



Comprehensive Annual Financial Report

for the
Fiscal Year Ending
June 30, 2020



TOWN OF LEESBURG, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
June 30, 2020

Prepared by the
Department of Finance
and Administrative Services

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**TOWN OF LEESBURG, VIRGINIA
FINANCIAL REPORT**

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INTRODUCTORY SECTION



KAJ DENTLER
Town Manager

25 West Market Street ☞ Leesburg, Virginia 20186 ☎ 703-777-2420

December 1, 2020

Honorable Mayor, Members of Town Council, and
Residents of the Town of Leesburg:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Town of Leesburg (the Town) for the fiscal year ended June 30, 2020. This report is designed to fairly present the financial position of governmental activities, business-type activities, and each major fund of the Town in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual requirements. The CAFR includes all disclosures necessary to enable the reader to gain an understanding of the financial affairs of the Town. The Management's Discussion and Analysis (MD&A) section of the CAFR summarizes the Town's financial position, and activities for the fiscal year ended June 30, 2020.

The Department of Finance and Administrative Services has prepared this report in accordance with the following standards:

- Accounting principles generally accepted in the United States of America (GAAP) which are uniform minimum standards and guidelines for financial accounting and reporting;
- Governmental accounting and financial reporting statements, interpretations, and technical bulletins issued by the Governmental Accounting Standards Board (GASB);
- Uniform financial reporting standards for counties, cities, and towns issued by the Commonwealth of Virginia's Auditor of Public Accounts (APA); and
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, UG).

Responsibility for the accuracy of the data and the completeness and fairness of the information presented in the CAFR including disclosures rests with Town management. To the best of our knowledge and belief, the enclosed financial statements, schedules, and tables are complete and accurate in all material respects.

Profile of the Town

The Town is located in the Virginia Piedmont between the foothills of the Blue Ridge Mountains and the Potomac River, 35 miles northwest of Washington, D.C. The Town covers approximately 12 square miles, with elevations ranging from 275 feet to 425 feet above sea level.

Established in 1758, Leesburg is the seat of government for Loudoun County. The Town's rich history spans three centuries. Originally, a settlement called George Town in honor of the reigning monarch of Great Britain; the Town was renamed to honor the influential Lee family of Virginia.

During the War of 1812, the Town served as the temporary capital of the United States when valuable papers of the federal government including the Declaration of Independence and the Constitution were brought to the Town for safekeeping. President James Monroe resided just south of town at Oak Hill where he announced the Monroe Doctrine in 1823. The Town was the site of the Civil War Battle of Ball's Bluff fought on the banks of the Potomac River. The 1861 battle claimed the life of Col. Edward Baker, a close friend of President Lincoln, and spawned a congressional committee to investigate the conduct of the war. The battlefield is marked by one of America's smallest national cemeteries.

In the 20th century, the Town was the home of World War II General, and later U. S. Secretary of State, George C. Marshall, architect of the famous Marshall Plan that re-built Europe after the war. Radio personality Arthur Godfrey, who donated land for the Town's first airport, also called Leesburg home.

Today, the Town continues to serve as the center of government and commerce for Loudoun County. Leesburg's Old and Historic District was established by local ordinance in 1963, was placed on the National Registry of Historic Places in 1970, and is often cited as one of the best preserved and most picturesque downtowns in Virginia. Leesburg has been recognized by the following media outlets in the past 5 years:

- #5 Best Cities for Families in the U.S. by Livability.com
- #5 Best Place in Virginia to Live by HomeSnacks
- #7 Best Place for Young Families in Virginia by NerdWallet
- Leesburg was ranked as the best small town in Virginia, and 12th in the nation in 2019 by WalletHub

Overview of Town Government

The Town has operated under the council-manager form of government since 1962. The Town Council is the governing body of the Town and is empowered by the Town Charter to make Town policy. Six of the seven Town Council members are elected at-large for four-year overlapping terms and the Mayor, also a member of Council, is elected for a two-year term.

The Council appoints the Town Manager who is the chief executive officer of the Town. The Town Manager serves at the pleasure of Council, carries out its policies, directs business procedures, and has the power of appointment and removal of all Town employees except for the Town Council appointed Town Attorney. Duties and responsibilities of the Town Manager include preparation, submission, and administration of the operating and capital budgets, advising Council on the affairs of the Town, enforcement of the Town Charter and laws of the Town, and direction and supervision of all departments.

The Town Council in its legislative role as the governing body adopts ordinances and resolutions and establishes the general policies of the Town. The Council also sets tax rates, water and sewer rates, and adopts the operating and capital budgets.

The operating departments of the Town include the town manager's office, finance and administrative services (including human resources and information technology), police, public works and capital projects, planning and zoning, plan review, economic development, town attorney, town clerk, parks and recreation, utilities, Balch Library, and airport operations. Each department has a director who reports to the Town Manager, Deputy Town Manager or Director of Finance and Administrative Services.

Local Economy Condition and Outlook

The fiscal state of the Town remains strong. The Town embraces the future with confidence based on a proven financial track record. The Town's successes are shared accomplishments combining skill, experience, and dedication from elected officials, appointed officials, employees, and citizens. Faced with changing resources, especially in federal spending, taxation, and state assistance, the Town must continue to plan and carefully manage its funding sources.

Falling within the Washington, D.C. metropolitan area, the Town's economic and demographic conditions reflect the prevailing conditions of the region. The unemployment rate for Loudoun County has increased from 2.3% to 7.1%. The increase in unemployment is due to the COVID-19 Emergency and the Town continues to be well below the Virginia and national rates of unemployment. This can be attributed in large part to Leesburg's location in Northern Virginia and its close proximity to Washington, D.C. and the federal government and the Town's concentration of high technology employers.

The economic recovery from the Great Recession was ended by the COVID-19 Emergency Pandemic as the restaurant, entertainment, travel, and hospitality industries are still significantly impacted with reduced revenue from Meals Tax and Transient and Occupancy Taxes (hotel tax). Residential property values have continued to increase throughout the COVID-19 Emergency and commercial real estate values have been stable so far. Sales Tax revenues from consumer spending have outperformed estimates which may be the result of the legal changes that made online sales subject to sales tax. Investment earnings have plunged due to the Federal Reserve reducing short-term interest rates to the 0% to .25% range. Federal and state revenues have been flat and are uncertain with the exception of Coronavirus Aid, Relief and Economic Security (CARES) Act funding. In planning for a future based on economic uncertainty, the Town needs to communicate to residents, the business community, and the workforce the following: 1) how it is going to operate in the future, especially over the next four fiscal years; 2) what services will be provided and at what levels; and 3) what type of organization it will be. The fiscal year 2020 budget answered these questions by adhering to a long-range financial sustainability plan that balanced services, capital investments, and debt service funding with taxpayer affordability.

The fiscal year 2020 budget was adopted based on the Town Council's established strategic goal to achieve long-term budget sustainability in addition to its established strategic focus areas of:

- Transportation & Traffic
- Community & Economic Development
- Capital Improvements Program and Capital Asset Replacement Program
- Parking in Downtown Leesburg
- Relationship with Loudoun County
- Boards and Commission Structure

The importance of long-term budget sustainability was evident in light of the effects of the severe recession of 2008 on our residents, and its ripple impacts on the federal, state, and local governments from the effects of the COVID-19 Emergency Pandemic. The Town of Leesburg under the Council's direction has worked its way through the past few years with strategic reductions in costs, increased staff efficiency, and deferral of certain costs while providing Town employees with modest pay increases. During this time, the Council has provided the policy leadership that has allowed the Town to maintain most services with limited service level impacts and stabilized real estate tax rates while maintaining a healthy financial position in accordance with the Town's fiscal policies. As a result of the adherence to that philosophy, the Town has achieved its long-term goal of maintaining a 20% unassigned general fund balance. This fiscal discipline was rewarded in April 2016 with Triple A ratings from Moody's, Fitch and Standard & Poor's credit rating agencies, and has been affirmed by all three major rating agencies with a stable outlooks.

COVID-19 Impact and Response

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization, and resulted in the declaration of a state of emergency for the Commonwealth of Virginia on March 12, 2020, and a national emergency on March 13, 2020. The Council confirmed the declaration of a local emergency on March 18, 2020.

The COVID-19 outbreak and measures implemented to contain its spread are altering business operations and citizen behavior in a manner that is having negative effects on the global and local economies including the Town of Leesburg. The COVID-19 measures requiring the curtailing of restaurants and retail activities impacted the Town's consumer sensitive revenues such as meals tax, lodging tax and sales tax. As cases rise with the approach of winter 2020/21, there could be additional negative impacts on the Town's revenues.

It is difficult to predict the full impact of the outbreak on the Town's economy and operations. The Town expects the outbreak to have an overall negative impact on its financial performance for fiscal year 2020 and fiscal year 2021. The Town has updated departmental procedures to enhance the safety of employees and citizens while continuing to provide essential services. In the current fiscal year, the Town has identified savings in every department to help offset the decline in revenues, and has instituted a hiring freeze. The Town has incorporated reductions in the fiscal year 2021 expenditures budget sufficient to offset estimates for reduced revenue streams most affected by the COVID-19 outbreak including business license, meals and lodging taxes as well as investment earnings, and will continue to closely monitor the effects of the virus on current and future budgets. The severity of the impacts on fiscal year 2021 will depend on improving or worsening of conditions throughout the remaining months of the fiscal year.

There can be no assurance that the executive orders issued to mitigate the effects of COVID-19 will not be extended for a longer duration, or that additional executive orders and mandates will not be issued in order to continue to mitigate the effects of the pandemic. Furthermore, actions taken by the Town to mitigate the spread of COVID-19 in its buildings could have a negative impact on the Town's financial performance. All of the short-term and long-term impacts of the COVID-19 pandemic on the economies of the United States, the Commonwealth, and the Town cannot be determined at this time.

The Town is closely monitoring the global, national, regional, and local economic impacts of the COVID-19 Emergency Pandemic. Due to the evolving nature of the COVID-19 Emergency, the federal, state and local responses thereto, and uncertainties as to how long the number of new cases of COVID-19 will continue to increase, how long before businesses can fully reopen to the public, the effectiveness and timeliness of the federal stimulus, and its impact on consumer confidence, the Town cannot predict the extent or duration of the outbreak or what impact it may have on the Town's economy and the Town's financial conditions and operations. In developing its projections for the fiscal year ended June 30, 2020 and for the fiscal year ended June 30, 2021, Town staff elected to use a conservative scenario from information and forecasts prepared by a variety of economists and regional information sources including the Town's own internal tracking metrics.

Reports containing Fiscal Year 2020 and Fiscal Year 2021 forecasts have been prepared by Town staff and presented to Town Council each quarter with updated forecasts containing comparisons to the Town's original budget and previous forecasts. Past forecasts and presentations may be found on the

the	Town	Council	Agendas	website	at:
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<https://portal.laserfiche.com/Portal/Browse.aspx?id=278684&repo=r-165d21d4>. The most recent forecast was presented at the October 26, 2020 Town Council Work Session and may be found at the site listed above. All forecasts are based upon the best information available to the Town staff at the time of the presentation and may be subject to substantial uncertainty. The Town staff is pursuing a flexible strategy of responding to conditions as the circumstances surrounding the COVID-19 Emergency evolve by cutting expenditures or by restoring previously reduced expenditures as actual results require or permit. Town staff will continue to monitor the impacts of the COVID-19 Emergency on Town finances and operations, and expects to provide quarterly updates to the Town Council which will be available to the public on the Town's website: <https://www.leesburgva.gov/> on the Town Council's agendas page.

