facilities, which increases computer equipment and furniture and fixtures, is the largest driver of increases in property tax revenue. Collection rates for property tax remained consistent with prior years.

In April 2020, the Board set the calendar year 2020 real property tax rate at \$1.035 per \$100 of assessed value from \$1.045 for the calendar year 2019. Assessment data for real property appreciated 4 percent for 2020 over 2019, 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 sustained population growth. Over the past decade, as the assessed real property tax values appreciate, the Board has reduced the property tax rates.

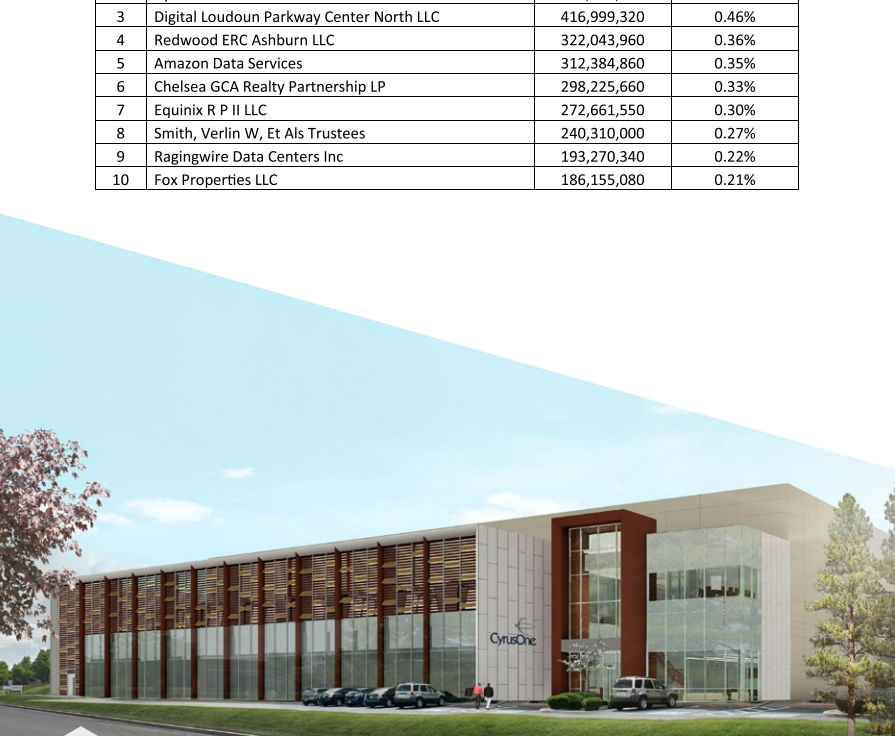
Computer Equipment Business Personal Property tax (BPPT) is a component of the personal property tax and experienced the largest growth in fiscal year 2020. It increased by more than 25 percent over the previous year, exceeding \$300 million.



Top Ten Taxpayers			
Rank	Business	Assessed Value	% of Taxable Assessed Value
1	Digital Loudoun 3 LLC	849,726,950	0.95%
2	CyrusOne LLC	437,733,690	0.49%
3	Digital Loudoun Parkway Center North LLC	416,999,320	0.46%
4	Redwood ERC Ashburn LLC	322,043,960	0.36%
5	Amazon Data Services	312,384,860	0.35%
6	Chelsea GCA Realty Partnership LP	298,225,660	0.33%
7	Equinix R P II LLC	272,661,550	0.30%
8	Smith, Verlin W, Et Als Trustees	240,310,000	0.27%
9	Ragingwire Data Centers Inc	193,270,340	0.22%
10	Fox Properties LLC	186,155,080	0.21%



Dulles Greenway



7

Data Center Facility

LOUDOUN COUNTY GOVERNMENT BY THE NUMBERS

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

General Government Administration

- 502 employees
- AAA bond rating
- 100% major computer availability
- 99% of public inquiries resolved within 48 business hours
- 760,270 sq. ft. office space leased & owned



