



Proposed Budget Overview

On January 7, 2020, the Board of Supervisors directed the County Administrator to prepare the FY 2021 Proposed Budget with revenue generated at the current real property tax rate of \$1.045 with options to increase and decrease the real property tax rate one cent above and one cent below the current rate. Due to changes in the revenue outlook and a reduction in the Loudoun County Public School's request, the FY 2021 Proposed Budget is prepared at the rate of \$1.035 per \$100 of assessed value, one cent below the current real property tax rate.

Concepts

General Fund

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those required to be accounted for in other funds. The majority of the County's revenues flow through the General Fund and fund salaries and benefits, internal service charges, materials and supplies, and other typical operating costs. The General Fund's main source of revenue is general property taxes, which are levied on residential and commercial property as well as vehicles, machinery, and other personal property.

Local Tax Funding (LTF)

The concept of *local tax funding* in Loudoun's budget terminology is a specific set of revenue sources that are used to guide the split of funding between Loudoun County Government and the Schools Division. Traditionally, new local tax funding is divided between Loudoun County Government and the Schools Division using a ratio of 34 percent and 66 percent following the funding of year-over-year changes in debt and capital needs. This revenue split is an important basis for building the budget, generally guiding the amount of funding available within new revenue for County Government and Schools Division needs.

Equalized Tax Rate

The equalized real property tax rate is the tax rate that will generate the same level of real property revenue that was generated in the prior tax year. The equalized rate considers changes in property value ("appreciation" or "depreciation") not new construction.

Current Tax Rate

The real property tax rate is the tax rate from the previous budget year. For TY 2019, the current real property tax rate was \$1.045 per \$100 of assessed value. The FY 2021 Proposed Budget reflects a real property tax rate of \$1.035 per \$100 of assessed value.

Appropriations Categories

Revenues and expenditures are shown as operating, debt, and capital appropriations. Operating appropriations are those that generally support regular County and School Division operations. Debt appropriations are those that support debt service payments and tax district funds. Capital appropriations are those that support capital facility construction, renovation, and repair and major capital equipment purchases.



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Summary of Budget Guidance

The table below summarizes the impact of the three tax rate scenarios of the Board’s budget guidance. The FY 2021 Proposed Budget is prepared with revenues available at the real property tax rate of \$1.035. The following pages of the budget document provide additional information about the three scenarios summarized below.

	FY 2021 Alternate \$1.025	FY 2021 Proposed \$1.035	FY 2021 Alternate \$1.045
Total New Local Tax Funding	\$154,668,413	\$164,181,783	\$173,695,153
Change in Capital/Debt	(49,328,041)	(49,328,041)	(49,328,041)
Net New Local Tax Funding	\$105,340,372	\$114,853,742	\$124,367,112

Share of New Revenue

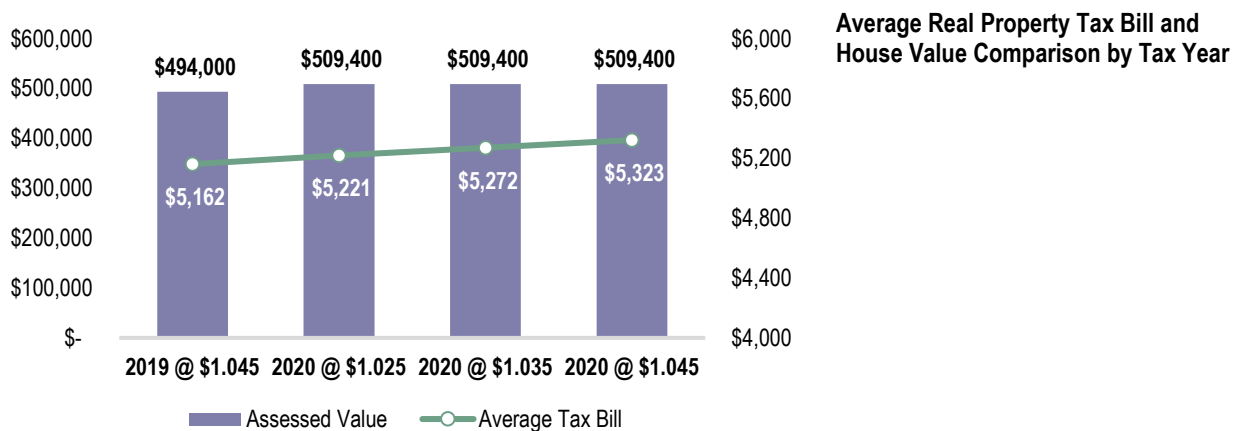
LCPS Share of New Revenue	\$69,524,645	\$75,803,470	\$78,302,710
LCPS Percentage Share of New Revenue	66%	66%	63%
County Share of New Revenue	\$35,815,727	39,050,272	\$46,064,402
County Percentage Share of New Revenue	34%	34%	37%