At their regular meeting on June 9, 2020, Town Council accepted the Town of Leesburg's allocation of Federal CARES Act of 2020 funding totaling \$4,797,036. Leesburg has been allocated a second round of \$4,797,036 in CARES Act funding, and has accepted and appropriated that funding in Resolution 2020-094 adopted September 8, 2020. The Town has awarded CARES funding grants to nonprofit organizations in the community and as business stimulus grants to for-profit businesses within the Town under the provisions and restrictions of the CARES Act. Funds not distributed to businesses and nonprofits in Leesburg, have been allocated to offsetting the Town's own first responder and COVID-19 response efforts. Details of the awards may be found on the Town's website at: <https://portal.laserfiche.com/Portal/Browse.aspx?id=44420&repo=r-165d21d4> on the September 8, 2020 agenda. The information found at these locations are as of the date they were posted and are not retroactively updated and as such are subject to subsequent changes and later Town Council decisions. Such changes will be posted <https://www.leesburgva.gov/> on the Town Council's agendas page.

Financial Condition

The Town Government continues to be in very sound financial condition as demonstrated by the financial statements and schedules included in this CAFR. Within the context of a fiscally prudent budget, the Town has maintained its level of services except for the temporary closure of facilities (Ida Lee Park Recreation Center and Thomas Balch Library) as mandated by the Governor of Virginia under the COVID-19 Emergency. As such, Leesburg has continued to provide services to its residents and taxpayers, achieved many programmatic goals, and enhanced the quality of life of the residents of the Town.

The need to keep stable real estate tax rates continued to exert pressure on maintaining services at existing levels, and maintaining capital promises made to the residents. Keeping existing programs funded and addressing the continuing demands of the community is a challenge during the budgeting process. In an effort to meet these demands, management has developed the following initiatives for the next two years:

- Successfully carry out the Council's policies on long-term budget stability.
- Set and achieve high standards for customer service for all departments.
- Continued focus on employee productivity and operational efficiency to maintain or reduce costs in the face of increased service demands and the COVID-19 Emergency Pandemic.
- Accelerate the application of technology as financially feasible to improve access to Town services, to improve communication with all residents, and to enable increased remote working and service delivery opportunities in compliance with social distancing demands.
- Continued emphasis on an organizational culture that focuses on improving the quality of life for our residents and businesses.

The Town's investment policy is limited by the Virginia Security for Public Deposits Act in utilizing depositories that have been qualified for investments by the Commonwealth of Virginia. Accordingly, deposits were either insured by the Federal Deposit Insurance Corporation (FDIC) or highly collateralized. Funds are invested in cash and cash equivalents with maturities planned to coincide with cash needs. Idle funds available for longer periods of time are invested in the State-maintained Local Government Investment Pool (LGIP), the State Non-Arbitrage Pool (SNAP), the VACo/VML Virginia Investment Pool (intermediate-term, high quality bonds) and Liquidity Pool. These investments fund General Fund and Utilities Fund operations and are the most affected by the Federal Reserve's actions. The Town's investments set aside to fund the future costs of retired employee health insurance, known as Other Post-Employment Benefits or OPEB, are governed by separate state statutes and a separate Town policy that allows for the investment of long-term assets in high quality bonds and equities. The Town's OPEB assets are invested in a Town Council authorized independent trust where the assets are held by US Bank as trustee and managed by PFM, Inc. with the expectation that the assets will generate market-based returns with low fees. These investments have continued to perform at or above the assumed return rates of 7% through the COVID-19 Emergency.

Budgetary Accounting and Internal Controls

The Town's budget is prepared on the basis of funds which are fiscal and accounting entities with a self-balancing set of accounts recording cash and other financial resources, combined together with all related liabilities and residual equities or balances, and changes therein. The funds are separated for the purpose of carrying on specific activities in accordance with special regulations, restrictions, and limitations.

The types of funds maintained by the Town include governmental funds (General Fund, Capital Projects Fund, and a Special Revenue Fund), a fiduciary fund (Other Post Employment Trust Fund), an internal service fund (Health Care Self-insurance Fund), a Non-major Special Revenue Fund (Thomas Balch Library Endowment Trust Fund), and a proprietary fund (Utilities Fund). All governmental and proprietary funds are subject to appropriation by the Town Council. The Town maintains budgetary controls designed to monitor compliance with expenditure limitations contained in annual budget appropriations approved by the Town Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by department within the General Fund. The Town Manager has authority to amend or transfer appropriations between departments. The Town also maintains an encumbrance recording system as one technique for accomplishing budgetary control. Open encumbrances for the General Fund are reported as assigned in the fund balance at the end of the year. The Capital Projects Fund and the NVT A Special Revenue Fund balances are committed for scheduled projects and have been reported as restricted in the fund balances at the end of the fiscal year.

Town management is responsible for establishing and maintaining internal controls designed to ensure the assets of the Town are protected from loss, theft or misuse. The cost of an internal control should not exceed the benefit to be derived and therefore, internal controls are intended to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. The Department of Finance and Administrative Services is always reviewing and assessing the soundness and adequacy of the Town's financial systems and internal controls to ensure the strongest possible structure has been established and maintained.

Other Information

Independent Audit. Section 2-161 of the *Town Code* requires an annual audit of the financial affairs of the Town by a qualified and competent certified public accountant. Further, 15.2-2511 of the *Code of Virginia* requires an annual audit be performed by independent certified public accountants. Audits must be performed in accordance with auditing standards generally accepted in the United States of America and the standards set forth in the Government Accountability Office's *Government Auditing Standards*. In addition, the auditor must conduct the compliance examinations required by the Single Audit Act Amendments of 1996, the related Uniform Guidance, and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The Town Council has selected the accounting firm of Brown, Edwards and Company, LLP to perform these audit services. The accounting firm's reports are presented in the financial section and the compliance section of this report.

Certificate of Achievement for Excellence. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Town a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. The GFOA awards a certificate to governmental units that exemplify excellence in financial reporting and conform to stringent reporting requirements promulgated by that association and various authoritative bodies.

To earn a Certificate of Achievement, a CAFR must be clear, thorough, and understandable. The report must be efficiently organized, employ certain standardized terminology and formatting conventions, minimize ambiguities and potentials for misleading inference, enhance understanding of current generally accepted accounting theory, and demonstrate a constructive “spirit of full disclosure”.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues the 32-year tradition of conforming to the Certificate of Achievement Program requirements and standards. We are submitting this CAFR to GFOA to determine its eligibility for another certificate for fiscal year 2020.

Acknowledgements. This report was prepared by the professional staff of the Department of Finance and Administrative Services. The staff’s hard work, dedication and continuing efforts to improve the quality of this report directly benefit all who read and use it. Special recognition goes to Lisa Stillman, Controller; Willis Felegie, Accounting Manager; Carrie Curry, Staff Accountant; Emily Adams, Accounting Associate; Lisa Haley, Deputy Director of Finance and Administrative Services; Jason Cournoyer, Budget Officer; Cole Fazenbaker, Management Analyst; and Robert Frye, Interim Controller, for their technical expertise, teamwork, review, and dedicated service in the preparation of this CAFR.

This CAFR reflects the commitment of the Town Council and management to the residents and taxpayers of Leesburg and the financial community to provide information in conformance with the highest standards of financial accountability.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kaj Dentler', with a stylized flourish extending to the right.

Kaj Dentler
Town Manager

A handwritten signature in black ink, reading 'Clark G. Case', in a cursive script.

Clark G. Case
Director of Finance and Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

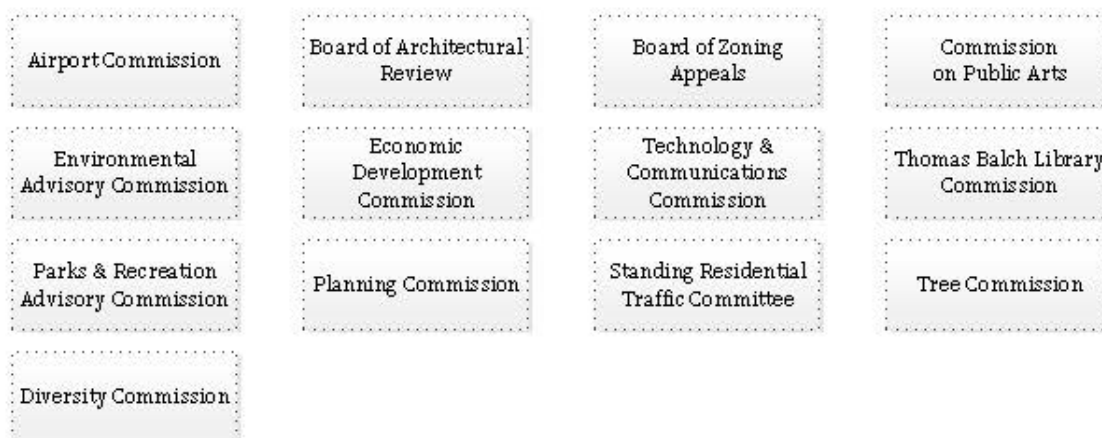
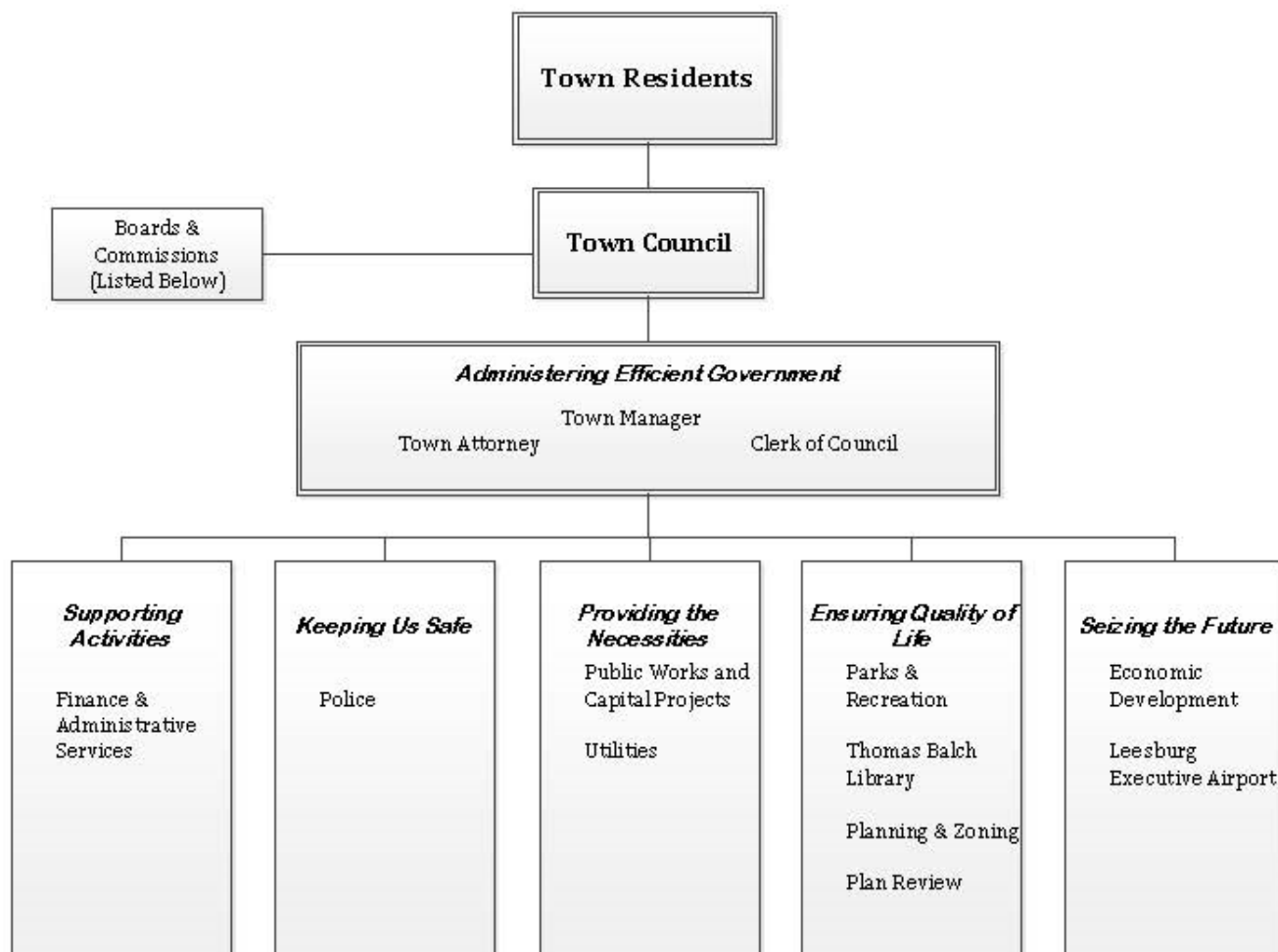
**Town of Leesburg
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO



TOWN OF LEESBURG, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

TOWN COUNCIL

Kelly Burk, Mayor
Fernando “Marty” Martinez, Vice Mayor
Suzanne Fox
Thomas Dunn, II
Neil Steinberg
Ron Campbell

TOWN OFFICIALS

Kaj Dentler	Town Manager
Keith Markel.....	Deputy Town Manager
Chris Spera	Town Attorney
Eileen Boeing	Clerk of Council
Gregory C. Brown	Police Chief
Renee LaFollette.....	Director of Public Works and Capital Projects
Amy Wyks.....	Director of Utilities
Rich Williams.....	Director of Parks and Recreation
Susan Berry-Hill.....	Director of Planning and Zoning
William Ackman	Director of Plan Review
Scott Coffman.....	Director of Airport
Russell Seymour.....	Director of Economic Development
Alexandra Gressitt	Director of Balch Library
Clark Case	Director of Finance and Administrative Services
Jakub Jedrzejczak	Director of Information Technology
Joshua Didawick.....	Director of Human Resources
Betsy Arnett.....	Public Information Officer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of Town Council
Town of Leesburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leesburg, Virginia (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The introductory, other supplementary information, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

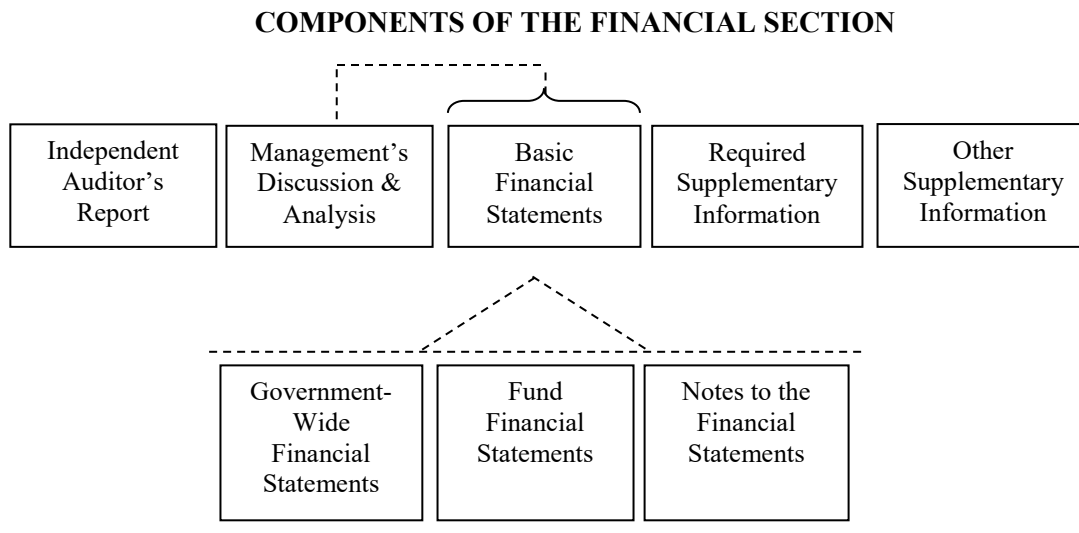
Roanoke, Virginia
December 1, 2020

TOWN OF LEESBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

The Town of Leesburg, Virginia (Town) presents the following Management's Discussion and Analysis (MD&A) as an overview of the Town's financial position and activities for the fiscal year ended June 30, 2020. Readers are encouraged to read this discussion and analysis and the letter of transmittal from the Town Manager and the Director of Finance and Administrative Services in conjunction with the Town's basic financial statements and related notes, which are also contained in this Comprehensive Annual Financial Report (CAFR).

USING THE FINANCIAL SECTION OF THIS CAFR

This CAFR consists of four sections: Introductory, Financial, Statistical, and Compliance. As the following chart shows, the financial section of this report has four components – *Management's Discussion and Analysis* (this section), *Basic Financial Statements*, *Required Supplementary Information*, and *Other Supplementary Information*.



The Town's financial statements present two perspectives of the Town's finances, one for the Town as a whole (government-wide) and the second based on the fund financial statements. The government-wide Financial Statements provide information on an accrual basis and focus on both long-term and short-term information concerning the Town's overall financial condition. The Fund Financial Statements provide information on a current financial resource basis only and focus on the individual parts of Town government, reporting the Town's current operations in more detail than in the government-wide statements. Both perspectives (government-wide and individual funds) allow the user to address relevant financial questions, broaden the basis of comparison (year to year or government to government) and enhance the Town's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town, as a whole, using accounting methods similar to private-sector companies. Specifically, the Statement of Net Position (Exhibit 1) and the Statement of Activities (Exhibit 2), report information about the Town's assets, liabilities, deferred outflows and inflows of resources, and activities using the accrual basis of accounting. Revenues are recorded and presented in these financial statements in the year in which they are earned, and expenses are recognized in the period in which they were incurred, regardless of when cash is received or paid.

The Town's net position represents the residual amount of cumulative assets, deferred outflows of resources over present liabilities and deferred inflows of resources as of the fiscal year ended June 30, 2020. The revenues and expenses for the current fiscal year are the principal factors affecting the change in the Town's net position, as shown in Exhibit 2. The Town's net position is one way to measure the Town's financial health, as increases or decreases in net position are one indicator of whether its financial position is improving or declining. Further analysis can be achieved by comparing the changes in the revenue, expenses, assets and liabilities to the prior year CAFR's Statement of Activities and Statement of Net Position. Other financial reports as well as nonfinancial factors need to be considered, such as changes in the Town's property tax base, the condition of the Town's infrastructure, the Town's overall budget and capital improvement program in order to assess the overall financial health of the Town.

The Statement of Net Position and the Statement of Activities include the following:

Governmental activities: Most of the Town's basic services are reported in the General Fund including general government; public safety; community development; parks and recreation; library; airport, and public works. Combined with capital improvement projects, accounted for in the Northern Virginia Transportation Authority (NVTa) and Capital Projects Fund, these funds comprise the majority of governmental activities. These types of activities are financed primarily by property taxes, other local taxes, charges for services, and federal and state grants.

Business-type activities: The Town charges fees to users to cover all, or a significant portion, of the costs for water and sewer services in the Utilities fund and premiums to cover self-insurance costs in the Internal-service Fund. As such, these services are reported as a business-type activity in the CAFR showing results of activities as self-supporting operations.

FUND FINANCIAL STATEMENTS

The fund financial statements provide additional information about the Town's most significant funds within the government, as compared to the Government-wide Financial Statements that focus on the Town as a whole. The basis of accounting and the required presentation of related financial statements in the CAFR are based upon each type of fund.

The Town has three types of funds:

Governmental Funds – The Town has three major governmental funds, the General Fund, the Capital Projects Fund, and the NVTa Special Revenue Fund. Accounting for the basic governmental services, the General Fund is the largest of the governmental funds and functions as the main operating fund of the Town. The Capital Projects Fund accounts for the daily operations of the Division of Capital Projects in the Department of Public Works & Capital Projects including the design, architecture and construction of major capital projects and helps provide control over the resources that have been segregated for those projects. The Special Revenue Fund is used to account for revenue from the Northern Virginia Transportation Authority (NVTa) which is utilized for approved street and road upgrades. The Other Governmental Special Revenue Fund is a non-major governmental fund established for the purchase of collections and to support special library programs for the Thomas Balch Library.

These funds are accounted for under the current financial resource basis of accounting which focuses on (1) how cash and other financial assets can readily be converted to cash flow and (2) how the balances remaining at year-end are available for expenditures. Consequently, the governmental fund statements provide a detailed short-term view that assists the reader in understanding the financial resources available to be spent in the near future to support the Town's operations.

The Balance Sheet (Exhibit 3) and the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 5) do not encompass the long-term focus. Additional information is presented in the form of reconciliations (Exhibits 4 and 6) to help explain the difference between these individual governmental fund statements and the government-wide statements. These reconciliations present information related to noncurrent assets such as capital assets and noncurrent liabilities such as bonds payable, compensated absences, other postemployment benefits, and deferred outflows/inflows of resources and the changes in these balances.

Proprietary Funds – The Town has two proprietary funds for fiscal year 2020 comprised of one enterprise fund, the Utilities Fund to account for water and sewer services, and one internal service fund, Healthcare Self-insurance. Both the enterprise fund and the internal service fund operate in a manner similar to private business enterprises, where costs are recovered primarily through user charges or fees. However, the funds are distinguished by the type of user – external versus internal. Whereas an enterprise fund is used to account for any activity for which a fee is charged to external users for goods or services, an internal service fund is used to account for the provision of goods or services by one department to another department.

Proprietary fund financial statements provide both short-term and long-term financial information in the Statement of Net Position (Exhibit 8), the Statements of Revenues, Expenses and Changes in Net Position (Exhibit 9) along with the Statement of Cash Flows (Exhibit 10). The financial statements are prepared under the accrual basis of accounting. Because these proprietary fund statements are prepared on the same basis of accounting as the government-wide statements, no additional information is needed for reconciliation to the government-wide statements. Instead, the totals of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position from Exhibits 8 and 9 are presented in the business type column on the Statement of Net Position (Exhibit 1), and the proprietary fund revenues and expenditures are similarly summarized in the Statement of Activities (Exhibit 2).

Fiduciary Fund – The Other Postemployment Benefits (OPEB) Trust Fund is the Town's fiduciary fund. The fund accumulates resources to cover health and life insurance costs for retired employees. All of the economic resources associated with the operations of the fund are presented in the Statement of Net Position (Exhibit 11) and the Statement of Changes in Net Position (Exhibit 12). Unlike the proprietary funds, fiduciary funds are not required to report a statement of cash flows.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020

The Town's fiscal policy provides a framework for measuring the impact of services against fiscal guidelines established by the Town Council and Town Manager. These guidelines are designed to promote the fiscal well-being of the Town through management objectives to maximize efficiencies in accounting, financial reporting, safeguarding assets, budgeting revenues and expenses, risk management and planning for the use of debt, and cash and reserve funds in order to link long-term financial planning goals with day-to-day operations. Fiscal policy thereby serves as a tool to increase the Town's ability to shield itself from fiscal crises and to enhance short-term and long-term credit availability while helping to achieve and maintain the highest credit and bond ratings possible.

Total net position of the Town on a government-wide basis is \$502.6 million at June 30, 2020 of which \$338.6 million is attributable to the Town's governmental activities and \$164.0 million to business type activities (Exhibit 1). The government-wide total net position that is unrestricted is \$53.3 million, of which \$11.2 million is unrestricted for governmental activities and \$42.1 million is unrestricted for business-type activities. The Statement of Activities (Exhibit 2) presents all the factors attributed to the \$24.7 million or 5.2% percent increase in the Town's net position from \$477.9 (restated, Note 17) million in fiscal year 2019. This increase of \$24.7 million is due to an increase of \$10.9 million in governmental activities and an increase of \$13.8 million in business-type activities.