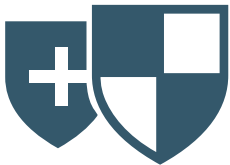
Health & Welfare

- 736 employees
- 154,960 senior meals provided
- 8,404 vaccinations administered
- 868 households receiving assistance to meet their basic needs
- 59,908 companion service hours delivered to older and disabled adults
- 1,605 Individuals receiving mental health outpatient services
- \$35,980 mean household income for new affordable dwelling unit (ADU) renters
- 101 households with new leased ADUs
- 19 group homes
- 1 homeless shelter
- 1 transition shelter
- 2 youth shelters



Public Safety

- 1,578 employees
- 1,627 volunteers
- 8:29 minutes average response time for emergency calls
- 20,226 emergency medical incidents responded
- 7,642 fire incidents
- 21 fire & rescue stations
- 5 sheriff stations
- 212,000 sq. ft. jail space
- 1 animal shelter



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.

Judicial Administration

- 155 employees
- 7,385 criminal cases concluded
- 17,250 civil cases concluded
- 81,180 deed book recordings
- 252,799 sq. ft. court space



Public Works

- 108 employees
- 80 commuter buses



Parks, Recreation & Culture

- 790 employees
- 630,696 annual park visits
- 5,367 adults participating in adult sports leagues
- 30,672 children participating in youth sports
- 313 athletic fields maintained
- 265,514 library program attendees
- 10 libraries
- 3 recreation centers
- 4 senior centers
- 7 community centers
- 3 respite centers
- 54 parks; 4,237 acres



Community Development

- 283 employees
- 1,783 residential building permits
- 770 new structures completed after January 1st of tax year
- 236 subdivision applications submitted
- 2,690 commercial building permits
- 183,618 building code inspections performed
- 3,210 jobs recruited or retained
- 1 landfill
- 9 recycling drop-off centers



FUND BALANCE & NET POSITION

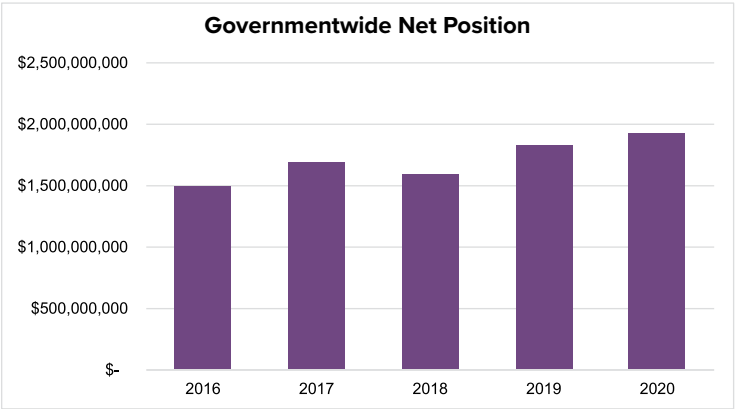
GOVERNMENT WIDE

The Governmentwide 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 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 governmentwide basis, which includes the School Board component unit, the County ended FY 2020 with a positive net position of \$1.9 billion. This represents a 4.8% increase over the FY 2019 net position and continues the pattern of growth in net position over the past several years. In FY 2020 total assets increased by \$315.6 million due in part to an increase in cash and investments resulting

from higher tax collections related to data center growth, an increase in net receivables for taxes not yet due, and the investment in capital assets. 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 increased by 5.3% over the prior year. The primary government and schools use these capital assets to provide a variety of services to residents. Total liabilities increased by \$228.9 million primarily due to an increase in the amount of new debt issued during the fiscal year, as well as increases in pension liabilities accounts payable and accrued liabilities.



Elizabeth Mills Park



Fire and Rescue System

Loudoun County Public Schools

FUND BALANCE & NET POSITION

GOVERNMENTAL FUNDS

The County presents two kinds of financial statements: the governmentwide 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 been increasing over time, indicating a healthy fiscal trend. While the balance decreased by \$10.7 million in 2020 from prior years, the total general fund balance is \$365.8 million, of which \$56.8 million 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.