Funding Gap

LCPS Gap ¹	(\$8,778,064)	(\$2,499,240)	\$0
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Average Real Property Tax Bill

The chart below compares the annual real property tax bill for the average value of a completed home in Loudoun County on January 1, 2019, under the real property tax rate of \$1.035 with the average valuation and tax bill for these same homes under the three tax rate scenarios referenced in the Executive Summary. For the mix of homes (single-family detached, townhouse, and condominium) that existed on January 1, 2019, the average value on that date was \$494,000. The average value of these same homes on January 1, 2020, is \$509,400 (per the January 24, 2020, assessment summary from the Commissioner of the Revenue).



¹ Based on the School Board’s adopted FY 2021 budget request.



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Local Tax Funding Revenue Sources

The table below includes a summary of available local tax funding at the various tax rates identified in the Board's guidance. Each cent of the proposed tax rate for Tax Year 2020 approximates \$9.5 million in recurring revenue.

Revenue Category	FY 2020 Adopted \$1.045	FY 2021 Alternate \$1.025	FY 2021 Proposed \$1.035	FY 2021 Alternate \$1.045
Real Property				
General Real Property Taxes	\$880,224,300	\$930,406,340	\$939,602,140	\$948,797,940
Public Service Property Taxes	28,960,000	32,602,130	32,919,560	33,237,000
Penalties & Interest	7,158,000	9,150,000	9,150,000	9,150,000
Personal Property				
General Personal Property	\$509,230,900	\$604,165,900	\$604,165,900	\$604,165,900
Mobile Homes	11,300	13,730	13,870	14,000
Aircraft	30,000	50,000	50,000	50,000
Heavy Equipment	1,900,000	1,862,000	1,862,000	1,862,000
Machinery & Tools	1,700,000	2,430,900	2,430,900	2,430,900
Other Local Taxes				
Sales Tax	\$78,850,000	\$81,311,500	\$81,311,500	\$81,311,500
Consumer Utility/Franchise Taxes	11,139,000	11,434,500	11,434,500	11,434,500
Short-Term Rental Tax	310,000	564,400	564,400	564,400
Transient Occupancy Tax	3,000,000	2,783,740	2,783,740	2,783,740
Subtotal – LTF	\$1,522,513,500	\$1,676,775,140	\$1,686,288,510	\$1,695,801,880
Use of Fund Balance	\$39,593,227	\$40,000,000	\$40,000,000	\$40,000,000
Total – LTF	\$1,562,106,727	\$1,716,775,140	\$1,726,288,510	\$1,735,801,880
Average Homeowner Tax Bill	\$5,162	\$5,221	\$5,272	\$5,323



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Schedule of Appropriations

A portion of the County’s LTF remains in the General Fund to fund departmental operations and an additional amount is transferred to other funds to augment those funds’ other sources of revenue to fully fund other County and LCPS operations.

The table below summarizes each fund’s total appropriation level in terms of expenditures, revenues (non-local tax funding sources), and local tax funding. The schedule of appropriations is based upon the revenue available at the real property rate of \$1.035.