Total fund balance of the Town's Governmental Funds is \$42.8 million at June 30, 2020 of which \$26.4 million is attributable to the Town's General Fund; \$15.3 million is attributable to the Town's Capital Projects Fund; \$1.1 million is attributable to Other Non-major Governmental Funds (Exhibit 3). The Governmental Funds total fund balance that is unassigned is \$12.6 million. This amount is comprised of the General Fund's unassigned fund balance of \$14.4 million and the Capital Projects Fund's unassigned fund balance of (\$1.8) million. The Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 5) presents all the factors attributed to the \$3.5 million decrease in the total fund balance from \$46.4 million, as restated, in fiscal year 2019. This decrease of \$3.50 million is due to a decrease of \$3.7 million in fund balance of the Capital Projects Fund resulting from the full utilization of restricted cash for projects as well as a release of construction commitments due to larger projects in final completion stages. The balance of the increase of is related to activity in the NVTa fund on streets projects as well as finalization of the new Balch Library Endowment Fund.

The total net position of the Town's Enterprise Funds is \$165.2 million of which \$164.0 million is attributable to the Town's Utilities Fund and \$1.2 million is attributable to the Town's Internal Service Fund at June 30, 2020 (Exhibit 8). The Utilities Fund's unrestricted net position is \$42.0 million and the Internal Service Fund's unrestricted net position is \$1.2 million. The Statement of Revenue, Expenses and Changes in Net Position (Exhibit 9) presents all the factors attributed to the Utilities Fund's \$13.9 million or 9.2 percent increase from \$150.1 million in fiscal year 2019 to \$164.0 million in fiscal year 2020 and the decrease in net position of \$0.5 million or 29.4 percent from \$1.7 million in 2019 to \$1.2 million in 2020 for the Internal Service Fund.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Statement of Net Position

Table 1 below summarizes and compares the Statement of Net Position (Exhibit 1) for the Town as of June 30, 2020 and 2019.

Table 1
Summary Statement of Net Position
Comparison as of June 30, 2020 and 2019 (\$ in Thousands)

	Governmental Activities		Business-Type Activities		Total Reporting Entity	
	2020	2019	2020	2019	2020	2019
<u>Assets and Deferred Outflows of Resources</u>						
Current and Other Assets	\$ 76,003	\$ 75,111	\$ 52,034	\$ 39,030	\$ 128,037	\$ 114,141
Capital Assets, net	368,895	357,939	180,383	179,852	549,278	537,791
Total Assets	444,898	433,050	232,417	218,882	677,315	651,932
Deferred Outflows of Resources	10,425	4,998	4,255	2,922	14,680	7,920
Total Assets and Deferred Outflow of Resources	455,323	438,048	236,672	221,804	691,995	659,852
<u>Liabilities and Deferred Inflows of Resources</u>						
Current Liabilities	14,432	20,087	4,105	6,525	18,537	26,612
Long-term Liabilities	81,158	70,369	67,506	63,892	148,664	134,261
Total Liabilities	95,590	90,456	71,611	70,417	167,201	160,873
Deferred Inflows of Resources	21,088	18,337	1,085	1,269	22,173	19,606
Total Liabilities and Deferred Inflows of Resources	116,678	108,793	72,696	71,686	189,374	180,479
<u>Net Position</u>						
Net Investment in Capital Assets	316,442	305,544	121,945	120,512	438,387	426,056
Restricted	10,973	12,296	-	-	10,973	12,296
Unrestricted	11,230	11,415	42,031	29,606	53,261	41,021
Total Net Position	\$ 338,645	\$ 329,255	\$ 163,976	\$ 150,118	\$ 502,621	\$ 479,373

Total net position for the Town's governmental activities increased approximately \$10.9 million or 2.8 percent, to \$338.6 million. This increase is comprised primarily of an \$11.0 million increase in net investment in capital assets. In comparison, net position for business-type activities increased approximately \$13.9 million to \$164.0 million when compared to the opening balance of \$150.1 million. This increase is comprised primarily of an increase in Unrestricted Net Position of \$12.4 million which is a result of utilization of Bond Anticipation Notes (BAN) for capital projects as well as operating and other non-operating revenues exceeding expenses.

Statement of Activities

Table 2 summarizes and compares the Statement of Activities (Exhibit 2) for the Town for the fiscal years ended June 30, 2020 and 2019.

Table 2
Summary of Statement of Activities
Comparison for the years ended June 30, 2020 and 2019 (\$ in Thousands)

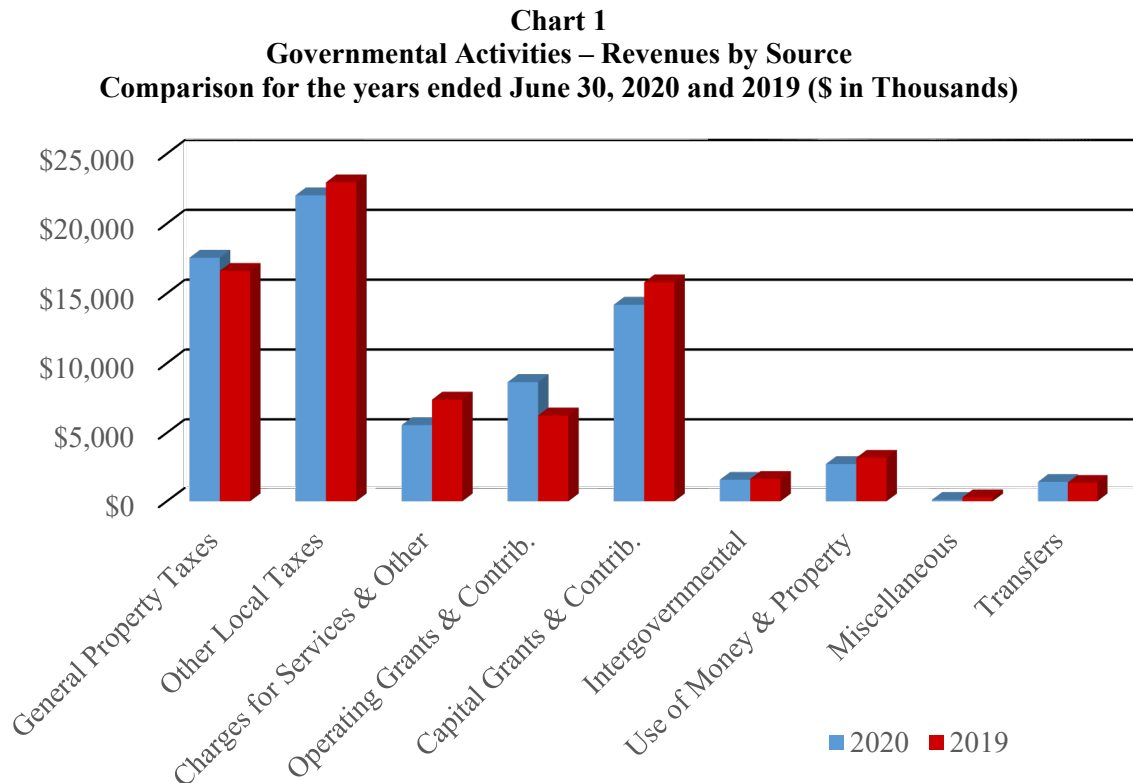
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	2020	2019	2020	2019	2020	2019
REVENUES						
<u>General Revenues:</u>						
Property Taxes	\$ 17,555	\$ 16,612	\$ -	\$ -	\$ 17,555	\$ 16,612
Other Local Taxes	22,023	22,949	-	-	22,023	22,949
Other	4,401	5,108	1,467	1,542	5,868	6,650
<u>Program Revenues:</u>						
Charges for Services	5,566	7,395	30,307	26,416	35,873	33,811
Operating Grants and Contributions	8,651	6,259	-	-	8,651	6,259
Capital Grants and Contributions	14,187	15,795	6,474	2,230	20,661	18,025
Total Revenues	72,383	74,118	38,248	30,188	110,631	104,306
EXPENSES						
Legislative	306	267	-	-	306	267
Executive	2,639	2,251	-	-	2,639	2,251
Legal	1,281	1,450	-	-	1,281	1,450
Parks and Recreation	7,721	8,611	-	-	7,721	8,611
Finance	6,754	5,577	-	-	6,754	5,577
Balch Library	515	541	-	-	515	541
Planning and Zoning	2,156	1,893	-	-	2,156	1,893
Public Works	21,168	22,771	-	-	21,168	22,771
Public Safety	14,497	14,103	-	-	14,497	14,103
Plan Review	1,447	1,462	-	-	1,447	1,462
Airport	1,703	2,313	-	-	1,703	2,313
Townwide	84	-	-	-	84	-
Interest	2,643	2,057	-	-	2,643	2,057
Water and Sewer	-	-	22,970	20,814	22,970	20,814
Total Expenses	62,914	63,296	22,970	20,814	85,884	84,110
Change in Net Position before transfers	9,469	10,822	15,278	9,374	24,747	20,196
Transfers in (out)	1,421	1,351	(1,421)	(1,325)	-	-
Increase (Decrease) in Net Position	10,890	12,173	13,857	8,023	24,747	20,196
Net Position, Beginning of Year *	327,755	317,082	150,118	142,095	477,872	459,177
Net Position, End of Year	\$ 338,645	\$ 329,255	\$ 163,975	\$ 150,118	\$ 502,619	\$ 479,373

* - As restated. See Note 17.

Governmental Activities

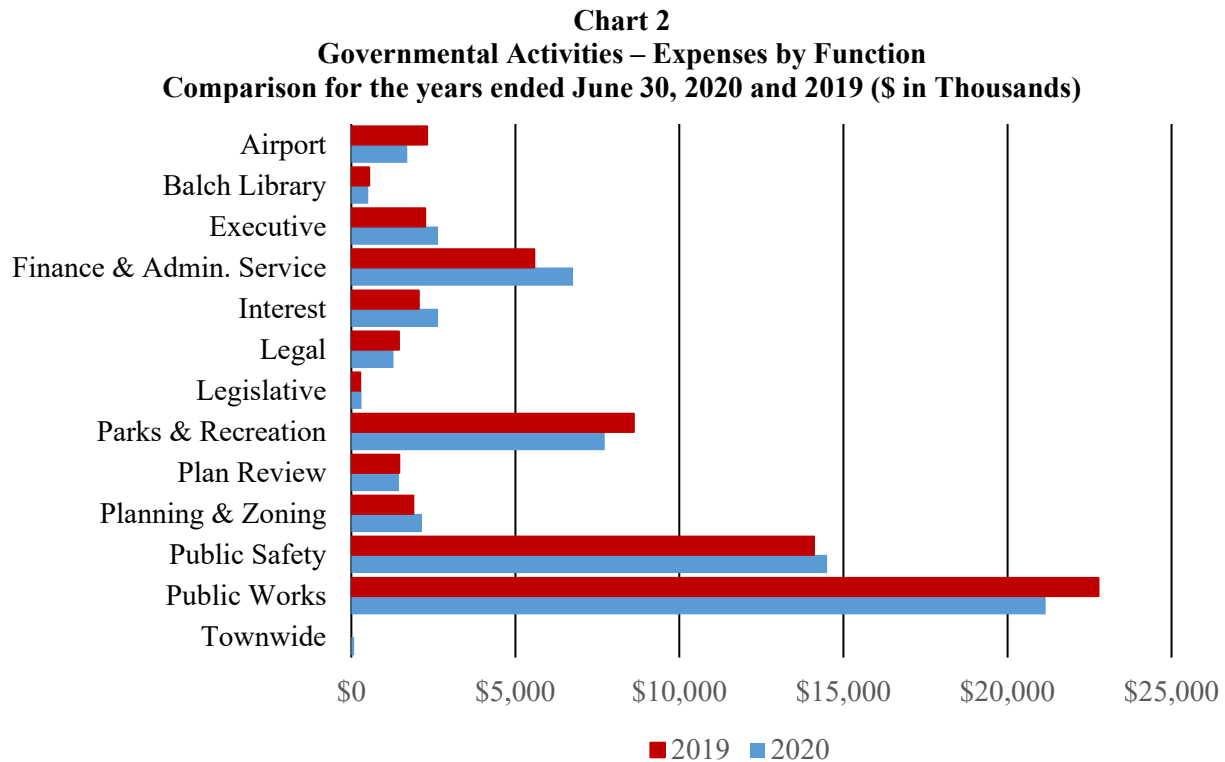
As shown in Table 2 above, total revenue for the Town's governmental activities was \$72.4 million for fiscal year 2020 compared to \$74.1 million for fiscal year 2019. In addition to this revenue, there were net transfers of \$1.4 million to the Governmental Activities in 2020. Table 2 also indicates total expenses for governmental activities for fiscal year 2020 were \$62.9 million, compared to \$63.2 million in fiscal year 2019. This decrease in revenues and corresponding reduction in expenditures are directly related to adjustments made by the Town to respond to the downturn in the economy due to the COVID-19 pandemic with as little impact on residents as possible.

