



Proposed Budget Overview

On January 5, 2021, the Board of Supervisors directed the County Administrator to prepare the FY 2022 Proposed Budget with revenue generated at one cent above the equalized rate with options to increase and decrease the real property tax rate by one cent. Due to positive shifts in the revenue outlook for real property and a decrease in the LCPS transfer amount compared with the forecast used for final budget guidance, the maximum scenario presented in the FY 2022 Proposed Budget is an option to increase one-half cent above the FY 2022 Proposed Budget real property tax rate of \$1.005 to \$1.010.

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.¹ 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 current real property tax rate is the tax rate from the previous budget year. For Tax Year 2020 (calendar year 2020), the current real property tax rate was \$1.035 per \$100 of assessed value. The FY 2022 Proposed Budget reflects a real property tax rate of \$1.005 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

¹ This split is a guide to preparing the Proposed Budget and may slightly vary depending on the amount of LTF needed to fund the Schools Division request.



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payments and tax district funds. Capital appropriations are those that support capital facility construction, renovation, and repair and major capital equipment purchases.

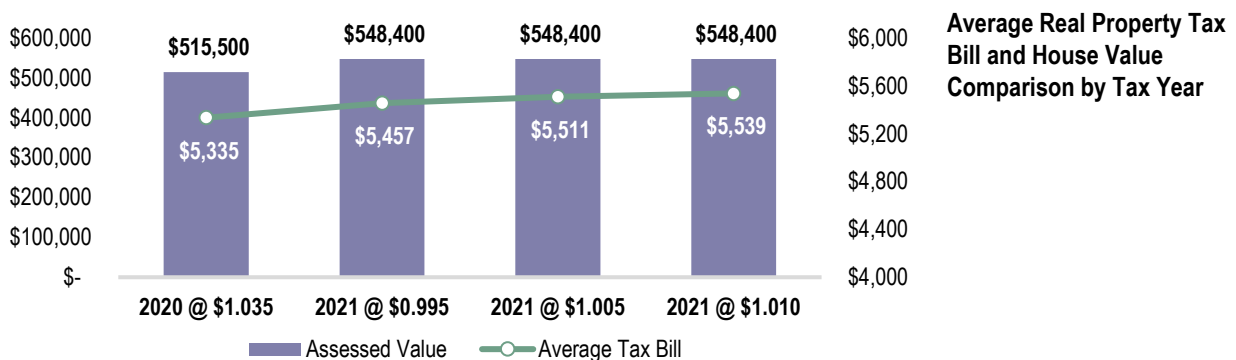
Summary of Budget Guidance

The table below summarizes the impact of the three tax rate scenarios of the Board’s budget guidance. The FY 2022 Proposed Budget is prepared with revenues available at the real property tax rate of \$1.005, one-half cent above the equalized real property tax rate of \$1.000. The following pages provide additional information about the three scenarios summarized below.

	FY 2022 Alternate \$0.995	FY 2022 Proposed \$1.005	FY 2022 Alternate \$1.010
Total New Local Tax Funding	\$186,256,990	\$196,146,690	\$201,091,390
Change in Capital/Debt	45,337,462	45,337,462	45,337,462
Net New Local Tax Funding	\$140,919,528	\$150,809,228	\$155,753,928
Share of New Revenue			
LCPS Share of New Revenue	\$91,448,191	\$96,981,872	\$96,981,872
LCPS Percentage Share of New Revenue	65%	64%	62%
County Share of New Revenue	\$49,471,337	\$53,827,356	\$58,772,056
County Percentage Share of New Revenue	35%	36%	38%
Funding Gap			
LCPS Gap ¹	\$5,533,681	\$0	\$0

Average Homeowner 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, 2020, under the current 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 above. For the mix of homes (single-family detached, townhouse, and condominium) that existed on January 1, 2020, the average value was \$515,500. The average value of these same homes on January 1, 2021, is \$548,400 (per the January 22, 2021, assessment summary from the Commissioner of the Revenue).