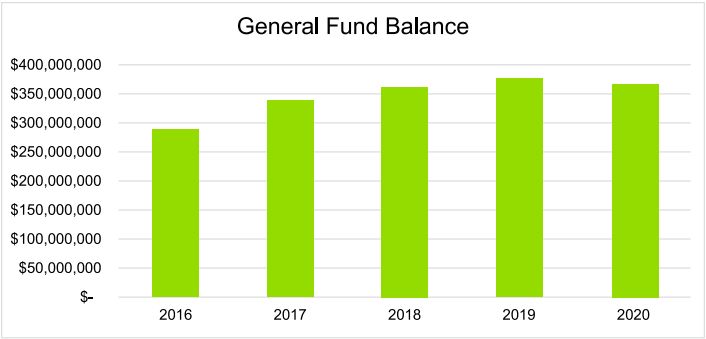
In addition to the General Fund, the County has 24 special revenue funds reported in the CAFR as Non-Major Governmental Funds. A Special Revenue Fund is a fund established to collect revenue for a specific project or purpose and provides an extra level of accountability and

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 2020, the fiscal reserve increased by \$16.1 million to a total of \$221 million.



Governmental Funds | Financial Analysis of Fund Balance | Fiscal Year 2020

	General	Capital Projects	Debt Service	Non-Major Governmental	Total
Non-Spendable	\$ 951,975	\$ -	\$ -	\$ -	\$ 951,975
Restricted	-	363,131,551	-	153,769,453	516,901,004
Committed	261,538,533	197,101,394	-	24,307,984	482,947,911
Assigned	46,433,645	37,011,696	31,294,060	18,123,823	132,863,224
Unassigned	56,835,726	-	-	-	56,835,726
Total Fund Balances	\$ 365,759,879	\$ 597,244,641	\$ 31,294,060	\$ 196,201,260	\$1,190,499,840

FISCAL YEAR 2020 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

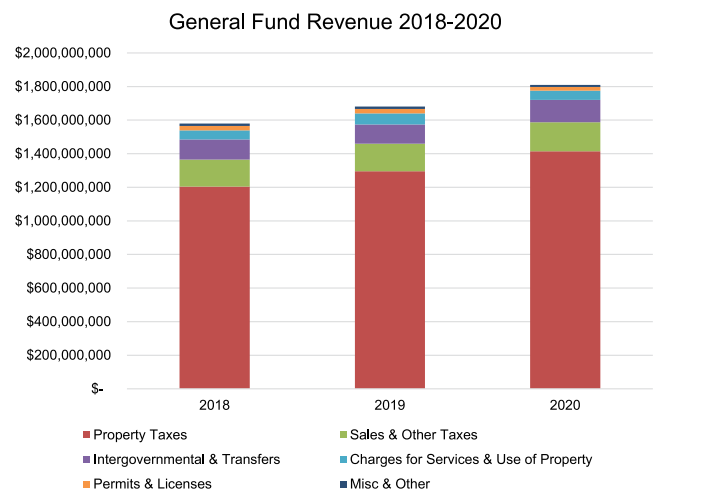
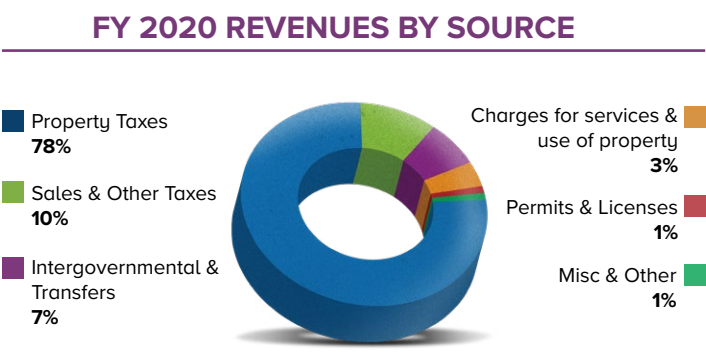
78% of the County’s General Fund revenues come from property taxes on real and personal property.

For FY 2020, actual revenues and transfers-in exceeded amended budget amounts by \$21.9 million, while actual expenditures and transfers out were less than the amended budget amounts by \$61.3 million. General property tax and other local tax revenues exceeded the revised budget by approximately \$41.5 million due to an increase in real and personal property taxes of \$29.6 million, penalties and interest revenue of \$3.8 million, and higher taxes

on recordations and wills due to refinancing activities and business license taxes of \$5.9 million. Actual other revenues and transfers fell short of the amended budget by \$12.2 million as a result of the pandemic. Revenues affected primarily include afterschool activity fees, recreational sports program fees, library fees, building permit fees and transit fees, which were all down due to school closures and stay at home orders issued by the governor of the commonwealth.