FY 2021 Proposed Appropriations Schedule¹

Appropriation Category	Expenditures	Revenue	Local Tax Funding	% of Total LTF
Operating Appropriations				
County General Fund	\$645,073,604	\$224,924,757	\$420,148,847	24.3%
School Operating Fund	1,377,390,363	427,928,540	949,461,823	55.0%
School Grant Fund	27,875,323	27,875,323	0	0.0%
School Lease Purchase Fund	10,002,000	10,002,000	0	0.0%
School Nutrition Fund	32,950,033	32,950,033	0	0.0%
Children’s Services Act Fund	9,301,500	6,116,500	3,185,000	0.2%
Dulles Town Center CDA Fund	3,500,000	3,500,000	0	0.0%
EMS Transport Reimbursement Program Fund	5,600,000	5,600,000	0	0.0%
Housing Fund	5,000,000	5,000,000	0	0.0%
Legal Resource Center Fund	114,210	44,980	69,229	0.0%
Metro Garages Fund	2,371,707	2,371,707	0	0.0%
Other Special Revenue Funds	91,000	91,000	0	0.0%
Rental Assistance Program Fund	9,657,187	9,479,797	177,390	0.0%
Restricted Use Transient Occupancy Tax Fund	4,071,700	4,071,700	0	0.0%
Self-Insurance Fund	5,455,700	0	5,455,700	0.3%
State and Federal Grant Fund	3,959,061	3,959,061	0	0.0%
Subtotal – Operating Appropriations	\$2,142,413,387	\$763,915,398	\$1,378,497,989	79.9%
Debt Appropriations				
County Government	\$71,425,089	\$13,719,438	\$57,705,650	3.3%
School System	149,545,510	8,407,731	141,137,779	8.1%
Greenlea Tax District	44,038	44,038	0	0.0%
Route 28 Special Improvements Fund	14,232,800	14,232,800	0	0.0%
Tall Oaks Water & Sewer Fund	60,572	60,572	0	0.0%
Subtotal – Debt Appropriations	\$235,308,008	\$36,464,580	\$198,843,429	11.5%
Capital Appropriations				
County Government Capital Projects	\$248,369,928	\$180,136,407	\$68,233,520	3.9%

¹ Sums may not equal due to rounding.



Proposed Budget Overview

Appropriation Category	Expenditures	Revenue	Local Tax Funding	% of Total LTF
County Asset Preservation Program	11,495,000	100,000	11,395,000	0.7%
School System Capital Projects	87,275,000	62,855,000	24,420,000	1.4%
School System Asset Preservation	24,261,000	0	24,261,000	1.4%
Capital Projects Financing Fund	127,148,000	127,148,000	0	0.0%
Major Equipment Replacement Fund	4,000,000	2,000,000	2,000,000	0.1%
Public Facilities Trust Fund	21,359,632	21,359,632	0	0.0%
Transportation District Fund	122,163,145	103,525,572	18,637,573	1.1%
Subtotal – Capital Appropriations	\$646,071,704	\$497,124,611	\$148,947,093	8.6%
Total – Appropriations	\$3,023,793,100	\$1,297,504,589	\$1,726,288,510	100.0%

Absent specific guidance from the Board of Supervisors, new local tax funding is dedicated to first year-over-year increases in capital and debt service needs. By fully funding capital and debt needs with new local tax funding, the County and School Division's operating budgets are impacted by the Board's guidance to prepare scenarios at various tax rates. The tables below display the appropriations schedules for real property tax rate scenarios of \$1.025 and \$1.045.

Schedule of Appropriations at \$1.025

Appropriation Category	Expenditures	Revenue	Local Tax Funding	% of Total LTF
County General Fund	\$641,752,882	\$224,924,757	\$416,828,125	24.3%
School Operating Fund	1,371,111,539	427,928,540	943,182,999	54.9%
All Other Operating Funds	119,949,421	111,062,101	8,887,319	0.5%
Subtotal – Operating Appropriations	2,132,813,841	763,915,398	1,368,898,443	79.7%
Subtotal – Debt Appropriations	235,308,008	36,464,580	198,843,429	11.5%
Subtotal – Capital Appropriations	646,071,704	497,124,611	148,947,093	8.6%
Unallocated Balance	86,176	0	86,176	0.0%
Total Appropriations	\$3,014,279,729	\$1,297,504,589	\$1,716,775,140	100.0%