¹ Based on the School Board’s adopted FY 2022 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 2021 approximates \$9.890 million in recurring revenue.

Revenue Category	FY 2021 Adopted \$1.035	FY 2022 Alternate \$0.995	FY 2022 Proposed \$1.005	FY 2022 Alternate \$1.010
Real Property				
General Real Property Taxes	\$939,602,140	\$940,260,960	\$949,833,660	\$954,620,060
Public Service Property Taxes	32,854,560	31,515,000	31,831,800	31,990,100
Penalties & Interest	9,150,000	9,150,000	9,150,000	9,150,000
Personal Property				
Computer Equipment	\$394,508,100	\$586,830,000	\$586,830,000	\$586,830,000
General Personal Property	209,722,800	203,130,440	203,130,440	203,130,440
Machinery & Tools	2,430,900	2,300,000	2,300,000	2,300,000
Heavy Equipment	1,862,000	1,975,000	1,975,000	1,975,000
Aircraft	50,000	50,000	50,000	50,000
Mobile Homes	13,870	14,880	15,000	15,000
Other Local Taxes				
Sales Tax	\$81,311,500	82,938,000	82,938,000	82,938,000
Consumer Utility Taxes	11,434,500	11,929,000	11,929,000	11,929,000
Short-Term Rental Tax	564,400	452,300	452,300	452,300
Transient Occupancy Tax	2,783,740	2,000,000	2,000,000	2,000,000
Subtotal – LTF	\$1,686,288,510	\$1,872,545,500	\$1,882,435,200	\$1,887,379,900
Use of Fund Balance	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000
Total – LTF	\$1,726,288,510	\$1,912,545,500	\$1,922,435,200	\$1,927,379,900
Average Homeowner Tax Bill	\$5,335	\$5,457	\$5,511	\$5,539



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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 \$1.005.

FY 2022 Proposed Appropriations Schedule¹

Appropriation Category	Expenditures	Revenue	Local Tax Funding	% of Total LTF
Operating Appropriations				
County General Fund ²	\$694,610,376.30	\$214,718,334.00	\$479,892,042.30	25.0%
School Operating Fund	1,492,724,899.00	450,028,128.00	1,042,696,771.00	54.2%
School Grant Fund	29,918,334.00	29,918,334.00	0.00	0.0%
School Lease Purchase Fund	10,002,000.00	10,002,000.00	0.00	0.0%
School Nutrition Fund	37,162,564.00	37,162,564.00	0.00	0.0%
Children’s Services Act Fund	9,554,193.00	5,869,193.00	3,685,000.00	0.2%
Dulles Town Center CDA Fund	3,500,000.00	3,500,000.00	0.00	0.0%
EMS Transport Fund	5,225,000.00	5,225,000.00	0.00	0.0%
Housing Fund	5,000,000.00	5,000,000.00	0.00	0.0%
Legal Resource Center Fund	120,847.00	44,980.00	75,867.00	0.0%
Metro Garages Fund	1,995,578.00	1,995,578.00	0.00	0.0%
Other Special Revenue Funds	91,000.00	91,000.00	0.00	0.0%
Rental Assistance Program Fund	9,767,953.00	9,525,563.00	242,390.00	0.0%
Restricted Use TOT Fund	3,065,000.00	3,065,000.00	0.00	0.0%
Self-Insurance Fund	5,455,700.00	0.00	5,455,700.00	0.3%
State and Federal Grant Fund	4,189,545.00	4,189,545.00	0.00	0.0%
Subtotal – Operating Appropriations	\$2,312,382,989.30	\$780,335,219.00	\$1,532,047,770.30	79.7%
Debt Appropriations				
County Government	\$90,317,178.00	\$28,706,176.00	\$61,611,002.00	3.2%
School System	143,034,799.00	5,974,969.00	137,059,830.00	7.1%
Greenlea Tax District	44,038.00	44,038.00	0.00	0.0%
Route 28 Special Improvements Fund	12,709,100.00	12,709,100.00	0.00	0.0%
Tall Oaks Water & Sewer Fund	60,572.00	60,572.00	0.00	0.0%
Subtotal – Debt Appropriations	\$246,165,687.00	\$47,494,855.00	\$198,670,832.00	10.3%
Capital Appropriations				
County Government Capital Projects	\$257,951,671.64	\$144,478,073.94	\$113,473,597.70	5.9%

¹ Sums may not equal due to rounding.