Chart 1 below shows the sources of all governmental revenue for fiscal years 2020 and 2019:



Taxes constitute the largest source of Town revenue totaling approximately \$39.6 million, with general property taxes of \$17.6 million in 2020 and \$16.6 in 2019 (Table 2). As of fiscal year 2020, Loudoun County began billing and collecting local property taxes including real estate and personal property. As a result of aligning practices with Loudoun County, the Town began to concentrate more specifically collection procedures for older tax balances. Other local taxes, \$22.0 million in 2020 and \$22.9 million in 2019, are generated through business and occupational licenses and consumption based taxes such as taxes on meals, sales and use, cigarettes and utilities. As a result of the downturn in the economy due to the pandemic, there was a downturn in the local revenues that generated those other types of taxes. Additionally, due to the social distancing requirements and restrictions on businesses, there were further impacts that limited the ability of some of those businesses to operate normally reducing their revenue. A decrease of \$1.8 million in the Charges for Services from \$7.4 million in 2019 to \$5.6 million in 2020 was largely attributed to the closure of Ida Lee Recreation Center and related programs as well as the suspension of downtown parking fees. Ida Lee Recreation Center was operating in a limited status by June 30, 2020 however Town Council has approved the continuation of free parking at least through the end of 2020.

Chart 2 below illustrates total expenses by function.



Public Works was the Town's largest function with the Town's cost of service totaling \$21.2 million or 33.8 percent of total expenses. The decrease of \$1.6 million in Public Works is a result of staff vacancies in capital projects and public works in addition to the hiring freeze as a result of COVID-19. Public safety expenses, which total \$14.4 million, or 23.2 percent, represent the second largest expense category for governmental activities. Expenses increased by \$0.4 million or 2.8 percent which can be attributed to positions that were filled in fiscal year 2020 as well as additional protection measures implemented to mitigate the spread of COVID-19 within the Town of Leesburg.

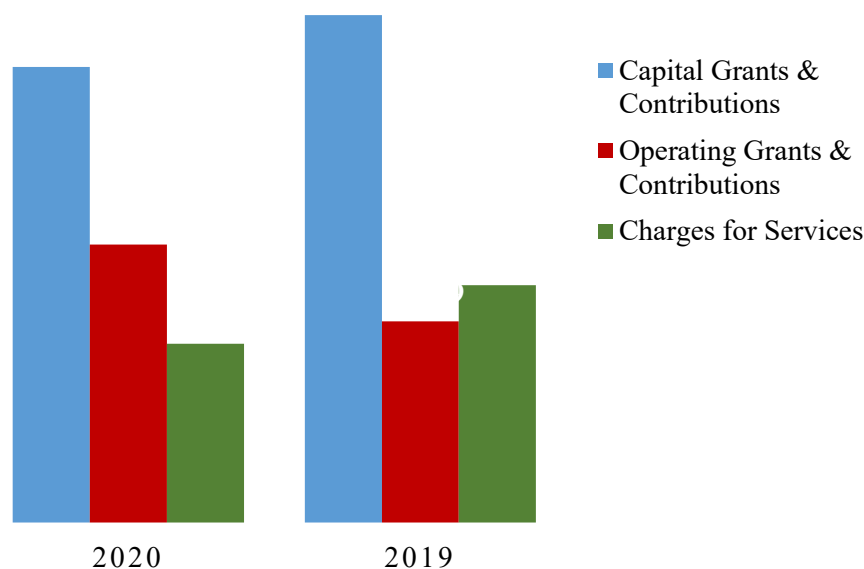
Table 3 below illustrates that general revenue, primarily in the form of taxes, charges for services and state aid, is essential to providing support for the services offered by the Town. These governmental activities generate revenue that assists in offsetting the cost of these services. Table 3 presents the total cost of services and the net cost after fees generated by the activities and allowances for program-specific governmental aid as an integral part of the Town's governmental activities. The Town generates charges for services primarily from fees for parks and recreation memberships and classes, public safety fees, zoning fees and permits. The Town utilizes grants and contributions primarily for public safety, airport, and public works as much as possible, however, grant funding is increasingly difficult to obtain. After recognizing the total revenue from these fees, grants, and contributions of \$28.4 million in 2020, the net cost of governmental activities was \$34.5 million, compared to total costs of \$62.9 million. In 2019, the Town recognized revenue from fees, grants and contributions of \$29.4 million with a net cost of governmental activities of \$33.8 million.

Table 3
Net Cost of Governmental Activities
Comparison for the years ended June 30, 2020 and 2019 (\$ in Thousands)

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
<u>Function:</u>				
Legislative	\$ 306	\$ 267	\$ 306	\$ 267
Executive	2,639	2,251	1,722	1,461
Legal	1,281	1,450	1,281	1,450
Parks & Recreation	7,721	8,611	4,398	3,486
Finance & Admin. Services	6,754	5,577	6,754	5,577
Balch Library	515	541	515	541
Planning & Zoning	2,156	1,893	1,697	1,510
Public Works	21,168	22,771	1,200	2,730
Public Safety	14,497	14,103	12,835	12,283
Plan Review	1,447	1,461	414	512
Airport	1,704	2,314	662	1,973
Townwide	84	-	84	-
Interest	2,643	2,056	2,643	2,056
Totals	\$ 62,915	\$ 63,295	\$ 34,511	\$ 33,846

Chart 3 below shows a comparison of program revenue and the three main components: Charges for Services, Operating Grants and Contributions and Capital Grants and Contributions. Revenue from Charges for Services decreased by \$1.8 million, program revenue for Operating Grants and Contributions increased \$2.4 million and Capital Grants and Contributions decreased \$1.6 million. The decrease in Charges for Services is largely due to the complete closure of the Ida Lee Recreation Facility, recreation programs, and the delay in opening the outdoor pool. Ida Lee Recreation Facility reopened in a very limited capacity by the end of fiscal 2020 and ran some limited programs in the summer, however the facility is still not operating at full capacity and has also increased cleaning procedures to ensure the safest facility possible.

Chart 3
Governmental Activities – Program Revenue
Comparison for the years ended June 30, 2020 and 2019 (\$ in Thousands)



Business-type Activities

Table 2 summarizes the business-type activities for 2020 and indicates the Utilities Fund Government-wide Net Position increased by \$13.9 million after the \$1.4 million transfer to the General Fund. The Statement of Revenue, Expenses and Changes in Net Position (Exhibit 9) details operating and non-operating income and expense factors, as well as capital grants, contributions and transfers for fiscal year 2020 for both the Utilities Fund and the Internal Service Self Insurance Fund.

Business-type activities are generally intended to be self-supporting as fees are established to recover the costs associated with providing the service. Exhibit 8 presents the Statement of Net Position for the Utilities Fund and the Internal Service Self Insurance Fund. In fiscal year 2020, the Utilities Fund's total assets, deferred outflows of resources, liabilities, and deferred inflows of resources were \$232.4 million, \$4.3 million, \$71.6 million and \$1.1 million, respectively. Total Net Position for fiscal year 2020 was \$164.0 million of which \$42.0 million is unrestricted. In fiscal year 2020, the Internal Service Fund's total assets and liabilities were \$2.2 million and \$1.0 million, respectively. Total net position for fiscal year 2020 was \$1.2 million all of which was unrestricted.

98.5 percent of Utilities fees were generated by Charges for Services including water and sewer fixed charges and usage fees, penalties, service charges, and other user fees. Operating revenue for the Utilities Fund for fiscal year 2020 was \$24.1 million compared to \$22.3 million for fiscal year 2019.

Total operating expenses increased \$2.3 million to \$20.8 million in fiscal year 2020. When combined with the \$1.7 million increase in operating revenue the Utilities Fund recognized operating income of \$3.3 million for fiscal year 2020. Non-operating revenues and expenses resulted in a net increase of \$5.5 million. The \$13.9 million increase in net position is due to a number of factors including an increase in the number of users of the service with new developments beginning to come online as well as a 4.5% increase in rates.

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

The Town uses fund accounting on a current financial resources basis for its governmental funds in compliance with GASB standards. The focus of the Town's governmental funds is to provide information on five financial elements: near-term assets and liabilities, current inflows and outflows, and fund balances of expendable resources. Such information is useful in assessing the Town's financing requirements.

The Town has three major governmental funds; the General Fund, Capital Projects Fund, and Northern Virginia Transportation Act (NVTa) Special Revenue Fund with fund balances of \$26.4 million, \$15.2 million, and \$0.06 million respectively. With a fund balance of \$1.1 million for the non-major fund, the governmental funds total fund balance of \$42.8 million for fiscal year 2020 (Exhibit 3) is a decrease of \$5.0 million from \$47.8 million in 2019. The decrease in total fund balance is a combination of factors including a reduction in the unassigned fund balance in the Capital Projects fund related to completion of some larger projects and use of restricted cash that had been held for specific bond uses. The Town had to reclassify prior year revenues to deferred revenues because of a misclassification of proffers leading to a restated lower beginning fund balance for the capital projects fund as well; see Note 17 for more information. Fund Balances are required by GASB to be classified as non-spendable, restricted, committed, assigned, and unassigned for better management of the governmental funds current resources.

Table 4 is an excerpt from the Balance Sheet (Exhibit 3) and illustrates the components of the Town's governmental fund balances as of June 30, 2020 and 2019.

Table 4
Governmental Fund Balances
Comparison for the years ended June 30, 2020 and 2019 (\$ in Thousands)

	2020	2019	Change
Non-Spendable			
Lease deposit	\$ 165	\$ 164	\$ 1
Inventory	32	-	32
Prepaid Expenses	24	61	(37)
Restricted			
Balch Library	1,055	1,010	45
Parks and Recreation	51	51	-
NVTa	65	62	3
Police	132	93	39
Bond Proceeds	-	4,036	(4,036)
Proffers	6,082	7,481	(1,399)
Gas Tax	2,971	2,971	-
Parking-in-lieu	380	374	6
Esummons	285	254	31
Committed			
Balch Library	-	3	(3)
Capital Projects - Road	5,323	9,079	(3,756)
Capital Projects - Storm Drainage	890	4,984	(4,094)
Capital Projects - General Governmental	1,573	286	1,287
Capital Projects - Airport	256	2	254
Assigned			
Debt Service Reserve	9,420	9,754	(334)
Other Reserves	11	1,000	(989)
Designated for Future Years	1,461	2,991	(1,530)
Unassigned	12,637	3,204	9,433
Total Fund Balances	42,813	47,860	(5,047)

The General Fund is the main operating fund of the Town; its total fund balance remained relatively unchanged at \$26.4 million for fiscal year 2020 (Exhibit 5). Of this total, the Unassigned Fund Balance was \$14.4 million (Exhibit 3) or 25.3 percent of total General Fund expenditures of \$57.2 million before transfers and other financing sources and uses for fiscal year 2020. In comparison, at the end of fiscal year 2019, the unassigned fund balance was \$11.6 million, equal to 20.0 percent of total General Fund expenditures of \$57.9 before transfers and other financing sources and uses. The Assigned Fund Balance Designated for Future Years' decreased \$1.5 million as a result of reducing expenses carried over to fiscal year 2021 to accommodate the anticipated reduction in revenues expected to impact the fiscal year 2021 budget.