Schedule of Appropriations at \$1.045

Appropriation Category	Expenditures	Revenue	Local Tax Funding	% of Total LTF
County General Fund	\$651,088,282	\$224,924,757	\$426,163,525	24.6%
School Operating Fund	1,379,889,603	427,928,540	951,961,063	54.8%
All Other Operating Funds	119,949,421	111,062,101	8,887,319	0.5%
Subtotal – Operating Appropriations	2,150,927,305	763,915,398	1,387,011,907	79.9%
Subtotal – Debt Appropriations	235,308,008	36,464,580	198,843,429	11.4%
Subtotal – Capital Appropriations	646,071,704	497,124,611	148,947,093	8.6%
Unallocated Balance	999,451	0	999,451	0.1%
Total Appropriations	\$3,033,306,469	\$1,297,504,589	\$1,735,801,880	100.0%



Proposed Budget Overview

Comparison of Appropriations

The table below compares the FY 2021 Proposed appropriation level (or “Expenditures” column from the table on the previous page) to the FY 2020 Adopted appropriation level. The FY 2021 Proposed Budget includes an overall \$137.7 million decrease in expenditures, or 4.4 percent. This year-over-year decrease is largely due to the decrease in capital appropriations related to the 6-Year Capital Improvement Program (CIP). These decreases are attributable to lower appropriations for NVTA 70% funding (Transportation District Fund and Capital Projects Fund), lower appropriations for bond and lease financing (Capital Financing Fund and Capital Projects Fund), and lower appropriations for the School projects in the CIP.

Comparison of Appropriations, FY 2020 Adopted and FY 2021 Proposed

Appropriation Category	FY 2020 Adopted	FY 2021 Proposed	Variance
Operating Appropriations			
County General Fund	\$597,349,201	\$645,073,604	\$47,724,403
School Operating Fund	1,282,162,892	1,377,390,363	95,227,471
School Grant Fund	27,394,844	27,875,323	480,479
School Lease Purchase Fund	10,002,000	10,002,000	0
School Nutrition Fund	35,128,649	32,950,033	(2,178,616)
Children’s Services Act Fund	9,301,500	9,301,500	0
Dulles Town Center CDA Fund	3,500,000	3,500,000	0
EMS Transport Reimbursement Program Fund	6,167,461	5,600,000	(567,461)
Housing Fund	5,000,000	5,000,000	0
Legal Resource Center Fund	111,150	114,210	3,060
Metro Garages Fund	1,145,850	2,371,707	1,225,857
Other Special Revenue Funds	91,000	91,000	0
Rental Assistance Program Fund	9,504,288	9,657,187	152,899
Restricted Use Transient Occupancy Tax Fund	4,353,000	4,071,700	(281,300)
Self-Insurance Fund	5,455,700	5,455,700	0
State and Federal Grant Fund	3,933,001	3,959,061	26,060
Subtotal – Operating Appropriations	\$2,000,600,536	\$2,142,413,387	\$141,812,851
Debt Appropriations			
County Government	\$66,912,218	\$71,425,089	\$4,512,871
School System	144,674,817	149,545,510	4,870,693
Greenlea Tax District	44,038	44,038	0
Route 28 Special Improvements Fund	12,317,000	14,232,800	1,915,800
Tall Oaks Water & Sewer Special Revenue Fund	60,572	60,572	0
Subtotal – Debt Appropriations	\$224,008,645	\$235,308,008	\$11,299,363
Capital Appropriations			
County Government Capital Projects	\$323,722,019	\$248,369,928	(\$75,352,091)
County Asset Preservation Program	11,729,000	11,495,000	(234,000)
School System Capital Projects	167,223,000	87,275,000	(79,948,000)



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Appropriation Category	FY 2020 Adopted	FY 2021 Proposed	Variance
School System Asset Preservation	14,277,500	24,261,000	9,983,500
Capital Projects Financing Fund	183,183,000	127,148,000	(56,035,000)
Major Equipment Replacement Fund	4,000,000	4,000,000	0
Public Facilities Trust Fund	17,265,629	21,359,632	4,094,003
Transportation District Fund	215,481,386	122,163,145	(93,318,241)
Subtotal – Capital Appropriations	\$936,881,534	\$646,071,704	(\$290,809,830)
Total Appropriations	\$3,161,490,715	\$3,023,793,100	(\$137,697,615)



Proposed Budget Overview

Comparison of Local Tax Funding

The FY 2021 Proposed budget uses \$1.7 billion in local tax funding for all appropriated funds at the real property tax rate of \$1.035. The use of local tax funding is \$164.2 million higher than the FY 2020 Adopted Budget. Local tax support for the County's General Fund increase by \$39.5 million or 10.4 percent, while the local tax transfer for the School operating fund increased by \$75.8 million or 8.7 percent.