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. 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 2018 to 2020.



General Fund Revenues	Adopted	Revised	Actuals	Variance
General Property Taxes	\$ 1,381,142,800	\$ 1,381,142,800	\$ 1,414,605,678	\$ 33,462,878
Other Local Taxes	165,135,250	165,135,250	173,145,186	8,009,936
Permits and Licenses	23,794,484	23,886,334	21,733,966	(2,152,368)
Fines and Forfeitures	1,982,701	1,982,701	1,541,034	(441,667)
Use of Money and Property	13,176,167	13,237,444	21,480,879	8,243,435
Charges for Services	44,409,268	48,664,173	34,131,804	(14,532,369)
Payment from Component Unit	-	11,537,377	11,537,377	-
Other Local Revenue	11,472,932	13,792,561	10,522,233	(3,270,328)
Intergovernmental Revenue	97,172,979	126,696,735	119,351,951	(7,344,784)
Transfers from Other Funds	974,487	1,495,544	1,442,362	(53,182)
Total	\$ 1,739,261,068	\$ 1,787,570,919	\$ 1,809,492,470	\$ 21,921,551

FISCAL YEAR 2020 FINANCIAL RESULTS: GENERAL FUND SUMMARY

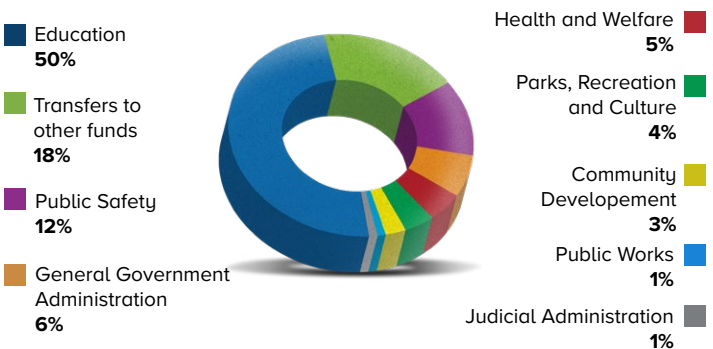
General Fund Expenditures

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 \$61.3 million, or 3.3%, less than amended budget amounts and 2.2% less when compared to FY 2019. In April 2020, the County instituted a suspension of non-essential hiring and expenditures in light of the pandemic and the economic uncertainty that followed. This salary savings resulting from the hiring freeze was partially offset by the continued payment of salaries for employees in programs that were closed, such as library and parks and recreation staff, resulting in overall savings of 1.8% of the amended budget. Many of these employees were redirected to assist with the pandemic response. Other areas of savings include travel

and training, contractual services for programs affected by the pandemic such as sports programs, afterschool programs, and transit as well as non-essential contractual services and supplies. These savings were partially offset with additional costs to respond to the pandemic.

FY 2020 Expenditures by Activity



General Fund Expenditures	Adopted	Revised	Actuals	Variance
General Government Administration	\$ 108,788,394	\$ 117,605,830	\$ 113,693,723	\$ 3,912,107
Judicial Administration	17,720,834	18,462,377	17,069,046	1,393,331
Public Safety	214,801,627	229,525,240	211,748,919	17,776,321
Public Works	21,725,442	25,538,789	21,306,191	4,232,598
Health and Welfare	94,965,230	104,869,305	89,477,617	15,391,688
Parks, Recreation and Culture	72,263,366	75,819,754	67,839,313	7,980,441
Community Development	66,153,410	71,449,699	62,565,985	8,883,714
Education	903,341,751	903,341,751	903,341,751	-
Transfers to Other Funds	279,094,241	334,871,071	333,174,738	1,696,333
Total	\$ 1,778,854,295	\$ 1,881,483,816	\$ 1,820,217,283	\$ 61,266,533