² Expenditures and revenues include landfill fee revenues transferred to the Capital Projects Fund.



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Appropriation Category	Expenditures	Revenue	Local Tax Funding	% of Total LTF
County Asset Preservation Program	11,720,000.00	100,000.00	11,620,000.00	0.6%
School System Capital Projects	163,990,000.00	149,626,000.00	14,364,000.00	0.7%
School System Asset Preservation	24,543,000.00	0.00	24,543,000.00	1.3%
Capital Projects Financing Fund	216,112,276.00	216,112,276.00	0.00	0.0%
Major Equipment Replacement Fund	4,000,000.00	0.00	4,000,000.00	0.2%
Public Facilities Trust Fund	3,862,571.94	3,862,571.94	0.00	0.0%
Transportation District Fund	81,836,285.30	58,120,285.30	23,716,000.00	1.2%
Subtotal – Capital Appropriations	\$764,015,804.88	\$572,299,207.18	\$191,716,597.70	10.0%
Total – Appropriations	\$3,322,564,481.18	\$1,400,129,281.18	\$1,922,435,200.00	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 \$0.995 and \$1.010.

Schedule of Appropriations at \$0.995

Appropriation Category	Expenditures	Revenue	Local Tax Funding	% of Total LTF
County General Fund	\$690,077,156.30	\$214,635,834.00	\$475,441,322.30	24.9%
School Operating Fund	1,487,191,218.00	450,028,128.00	1,037,163,090.00	54.2%
All Other Operating Funds	125,047,714.00	115,588,757.00	9,458,957.00	0.5%
Subtotal – Operating Appropriations	\$2,302,316,088.30	\$780,252,719.00	\$1,522,063,369.30	79.6%
Subtotal – Debt Appropriations	\$246,165,687.00	\$47,494,855.00	\$198,670,832.00	10.4%
Subtotal – Capital Appropriations	\$764,015,804.88	\$572,299,207.18	\$191,716,597.70	10.0%
Unallocated Balance	94,701.00	0.00	94,701.00	0.0%
Total – Appropriations	\$3,312,592,281.18	\$1,400,046,781.18	\$1,912,545,500.00	100.0%

Schedule of Appropriations at \$1.010

Appropriation Category	Expenditures	Revenue	Local Tax Funding	% of Total LTF
County General Fund	\$697,967,009.30	\$214,744,427.00	\$483,222,582.30	25.1%
School Operating Fund	1,492,724,899.00	450,028,128.00	1,042,696,771.00	54.1%
All Other Operating Funds	125,047,714.00	115,588,757.00	9,458,957.00	0.5%
Subtotal – Operating Appropriations	\$2,315,739,622.30	\$780,361,312.00	\$1,535,378,310.30	79.7%
Subtotal – Debt Appropriations	\$246,165,687.00	\$47,494,855.00	\$198,670,832.00	10.3%
Subtotal – Capital Appropriations	\$764,015,804.88	\$572,299,207.18	\$191,716,597.70	9.9%
Unallocated Balance	1,614,160.00	0	1,614,160.00	0.1%
Total – Appropriations	\$3,327,535,274.18	\$1,400,155,374.18	\$1,927,379,900.00	100.0%



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Comparison of Appropriations

The table below compares the FY 2022 Proposed appropriation level (or “Expenditures” column from the table on the previous page) to the FY 2021 Adopted appropriation level. The FY 2022 Proposed Budget includes an overall \$294.2 million increase in expenditures, or 9.7 percent. This year-over-year includes a \$118.3 million in increased capital appropriations related to the 6-Year Capital Improvement Program (CIP), \$11.4 million for increased debt appropriations, \$119.7 million for School appropriations net of the \$60 million reserve for LCPS included in the FY 2021 Adopted Budget, and \$44.8 million for increased County operating appropriations.