The Capital Projects Fund accounts for financial resources to be used for the acquisition and/or construction of Town infrastructure including facilities, streets, curbs, sidewalks, and other capital projects. As of June 30, 2020, the Capital Projects fund balance was \$15.3 million (Exhibit 3) compared to \$20.4 million in 2019. Fund balances are used in conjunction with a variety of revenues to begin, continue and complete projects included in the six-year capital improvements program. Unassigned fund balance for fiscal year 2019 was a deficit of \$8.4 million and unassigned fund balance for fiscal year 2020 is a deficit of \$1.8 million for a net change of (\$6.6) million primarily due to contract commitments on capital projects that were largely completed in fiscal year 2020 as well as final draw of the 2015 bond funds releasing the related restricted cash.

The NVTa fund accounts for financial resources awarded to the Town for transportation projects including construction of streets and other required infrastructure to handle the transportation needs of the Town. As of June 30, 2020 the NVTa total fund balance was \$0.06 million which was restricted for commitments related to projects approved for construction.

BUDGETARY HIGHLIGHTS

General Fund

Table 5 provides a comparison of original budget, final amended budget, and actual revenues and expenditures of the General Fund.

Table 5
Condensed Budgetary Comparison
Year ended June 30, 2020 (\$ in Thousands)

		Fiscal Year 2020	
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
<u>Revenues:</u>			
Taxes	\$ 32,087	\$ 32,087	\$ 30,682
Intergovernmental	14,896	16,126	16,726
Other	9,949	9,987	8,689
Total Revenues	56,932	58,200	56,097
<u>Expenditures:</u>			
Expenditures	58,557	59,919	57,273
Deficiency of Revenue under Expenditures	(1,625)	(1,719)	(1,176)
<u>Other Financing Sources:</u>			
Transfers, net	886	1,682	967
Use of fund balance	578	2,082	-
Issuance of debt	-	-	177
Total Revenues	1,464	3,764	1,144
Change in Fund Balance	\$ (161)	\$ 2,045	\$ (32)

General Fund revenues came in lower than the budget by \$2.1 million. Revenues collected exceeded budget projections for Permits, fees, and licenses, Use of Money and Property, and Intergovernmental, \$0.4 million, \$0.2 million and \$0.6 million, respectively (Exhibit 7). General property taxes, including personal property taxes came in under budget by \$0.6 million due to a change in the recognition of personal property taxes for individuals and business property taxes. In the past, the Town billed personal property taxes in May due in one installment in June. Due to the transition of the personal property tax billing to Loudoun County, the local tax payers got a break with the June invoice being half of the year with the balance due in December. As a result, the Town recognized half of the personal property taxes billing in May with the other half being delayed until 2021. The Town had anticipated this when adopting the budget for fiscal year 2020 by reserving fiscal year 2019 fund balance of \$800,000. In fiscal year 20, that \$800,000 was released from reservation and included in the Unassigned Fund Balance. General Fund expenditures were under the amended budget by approximately \$2.6 million as a result of reducing costs wherever possible to accommodate the anticipated reduced revenues. Fund balance for the General Fund was fairly stable with just a small total decrease of \$0.03 million.

Once the original budget is adopted by the Town Council, the operating budget can be amended in one of two ways: First, the Town Manager has the authority to reallocate money within a fund. Second, the Town Council must authorize any changes to a fund's overall appropriation once it has been approved. During the year, budget amendments could be classified in the following key categories:

- Amendments to accommodate the reduction in anticipated revenues due to the fiscal impact of the COVID-19 pandemic
- Amendments for operating and capital projects that were incomplete in the prior fiscal year, and subsequently re-appropriated in the new fiscal year.
- Amendments for supplemental appropriation for new projects, and/or change orders for prior approved projects.
- Amendments for transfers and adjustments to support revised priorities.

The original budgeted expenditures increased by \$0.1 million for fiscal year 2020 (Exhibit 7). This increase is a result of appropriation of Information Technology costs from fund balance reserved in fiscal year 2019. Town Council approved the reallocation of approximately \$2.0 million from individual budgeted line items to use of fund balance in anticipation of reduced revenues.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

Table 6 provides information on the changes in the capital assets of the governmental activities and the business-type activities as of June 30, 2020 and 2019.

Table 6
Capital Assets
Comparison as of June 30, 2020 and 2019 (\$ in Thousands)

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Land	\$ 62,873	\$ 62,467	\$ 406	\$ 1,577	\$ 1,577	\$ -
Buildings and improvement	87,099	86,921	178			-
Water and sewer plant	-	-	-	116,201	116,136	65
Water and sewer lines	-	-	-	149,688	145,656	4,032
Equipment and software	11,318	11,867	(549)	4,456	3,812	644
Vehicles	6,324	6,233	91	3,052	3,319	(267)
Infrastructure and street	295,063	277,239	17,824	-	-	-
Hangars	6,057	6,057	-	-	-	-
Terminals	6,678	6,678	-	-	-	-
Runway	16,570	16,570	-	-	-	-
Construction in progress	33,784	32,430	1,354	2,633	948	1,685
Total Capital Assets	525,766	506,462	19,304	277,607	271,448	6,159
Accumulated depreciation and amortization	(156,872)	(148,523)	(8,349)	(97,227)	(91,596)	(5,631)
Total Capital Assets, Net	\$ 368,894	\$ 357,939	\$ 10,955	\$ 180,380	\$ 179,852	\$ 528

The Town's Governmental Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2020 and 2019 amounted to approximately \$368.9 million and \$357.9 million, respectively. The net increase in capital assets (including additions, retirements, depreciation and amortization) was \$11.0 million for governmental activities. The increase can be attributed to a large multi-year capital project to improve Battlefield Parkway (see Note 5).

The Business-type Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2020 amounted to approximately \$180.4 million for the Utilities Fund compared to \$179.8 million in 2019. The increase is predominantly due to capital asset additions being more than depreciation expense for the year.

The Town Council approved Fiscal Year 2019 – 2025 Capital Improvement Program (CIP) is a six-year, \$232.4 million program of public improvements for the Town including \$94.0 million in streets and highways improvements, \$30.7 million in general government improvements, \$1.8 million in storm drainage improvements, \$16.2 million in airport improvements, \$10.1 million in parks improvements, \$69.0 million in water and sewer improvements, and \$10.3 million for associated administrative costs. Additional information pertaining to the Town's capital assets can be found in Note 6 of the notes to the financial statements.

Long-term Debt

The Town's current bond ratings are as follows:

- Moody's Investors Services, Inc. Aaa
- Standard and Poor's AAA
- Fitch Credit Rating Services AAA

The Town's legal limit for outstanding general obligation debt is 10.0 percent of total assessed real property within the Town, which was \$8.3 billion in fiscal year 2020 and \$7.9 billion in 2019. The Town's total long-term obligations of \$53.9 million as of June 30, 2020 and \$60.9 million as of June 30, 2019, are well within the limits set by the Constitution of the Commonwealth of Virginia. Revenue bonds are not included in calculating the legal limit.

Table 7 summarizes the Town's outstanding long-term bonded debt.

Table 7
Outstanding Long-Term Bonded Debt
Comparison as of June 30, 2020 and 2019 (\$ in Thousands)

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
General Obligation Bonds	\$ 54,508	\$ 58,452	\$ (3,944)	\$ 59,624	\$ 60,302	\$ (678)
Revenue Bonds	-	-	-	385	1,135	(750)
Totals	\$ 54,508	\$ 58,452	\$ (3,944)	\$ 60,009	\$ 61,437	\$ (1,428)

Outstanding long-term debt for governmental activities as of June 30, 2020 is \$54.5 million reflecting a decrease of \$3.9 million from fiscal year 2019. Outstanding long-term debt for business activities decreased from \$61.4 million as of June 30, 2019 to \$60.0 million as of June 30, 2020 (see Note 6). Additionally, the Town has notes payable of \$2.4 million drawn from the Bond Anticipation Note Line of Credit which was established to align with the long range sustainability plan.

In making debt decisions, the Town adheres to the following as part of its Council Approved Fiscal Policy:

- The Town will not fund current operations from the proceeds of borrowed funds and will confine long-term borrowing and capital leases to capital improvement projects, or equipment that cannot be financed from current financial resources.
- The goal of the Town is to finance at least 25 percent of the cost of capital improvements (in excess of proffers) from non-debt resources.
- The Town will, when financing capital improvements or other projects or equipment by issuing bonds or entering capital leases, repay the debt within a period not to exceed the expected useful life of the project or equipment. Debt related to equipment ancillary to a construction project may be amortized over a period less than that of the primary project.
- The Town is cognizant of its higher than average debt burden and will continue to offset its impact through rapid payback. An average payback of at least 60 percent in ten years will be maintained, except for projects with a known revenue stream. The Town's current amortization will retire over 85% of debt within 10 years.
- The Town will annually calculate target debt ratios. The Town's debt capacity will be maintained within the following primary goals:
 - Debt service expenditures as a percentage of general fund expenditures will not exceed 15 percent. For fiscal year 2020, this percentage was 13.7 percent.
 - Bonded debt (General Obligation Debt) of the Town will not exceed 2.5 percent of the total assessed value of taxable property in the Town. For fiscal year 2020, this percentage was 1.3 percent.
 - The Town will follow a policy of full disclosure in every annual financial report and financing official statement/offering document. The Town has a Council approved policy of complying with all continuing disclosure requirements under SEC Rule 15c2-12.
- The Town will maintain good communications about its financial condition with bond holders and credit rating institutions.

Additional information relative to the Town's long-term debt can be found in Note 6 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

- The unemployment rate is not maintained on a Town basis; the 7.1 percent average unemployment rate for the County of Loudoun according to the Virginia Employment Commission is increased from the 2.3 percent level in 2019. This compares to the State's rate of 6.0 percent and the national rate of 7.7 percent as of September 2020.
- The Town's population was estimated to be 53,727. Population estimates for the last ten years are provided in the statistical section of this report at Table 17.
- Per capita personal income is not kept on a Town basis. However, the County of Loudoun's per capita personal income was \$79,986, as estimated by the Loudoun County Department of Management and Budget. Loudoun County is considered one of the wealthiest counties in the nation.
- The Town government's full-time equivalency (FTE) employment increased in fiscal year 2020 by 5.0 FTE positions to a total of 380.5. Workforce numbers by department for the last ten years are provided in the statistical section of this report at Table 19.