CAPITAL IMPROVEMENTS

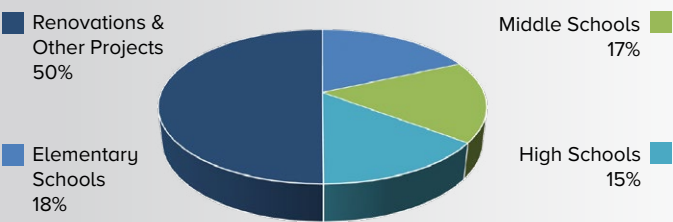
The County's Capital Improvement Program (CIP) provides a six-year forecast of the County and Schools' land, facility, and equipment needs and the plan to replace, improve, expand, and develop infrastructure, facilities or other large County assets. The plan prioritizes the following key areas:

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

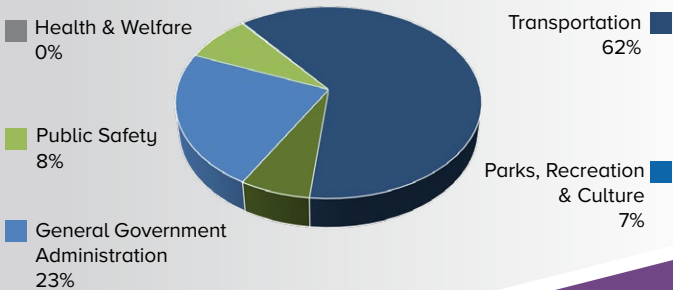
By the end of fiscal year 2020, the government invested approximately \$1.6 billion in capital assets, while the Component-Unit Schools had \$2.0 billion in capital assets. This represents an increase of \$123.2 million over FY 2019 for the Primary Government, and \$62.8 million for the Component Unit-Schools.

For fiscal year 2020, the County adopted an amended six-year CIP (FY 2019-FY 2024) that totals \$2.4 billion, with transportation projects totaling \$1.2 billion, school construction and renovation projects totaling \$521.9 million, and county construction projects totaling \$723.7 million. Funding for the FY 2020 adopted CIP increased approximately \$44.0 million from the FY 2019 adopted CIP primarily due to additional funding for county construction projects totaling \$98.3 million and school projects totaling \$37.6 million, offset by a decrease in transportation projects totaling \$91.6 million. The decrease in transportation projects is generally due to the reduction of the County's Metrorail capital contribution which was adjusted based on new estimates from the Washington Metropolitan Area Transit Authority (WMATA).The County's CIP budget continues to grow in complexity. Transportation projects consist of roughly 41% of total Adopted FY 2021- FY 2026 CIP expenditures, the largest expenditure category in the capital budget. 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 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.