Comparison of Appropriations, FY 2021 Adopted and FY 2022 Proposed

Appropriation Category	FY 2021 Adopted	FY 2022 Proposed	Variance
Operating Appropriations			
County General Fund	\$645,290,546.63	\$694,610,376.30	\$49,319,829.67
School Operating Fund	1,319,089,606.00	1,492,724,899.00	173,635,293.00
School Grant Fund	27,875,323.00	29,918,334.00	2,043,011.00
School Lease Purchase Fund	10,002,000.00	10,002,000.00	0.00
School Nutrition Fund	33,124,140.00	37,162,564.00	4,038,424.00
Children’s Services Act Fund	9,301,500.00	9,554,193.00	252,693.00
Dulles Town Center CDA Fund	3,500,000.00	3,500,000.00	0.00
EMS Transport Reimbursement Program Fund	5,600,000.00	5,225,000.00	(375,000.00)
Housing Fund	5,000,000.00	5,000,000.00	0.00
Legal Resource Center Fund	116,625.00	120,847.00	4,222.00
Metro Garages Fund	2,373,567.00	1,995,578.00	(377,989.00)
Other Special Revenue Funds	91,000.00	91,000.00	0.00
Rental Assistance Program Fund	9,657,187.00	9,767,953.00	110,766.00
Restricted Use Transient Occupancy Tax Fund	4,071,700.00	3,065,000.00	(1,006,700.00)
Self-Insurance Fund	5,455,700.00	5,455,700.00	0.00
State and Federal Grant Fund	3,959,061.00	4,189,545.00	230,484.00
Subtotal – Operating Appropriations	\$2,084,507,955.63	\$2,312,382,989.30	\$227,875,033.67
Debt Appropriations			
County Government	\$71,427,858.00	\$90,317,178.00	\$18,889,320.00
School System	149,545,510.00	143,034,799.00	(6,510,711.00)
Greenlea Tax District	44,038.00	44,038.00	0.00
Route 28 Special Improvements Fund	13,671,900.00	12,709,100.00	(962,800.00)
Tall Oaks Water & Sewer Special Revenue Fund	60,572.00	60,572.00	0.00
Subtotal – Debt Appropriations	\$234,749,878.00	\$246,165,687.00	\$11,415,809.00
Capital Appropriations			
County Government Capital Projects	\$248,362,489.53	\$257,951,671.64	\$9,589,182.11
County Asset Preservation Program	11,495,000.00	11,720,000.00	225,000.00
School System Capital Projects	87,275,000.00	163,990,000.00	76,715,000.00



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Appropriation Category	FY 2021 Adopted	FY 2022 Proposed	Variance
School System Asset Preservation	24,261,000.00	24,543,000.00	282,000.00
Capital Projects Financing Fund	127,147,873.69	216,112,276.00	88,964,402.31
Major Equipment Replacement Fund	2,000,000.00	4,000,000.00	2,000,000.00
Public Facilities Trust Fund	21,153,431.79	3,862,571.94	(17,290,859.85)
Transportation District Fund	124,061,280.35	81,836,285.30	(42,224,995.05)
Subtotal – Capital Appropriations	\$645,756,075.36	\$764,015,804.88	\$118,259,729.52
LCPS Reserve¹	\$60,000,000	\$0	(\$60,000,000)
Unallocated Balance	\$3,333,420	\$0	(\$3,333,420)
Total Appropriations	\$3,028,347,328.99	\$3,322,564,481.18	\$294,217,152.19

¹ The LCPS reserve was established as part of the adoption of the FY 2021 budget in anticipation of revenue declines from the pandemic. These funds, however, were re-apportioned to LCPS for the FY 2022 base budget.