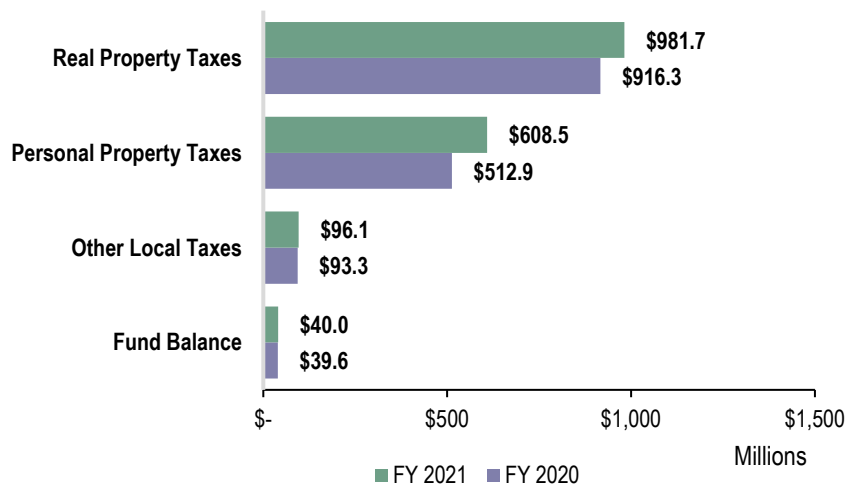
Comparison of the Use of Local Tax Funding, FY 2020 Adopted and FY 2021 Proposed

Appropriation Category	FY 2020 Adopted	FY 2021 Proposed	Variance
Operating Appropriations			
County General Fund	\$380,601,633	\$420,148,847	\$39,547,214
School Operating Fund	873,658,353	949,461,823	75,803,470
School Grant Fund	0	0	0
School Lease Purchase Fund	0	0	0
School Nutrition Fund	0	0	0
Children's Services Act Fund	3,685,000	3,185,000	(500,000)
Dulles Town Center CDA Fund	0	0	0
EMS Transport Reimbursement Program Fund	0	0	0
Housing Fund	0	0	0
Legal Resource Center Fund	66,170	69,229	3,059
Metro Garages Fund	0	0	0
Other Special Revenue Funds	0	0	0
Rental Assistance Program Fund	177,390	177,390	0
Restricted Use Transient Occupancy Tax Fund	0	0	0
Self-Insurance Fund	5,455,700	5,455,700	0
State and Federal Grant Fund	0	0	0
Subtotal – Operating Appropriations	\$1,263,644,246	\$1,378,497,989	\$114,853,743
Debt Appropriations			
County Government	\$53,675,504	\$57,705,650	\$4,030,146
School System	134,812,087	141,137,779	6,325,692
Greenlea Tax District	0	0	0
Route 28 Special Improvements Fund	0	0	0
Tall Oaks Water & Sewer Special Revenue Fund	0	0	0
Subtotal – Debt Appropriations	\$188,487,591	\$198,843,429	\$10,355,838
Capital Appropriations			
County Government Capital Projects	\$48,198,390	\$68,233,520	\$20,035,130
County Asset Preservation Program	11,629,000	11,395,000	(234,000)
School System Capital Projects	14,475,000	24,420,000	9,945,000
School System Asset Preservation	14,277,500	24,261,000	9,983,500