Percentage of School Projects by Type



Percentage of County Projects by Function

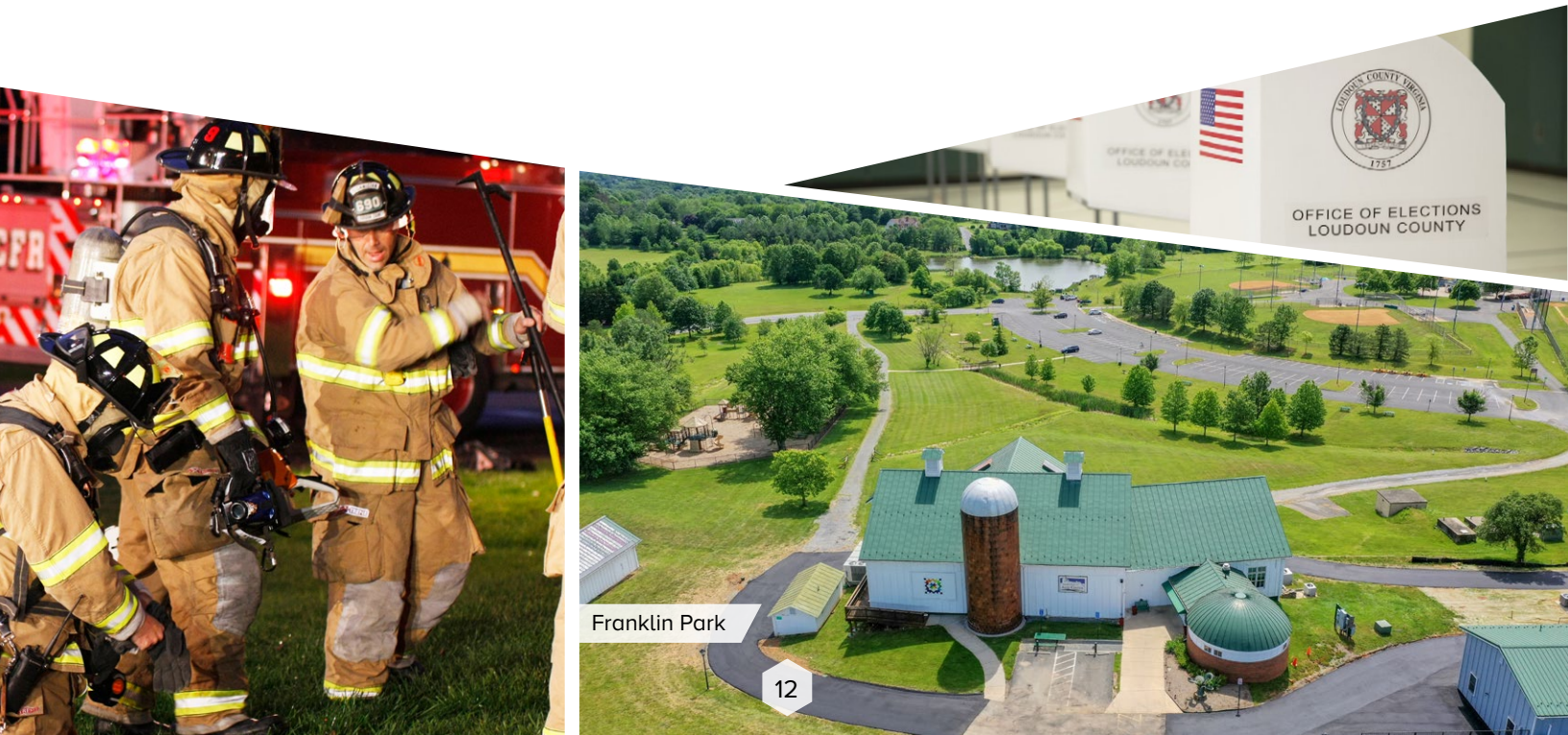


As of FY 2020, there were 49 active transportation and transit projects in various phases of design and construction, including segments of Crosstrail Boulevard, Braddock Road, various intersection and interchange improvements, improvements to the Route 50 Corridor, segments of Route 15, two segments at Northstar Boulevard, Shellhorn Road, Route 7 Pedestrian Improvements, and Metro Station Area Pedestrian Improvements.

Many public safety and parks and recreation projects are in development such as an Animal Services Facility, several new and replacement fire and rescue stations, the construction and renovation of the Courts Complex, Hal & Berni Hanson Regional Park, Philip A. Bolen Memorial Park Phase II, and the Ashburn Recreation Center.

County projects completed in FY 2020 include: Metrorail Parking Garages; Scott Jenkins Memorial Park Phase II; Round Hill Developmental Services Group Residence; Courts Complex Phase III Structured Parking Facility; Public Safety Radio System Redundant Master/Prime Site; and Public Safety Firing Range.

Additional information is available in the FY2020 Adopted Budget, Volume 2, and can be found on the County website at loudoun.gov/budget. An interactive map of active and planned projects, as well as project updates, can be found at www.loudoun.gov/underconstruction



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 2020, the County's debt ratio is only 1.73%, which is positive given the growth challenges incumbent on the County. Additionally, the county has an annual debt issuance limit of \$225 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%, and during fiscal year 2020 it was 5.49%. Debt service expenditures as a percentage of governmental fund expenditures should not exceed 10%. The County paid \$193.7 million towards its debt, 7% of expenditures. At the end of Fiscal year 2020, the County had \$1.86 billion in outstanding general obligation bonds, premiums, loans, and capital leases. This represents a net increase of \$83.9 million from FY 2019.