Fiscal Year 2021 Budget and Rates

- For fiscal year 2021, the adopted budget for the General Fund is \$62.5 million, an increase of \$2.4 million or 3.9 percent, over fiscal year 2020. Revenues are comprised primarily of general taxes at 56.0 percent, intergovernmental assistance at 21.6 percent, charges for services at 8.8 percent, other financing sources at 5.8 percent, use of money & property at 4.0 percent, and other miscellaneous revenue at 3.8 percent.
- In fiscal year 2021, the Town continues to prioritize its services. In the General Fund, the public works department accounts for \$15.5 million and public safety accounts for \$15.1 million or 24.8 and 24.2 percent of the budgeted expenditures respectively.
- Tax rate for real property for tax year 2020 remained unchanged at 18.4¢ per \$100 of assessed value. The personal property tax rate remained unchanged at \$1.00 per \$100 of assessed value. Detail on the tax rates is provided in Table 10 of the statistical section of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide our elected officials, residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Director of Finance and Administrative Services, 25 West Market Street, Leesburg, Virginia 20176, telephone (703) 771-2720, or visit the Town's website at www.leesburgva.gov.

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BASIC FINANCIAL STATEMENTS

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents (Note 2)	\$ 48,360,854	\$ 46,998,053	\$ 95,358,907
Receivables, net (Note 3)			
Property taxes	9,714,578	-	9,714,578
Utility taxes	125,708	-	125,708
Local taxes	2,496,219	-	2,496,219
Trade and other accounts	588,720	4,498,920	5,087,640
Due from other governments (Note 4)	10,210,376	-	10,210,376
Inventories	31,883	504,955	536,838
Prepaid items and deposit	189,808	32,494	222,302
Restricted cash (Note 2)	4,284,992	-	4,284,992
Capital assets (Note 5)			
Nondepreciable	96,657,533	4,210,654	100,868,187
Depreciable, net	272,237,090	176,171,549	448,408,639
Total assets	444,897,761	232,416,625	677,314,386
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 11 and 12)	5,023,610	1,335,390	6,359,000
Deferred outflows related to other postemployment benefits (Notes 9, 10, and 12)	3,645,844	969,149	4,614,993
Deferred loss on refunding of debt	1,755,790	1,950,160	3,705,950
Total deferred outflows of resources	10,425,244	4,254,699	14,679,943
LIABILITIES			
Accounts payable	3,937,853	1,358,794	5,296,647
Due to other governments	234,137	-	234,137
Accrued payroll and other expenses	1,745,361	449,126	2,194,487
Accrued liabilities – other	40,053	-	40,053
Accrued interest	875,955	978,821	1,854,776
Retainage payable	309,596	114,329	423,925
Performance bonds	1,244,609	9,000	1,253,609
Reserve for proffers	4,580,089	-	4,580,089
Unearned revenue (Note 3)	378,308	-	378,308
Customer deposits	87,510	1,194,620	1,282,130
Insurance and benefit claims	997,577	-	997,577

(Continued)

The Notes to Financial Statements are an integral part of this Statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES (Continued)			
Noncurrent liabilities			
Due within one year (Note 6)			
Compensated absences	\$ 2,075,944	\$ 566,684	\$ 2,642,628
Note payable	553,216	1,050	554,266
Bonds payable	5,466,744	2,784,800	8,251,544
Due in more than one year (Notes 6)			
Compensated absences	771,165	175,763	946,928
Note payable	1,834,370	4,410	1,838,780
Bonds payable	46,041,308	57,483,210	103,524,518
Net pension liability (Notes 11 and 12)	12,953,564	3,443,353	16,396,917
Other postemployment benefits (Notes 9, 10, and 12)	11,462,557	3,047,009	14,509,566
Total liabilities	95,589,916	71,610,969	167,200,885
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension plan (Notes 11 and 12)	1,704,024	452,968	2,156,992
Deferred inflows related to other postemployment benefits (Notes 9, 10, and 12)	2,378,726	632,319	3,011,045
Deferred gain on refunding of debt	3,116	-	3,116
Grants (Note 3)	8,115,620	-	8,115,620
Property taxes (Note 3)	8,887,006	-	8,887,006
Total deferred inflows of resources	21,088,492	1,085,287	22,173,779
NET POSITION			
Net investment in capital assets	316,442,063	121,944,564	438,386,627
Restricted			
Restricted for capital projects	9,966,001	-	9,966,001
Restricted for Balch Library	1,054,630	-	1,054,630
Unrestricted	11,181,903	42,030,504	53,212,407
Total net position	\$ 338,644,597	\$ 163,975,068	\$ 502,619,665

The Notes to Financial Statements are an integral part of this Statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
Legislative	\$ 306,311	\$ -	\$ -	\$ -	\$ (306,311)		\$ (306,311)
Executive	2,638,713	-	916,872	-	(1,721,841)		(1,721,841)
Legal	1,281,417	-	-	-	(1,281,417)		(1,281,417)
Parks and recreation	7,720,777	3,323,120	-	-	(4,397,657)		(4,397,657)
Finance and administrative services	6,754,364	-	-	-	(6,754,364)		(6,754,364)
Balch Library	515,262	-	-	-	(515,262)		(515,262)
Planning and zoning	2,155,625	458,660	-	-	(1,696,965)		(1,696,965)
Public works	21,167,673	169,809	5,611,524	14,187,071	(1,199,269)		(1,199,269)
Public safety	14,496,980	490,334	1,172,277	-	(12,834,369)		(12,834,369)
Plan review	1,446,718	1,032,586	-	-	(414,132)		(414,132)
Airport	1,703,631	91,746	950,083	-	(661,802)		(661,802)
Townwide	84,100	-	-	-	(84,100)		(84,100)
Interest	2,643,027	-	-	-	(2,643,027)		(2,643,027)
Total governmental activities	62,914,598	5,566,255	8,650,756	14,187,071	(34,510,516)		(34,510,516)
Business-type activities:							
Utilities	22,969,825	30,306,649	-	6,474,287		\$ 13,811,111	13,811,111
Total business-type activities	22,969,825	30,306,649	-	6,474,287		13,811,111	13,811,111
Total government	\$ 85,884,423	\$ 35,872,904	\$ 8,650,756	\$ 20,661,358	(34,510,516)	13,811,111	(20,699,405)
General Revenues:							
Taxes:							
General property taxes, including penalties					17,554,757	-	17,554,757
Other local taxes:							
Communication sales and use					7,882,027	-	7,882,027
Meals					5,175,671	-	5,175,671
Business and occupational licenses					3,793,027	-	3,793,027
Utility					1,494,085	-	1,494,085
Cigarette					675,880	-	675,880
Other local taxes					3,002,327	-	3,002,327
Intergovernmental, non-categorical aid					1,571,043	-	1,571,043
Use of money and property					2,719,823	740,938	3,460,761
Miscellaneous					109,750	726,882	836,632
Transfers					1,421,440	(1,421,440)	-
Total general revenues and transfers, net					45,399,830	46,380	45,446,210
Change in net position					10,889,314	13,857,491	24,746,805
Net position, beginning, as restated (Note 17)					327,755,283	150,117,577	477,872,860
Net position, ending					\$ 338,644,597	\$ 163,975,068	\$ 502,619,665

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General	Capital Projects Fund	NVTA	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash, cash equivalents, and investments	\$ 22,173,710	\$ 23,151,929	\$ -	\$ 1,054,630	\$ 46,380,269
Receivables (net of allowance for doubtful accounts)					
Property taxes, including penalties	9,714,578	-	-	-	9,714,578
Utility taxes	125,708	-	-	-	125,708
Local taxes	2,496,219	-	-	-	2,496,219
Accounts	364,641	-	-	-	364,641
Due from other governments	5,584,532	2,425,051	2,200,793	-	10,210,376
Lease deposit	165,285	-	-	-	165,285
Inventory	31,883	-	-	-	31,883
Prepaid items	24,523	-	-	-	24,523
Restricted cash	1,336,316	-	2,948,676	-	4,284,992
Total assets	<u>\$ 42,017,395</u>	<u>\$ 25,576,980</u>	<u>\$ 5,149,469</u>	<u>\$ 1,054,630</u>	<u>\$ 73,798,474</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,615,252	\$ 2,011,156	\$ 309,906	\$ -	\$ 3,936,314
Due to other governments	56,901	89,661	87,575	-	234,137
Retainage payable	-	287,349	22,247	-	309,596
Accrued payroll	1,745,361	-	-	-	1,745,361
Accrued liabilities – other	40,053	-	-	-	40,053
Customer deposits	87,510	-	-	-	87,510
Performance bonds	1,244,609	-	-	-	1,244,609
Reserve for proffers	100,506	4,479,583	-	-	4,580,089
Unearned revenue	378,308	-	-	-	378,308
Total liabilities	<u>5,268,500</u>	<u>6,867,749</u>	<u>419,728</u>	<u>-</u>	<u>12,555,977</u>
DEFERRED INFLOWS OF RESOURCES					
Grants	-	3,451,328	4,664,292	-	8,115,620
Property taxes	10,312,975	-	-	-	10,312,975
Total deferred inflows of resources	<u>10,312,975</u>	<u>3,451,328</u>	<u>4,664,292</u>	<u>-</u>	<u>18,428,595</u>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General</u>	<u>Capital Projects Fund</u>	<u>NVTA</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES, DEFERRED INFLOWS OF					
RESOURCES, AND FUND BALANCES (Continued)					
FUND BALANCES					
Nonspendable					
Lease deposit	\$ 165,285	\$ -	\$ -	\$ -	\$ 165,285
Inventory	31,883				31,883
Prepaid costs	24,523	-	-	-	24,523
Restricted					
Thomas Balch Library Endowment Fund	-	-	-	1,054,630	1,054,630
NVTA	-	-	65,449	-	65,449
Parks and recreation (Symmington)	50,521	-	-	-	50,521
Police	131,806	-	-	-	131,806
Proffers	-	6,081,807	-	-	6,081,807
Gas tax	-	2,970,810	-	-	2,970,810
Parking in lieu	380,260	-	-	-	380,260
Esummons	285,348	-	-	-	285,348
Committed					
Capital Projects – general government	-	1,572,763	-	-	1,572,763
Capital Projects – streets and highways	-	5,322,807	-	-	5,322,807
Capital Projects – storm drainage	-	890,280	-	-	890,280
Capital Projects – airport	-	256,423	-	-	256,423
Assigned					
Debt service reserve	9,420,350	-	-	-	9,420,350
Other reserves	11,100	-	-	-	11,100
Expenditures designated for future years	1,460,757	-	-	-	1,460,757
Unassigned	14,474,087	(1,836,987)	-	-	12,637,100
Total fund balances	<u>26,435,920</u>	<u>15,257,903</u>	<u>65,449</u>	<u>1,054,630</u>	<u>42,813,902</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,017,395</u>	<u>\$ 25,576,980</u>	<u>\$ 5,149,469</u>	<u>\$ 1,054,630</u>	<u>\$ 73,798,474</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2020**

Total fund balances – governmental funds \$ 42,813,902

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Governmental capital assets	525,767,002	
Less accumulated depreciation and amortization	(156,872,379)	
Net capital assets		368,894,623

Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.

1,425,969

Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to:

Pensions	5,023,610	
Other postemployment benefits	3,645,844	

Deferred inflows related to:

Pensions	(1,704,024)	
Other postemployment benefits	(2,378,726)	
Net pension liability	(12,953,564)	
Other postemployment benefit liability	(11,462,557)	

(19,829,417)

For debt refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources.

Deferred loss on refunding of debt	1,755,790	
Deferred gain on refunding of debt	(3,116)	

1,752,674

Internal service funds are used by management to charge the costs of services provided to other departments or funds.