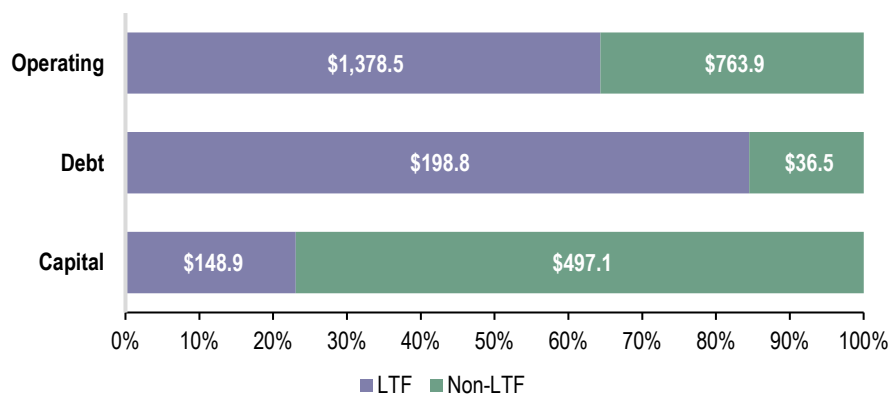
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Appropriation Category	FY 2020 Adopted	FY 2021 Proposed	Variance
Capital Projects Financing Fund	0	0	0
Major Equipment Replacement Fund	4,000,000	2,000,000	(2,000,000)
Public Facilities Trust Fund	0	0	0
Transportation District Fund	17,395,000	18,637,573	1,242,573
Subtotal – Capital Appropriations	\$109,974,890	\$148,947,093	\$38,972,203
Total Local Tax Funding	\$1,562,106,727	\$1,726,288,510	\$164,181,783



Comparison of Local Tax Funding Sources

Substantial growth in the data center industry is reflected in the year-over-year increase in budgeted personal property taxes (especially on computer equipment).



Comparison of Funding Sources by Appropriations Category

Capital funds leverage substantial non-local tax funding sources.



Proposed Budget Overview

General Fund Summary

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those required to be accounted for in other funds. The General Fund totals \$1,951,213,367 for the FY 2021 Proposed Budget. The majority of the County's revenues flow through the General Fund and fund salaries, benefits, internal service charges, materials and supplies, and other typical operating costs. The General Fund's main source of revenue is property taxes, which are levied on residential and commercial property as well as vehicles, machinery, and other personal property. The *General Fund Revenue and Trends* section of this document details each of the General Fund's revenue sources, and a brief overview of expenditures can be found below.

FY 2022 Projected is shown for illustrative purposes only. Personnel has been escalated by 3 percent, which is consistent with year-over-year changes in this category. Operating and maintenance has been escalated by 1 percent, consistent with inflation. Capital outlay in FY 2022 is likely to have similar one-time capital expenditures to FY 2021. Revenue remains unchanged consistent with conservative projections.

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
Expenditures					
Personnel	\$346,638,785	\$376,228,502	\$416,272,949	\$452,231,149	\$465,798,083
Operating and Maintenance	921,548,864	984,369,977	1,076,076,452	1,184,899,646	1,196,748,642
Capital Outlay	2,970,946	2,771,220	5,250,725	3,777,950	3,777,950
Other Uses of Funds	285,326,877	300,951,367	281,254,169	310,304,522	310,304,522
Total – Expenditures	\$1,556,485,472	\$1,664,321,067	\$1,778,854,295	\$1,951,213,267	\$1,976,629,198
Revenues					
General Property Taxes	\$1,203,943,441	\$1,304,612,507	\$1,381,142,800	\$1,542,122,670	\$1,542,122,670
Other Local Taxes	160,587,446	163,901,668	165,135,250	170,242,740	170,242,740
Permits, Fees, and Licenses	26,413,319	25,850,493	23,794,484	23,874,129	23,874,129
Fines and Forfeitures	2,059,764	1,929,794	1,982,701	1,652,700	1,652,700
Use of Money and Property	14,018,102	24,414,455	13,176,167	14,927,544	14,927,544
Changes for Services	39,286,622	41,576,182	44,409,268	49,213,428	49,213,428
Miscellaneous Revenue	16,786,369	8,640,741	1,580,748	706,900	706,900
Recovered Costs	11,708,666	10,684,252	9,892,184	9,806,821	9,806,821
Intergovernmental – Commonwealth	87,771,391	88,088,068	88,033,189	88,415,916	88,415,916
Intergovernmental – Federal	9,662,906	10,448,333	9,139,790	9,129,371	9,129,371
Other Financing Sources	7,856,807	7,986,566	40,567,714	41,121,048	41,121,048
Total – Revenues	\$1,580,094,833	\$1,688,133,058	\$1,778,854,295	\$1,951,213,267	\$1,951,213,267