In June 2020, the County sold \$200 million in General Obligation Bonds, Series 2020A, to provide funding for the design, construction, renovation, and equipping of various school facilities, public safety facilities, an animal shelter,

and transportation projects, and refunded two outstanding bond series for a net present value savings of \$3.8 million. Also in June 2020, the County sold \$267.3 million of Public Facility Lease Revenue Bonds, Series 2020A, through the Economic Development Authority (EDA), to provide funding for the design, construction, renovation and equipping of government office space, computer system upgrades and school projects. The County additionally refunded its Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) loans and Bond Anticipation Notes associated with funding the Dulles Corridor Metrorail Project for a net present value savings of \$28.9 million.

During Fiscal Year 2020, Moody's Investors Services, Inc. affirmed the County's Aaa bond rating, S&P Global Ratings(S&P) and Fitch Credit Rating Services affirmed the County's AAA bond ratings. This action represents the highest rating available for general obligation bonds from all three rating agencies. 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 and solid reserve levels.
- manageable debt burden.

2021 AND BEYOND

Priorities that are expected to continue into 2021 and beyond include the following:

The Impact of the COVID-19 Pandemic: Revenues within the FY 2021 budget were built using assumptions of U.S. economic growth, which are unlikely to fully materialize due to the pandemic. To account for a potential revenue loss of up to \$100 million, the Board froze most new expenditures, which is a prudent approach to the economic uncertainty. Fortunately, the County's largest revenue sources (real property tax and personal property tax revenue derived from data centers) continue to have a stable long-term outlook. The County will continue to follow a policy of fiscal sustainability as the longer term economic effects of the pandemic become clearer.

Broadband Expansion: The provision of broadband service to underserved areas of Loudoun County is currently under development, as the county government works to add additional fiber optic to connect government facilities in western Loudoun; this project will also enable providers to bring affordable broadband service to western Loudoun residents.

Continued Growth: Delivery of current service levels year-over-year remains difficult as the County continues to add over 11,000 residents per year. Through collaborative efforts between the Board, County Administration and our departments, the Board has added \$15.3 million in local tax funding and 130.88 Full Time Equivalents (FTE) to County Government operations in FY 2021, providing key services in such areas as: animal services, building and development, emergency preparedness, recreation and after school care programs, planning and zoning, housing services, mental health, appraisal and tax compliance, public works, fire and rescue, and law enforcement. These additions show the Board's commitment to delivering outstanding services to the community in a responsible and responsive way.

Metrorail Silver Line Project: The Metrorail Silver Line Project will continue to progress in 2021 and beyond.

The success of Metrorail in the county depends upon economic development opportunities around the stations. These opportunities depend, in turn, on access to the stations through bike, pedestrian, and other infrastructure connectivity. Projects in support of that goal include the extension of Croson Lane between Old Ryan Road and the Ashburn Metrorail Station; a "missing link" of Claiborne Parkway that provides north-south connectivity to the Moorefield Station development adjacent to the Ashburn Metrorail Station; improvements to Prentice Drive and Shellhorn Road; and Metro Station Area Pedestrian Improvements, including sidewalks and trails along roads leading to Metrorail stations. In addition, the County's transit service routes are being modified in anticipation of the Metrorail service launch.

Unmet Housing Needs: The County is developing an Unmet Housing Needs Strategic Plan to define how the County will address unmet housing needs in a systematic and comprehensive way. This plan will design a specific strategic, comprehensive action plan and toolkit to preserve, increase the supply of, and provide access to housing that is affordable to low and moderate income households, the workforce, older adults, persons with disabilities, and the homeless of our community.

Human Services Strategic Plan: With the completion of the Human Services Strategic Plan, the County now has a roadmap for implementing improved, coordinated systems of care that meet the county's human service needs in areas such as affordable health care, child care and housing.

Zoning Ordinance Rewrite: The Zoning Ordinance is the primary implementation tool for the 2019 Comprehensive Plan. To maintain consistency between the county's visionary and regulatory planning documents, the Zoning Ordinance is being rewritten. The content and structure of the Zoning Ordinance is being revised, based on modern best practices in land use regulation.



Serving Growing Neighborhoods





Loudoun County

VIRGINIA



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