1,205,548

Long-term liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Bonds payable	(51,508,052)	
Note payable	(2,387,586)	
Compensated absences	(2,847,109)	
Interest payable	(875,955)	

(57,618,702)

Net position of governmental activities **\$ 338,644,597**

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	General	Capital Projects Fund	NVTA	Other Governmental Fund	Total Governmental Funds
REVENUES					
General property taxes	\$ 16,540,635	\$ -	\$ -	\$ -	\$ 16,540,635
Other local taxes	14,140,990	-	-	-	14,140,990
Permits, fees, and licenses	1,582,992	-	-	-	1,582,992
Fines and forfeitures	426,867	-	-	-	426,867
Use of money and property	2,684,433	35,390	-	-	2,719,823
Charges for services	3,556,396	-	-	-	3,556,396
Contributions and proffers	356,045	1,955,105	-	37,730	2,348,880
Miscellaneous	82,409	-	-	27,341	109,750
Intergovernmental	16,725,951	4,547,336	6,703,063	-	27,976,350
Total revenues	56,096,718	6,537,831	6,703,063	65,071	69,402,683
EXPENDITURES					
Current					
Legislative	280,031	-	-	-	280,031
Executive	2,368,301	-	-	-	2,368,301
Legal	1,283,155	-	-	-	1,283,155
Finance and administrative services	5,806,893	-	-	-	5,806,893
Public safety	13,813,223	-	-	-	13,813,223
Public works	14,455,259	-	-	-	14,455,259
Parks and recreation	6,597,044	-	-	-	6,597,044
Balch Library	492,145	-	-	7,874	500,019
Planning and zoning	2,128,753	-	-	-	2,128,753
Plan review	1,426,408	-	-	-	1,426,408
Airport	705,488	-	-	-	705,488
Townwide	84,100	-	-	-	84,100
Capital projects	-	11,478,365	6,703,063	24,250	18,205,678
Debt service					
Principal	5,871,208	-	-	-	5,871,208
Interest and fiscal charges	1,960,833	694,050	-	-	2,654,883
Debt issuance costs	-	159,864	-	-	159,864
Total expenditures	57,272,841	12,332,279	6,703,063	32,124	76,340,307
Excess (deficiency) of revenues over expenditures	(1,176,123)	(5,794,448)	-	32,947	(6,937,624)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	176,898	854,032	-	-	1,030,930
Bond issuance	-	8,910,003	-	-	8,910,003
Premium on bonds	-	1,378,914	-	-	1,378,914
Payments to escrow for refunding	-	(9,350,000)	-	-	(9,350,000)
Transfers in	3,044,383	1,951,784	-	125,796	5,121,963
Transfers out	(2,077,580)	(1,622,943)	-	-	(3,700,523)
Total other financing sources (uses), net	1,143,701	2,121,790	-	125,796	3,391,287
Net change in fund balances	(32,422)	(3,672,658)	-	158,743	(3,546,337)
Fund balances, beginning, as restated (Note 17)	26,468,342	18,930,561	65,449	895,887	46,360,239
Fund balances, ending	\$ 26,435,920	\$ 15,257,903	\$ 65,449	\$ 1,054,630	\$ 42,813,902

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020**

Net change in fund balances – total governmental funds	\$	(3,546,337)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditure for capital assets	\$	18,886,882
Book value of assets disposed		(49,378)
Less depreciation and amortization expense		(9,847,721)
Excess of capital outlay over depreciation and amortization		8,989,783
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		
Donated capital assets		1,965,667
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred revenue		1,014,122
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayments of the principal on long-term debt consumes the current financial resources of governmental funds. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Debt issued or incurred:		
Issuance of general obligation debt		(8,910,003)
Issuance of debt		(1,030,930)
Bond premiums		(1,378,914)
Payments to escrow for refunding		9,350,000
Principal retired on:		
General obligation debt and notes payable		5,871,208
		3,901,361
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension		
Employer pension contributions		1,903,697
Pension expense		(2,511,099)
		(607,402)
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of these benefits earned, net of employer contributions, is reported as other postemployment benefit expense.		
Employer other postemployment contributions		110,641
Other postemployment benefits income		(247,371)
		(136,730)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Accrued interest		(154,096)
Compensated absences		(357,489)
Amortization of premiums		437,196
Amortization of bond refundings and deferred items		(111,380)
		(185,769)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.		
Total revenues		4,737,043
Total expenses		(5,242,424)
		(505,381)
Change in net position of governmental activities	\$	10,889,314

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 17,183,000	\$ 17,183,000	\$ 16,540,635	\$ (642,365)
Other local taxes	14,904,250	14,904,250	14,140,990	(763,260)
Permits, fees, and licenses	1,209,150	1,209,150	1,582,992	373,842
Fines and forfeitures	483,700	521,700	426,867	(94,833)
Use of money and property	2,412,016	2,412,016	2,684,433	272,417
Charges for services	5,448,621	5,448,621	3,556,396	(1,892,225)
Contributions	305,000	305,000	309,335	4,335
Proffers	51,000	52,000	46,710	(5,290)
Miscellaneous	39,300	39,300	82,409	43,109
Intergovernmental	14,896,022	16,125,497	16,725,951	600,454
Total revenues	56,932,059	58,200,534	56,096,718	(2,103,816)
EXPENDITURES				
Current				
Legislative	263,290	287,606	280,031	7,575
Executive	2,120,089	2,519,045	2,368,301	150,744
Legal	908,635	1,425,995	1,283,155	142,840
Finance and administrative services	5,783,403	6,137,616	5,806,893	330,723
Public safety	14,378,194	14,441,370	13,813,223	628,147
Public works	13,930,774	14,889,053	14,455,259	433,794
Parks and recreation	7,702,878	6,869,272	6,597,044	272,228
Balch Library	540,018	503,475	492,145	11,330
Planning and zoning	2,041,489	2,282,898	2,128,753	154,145
Plan review	1,473,799	1,450,972	1,426,408	24,564
Airport	844,825	785,859	705,488	80,371
Townwide expenditures	-	84,100	84,100	-
Debt service				
Principal	5,881,685	5,881,686	5,871,208	10,478
Interest and fiscal charges	2,688,219	2,360,601	1,960,833	399,768
Total expenditures	58,557,298	59,919,548	57,272,841	2,646,707
Excess (deficiency) of revenues over expenditures	(1,625,239)	(1,719,014)	(1,176,123)	542,891
OTHER FINANCING SOURCES (USES)				
Transfer in	2,639,740	3,802,508	3,044,383	(758,125)
Transfers out	(1,753,000)	(2,120,445)	(2,077,580)	42,865
Issuance of debt	-	-	176,898	176,898
Use of Fund Balance	577,499	2,081,630	-	(2,081,630)
Total other financing sources (uses), net	1,464,239	3,763,693	1,143,701	(2,619,992)
Net change in fund balance	\$ (161,000)	\$ 2,044,679	\$ (32,422)	\$ (2,077,101)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self Insurance Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 46,998,053	\$ 1,980,585
Receivables (net of allowance for doubtful accounts):		
Trade and other accounts	4,498,920	224,079
Prepaid expenses	32,494	-
Inventories	504,955	-
	<hr/>	<hr/>
Total current assets	52,034,422	2,204,664
	<hr/>	<hr/>
NONCURRENT ASSETS		
Nondepreciable assets	4,210,654	-
Depreciable assets, net	176,171,549	-
	<hr/>	<hr/>
Total noncurrent assets	180,382,203	-
	<hr/>	<hr/>
Total assets	232,416,625	2,204,664
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	1,335,390	-
Deferred outflows related to other postemployment benefits	969,149	-
Deferred loss on refunding	1,950,160	-
	<hr/>	<hr/>
Total deferred outflows of resources	4,254,699	-
	<hr/>	<hr/>
Total assets and deferred outflows of resources	236,671,324	2,204,664
	<hr/>	<hr/>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self Insurance Fund
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 1,358,794	\$ 1,539
Accrued expenses	449,126	-
Accrued interest	978,821	-
Compensated absences	566,684	-
Retainage payable	114,329	-
Note payable	1,050	-
Bonds payable	2,784,800	-
Performance bonds payable	9,000	-
Customer deposits and contingent charges	1,194,620	-
Insurance and benefit claims	-	997,577
Total current liabilities	<u>7,457,224</u>	<u>999,116</u>
NONCURRENT LIABILITIES		
Compensated absences	175,763	-
Net pension liability	3,443,353	-
Net other postemployment benefit liability	3,047,009	-
Note payable	4,410	-
Bonds payable, net	<u>57,483,210</u>	<u>-</u>
Total noncurrent liabilities	<u>64,153,745</u>	<u>-</u>
Total liabilities	<u>71,610,969</u>	<u>999,116</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related pension plan	452,968	-
Deferred inflows related to other postemployment benefits	<u>632,319</u>	<u>-</u>
Total deferred inflows of resources	<u>1,085,287</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>72,696,256</u>	<u>999,116</u>
NET POSITION		
Net investment in capital assets	121,944,564	-
Unrestricted	<u>42,030,504</u>	<u>1,205,548</u>
Total net position	<u><u>\$ 163,975,068</u></u>	<u><u>\$ 1,205,548</u></u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self Insurance Fund
OPERATING REVENUES		
Charges for services	\$ 23,740,684	\$ 4,736,269
Other	353,977	774
Total operating revenues	<u>24,094,661</u>	<u>4,737,043</u>
OPERATING EXPENSES		
Personnel service	8,821,958	-
Contractual services	2,537,600	-
Depreciation and amortization	6,131,773	-
Materials and supplies	1,941,726	-
Continuous charges	1,135,236	-
Claims and settlements	728	-
Internal and other	234,832	-
Risk financing and benefit payments	-	5,242,424
Total operating expenses	<u>20,803,853</u>	<u>5,242,424</u>
Operating income (loss)	<u>3,290,808</u>	<u>(505,381)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	740,938	-
Rental and other charges	372,905	-
Installation and connection charges	6,565,965	-
Interest and fiscal charges	(2,165,972)	-
Total nonoperating revenues (expenses), net	<u>5,513,836</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>8,804,644</u>	<u>(505,381)</u>
TRANSFERS		
Transfers out	<u>(1,421,440)</u>	<u>-</u>
Total transfers	<u>(1,421,440)</u>	<u>-</u>
CAPITAL CONTRIBUTIONS		
Developer donated assets	<u>6,474,287</u>	<u>-</u>
Change in net position	13,857,491	(505,381)
Total net position, beginning	<u>150,117,577</u>	<u>1,710,929</u>
Total net position, ending	<u><u>\$ 163,975,068</u></u>	<u><u>\$ 1,205,548</u></u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self Insurance Fund
OPERATING ACTIVITIES		
Receipts from customers	\$ 23,561,136	\$ -
Receipts from interfund services provided	-	4,731,334
Claims and benefits paid	-	(5,216,484)
Payments to suppliers for goods and services	(5,227,595)	-
Payments to employees for services	(8,670,343)	-
Net cash provided by (used in) operating activities	<u>9,663,198</u>	<u>(485,150)</u>
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers out	<u>(1,421,440)</u>	<u>-</u>
Net cash used in noncapital and related financing activities	<u>(1,421,440)</u>	<u>-</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Installation and connection charges	6,565,965	-
Acquisition and construction of capital assets	(127,348)	-
Payment to escrow agent for debt refunding	(3,975,000)	-
Proceeds from debt issuance	1,396,228	-
Principal paid on debt	(2,284,859)	-
Proceeds from bond refunding	3,971,722	-
Proceeds from issuance of note payable	5,460	-
Interest and fiscal charges	(2,199,947)	-
Net cash provided by capital and related financing activities	<u>3,352,221</u>	<u>-</u>
INVESTING ACTIVITIES		
Interest income	740,938	-
Rental income	372,905	-
Net cash provided by investing activities	<u>1,113,843</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	12,707,822	(485,150)
CASH AND CASH EQUIVALENTS		
Beginning	34,290,231	2,465,735
Ending	<u><u>\$ 46,998,053</u></u>	<u><u>\$ 1,980,585</u></u>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2020**

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self Insurance Fund
RECONCILIATION TO EXHIBIT 8		
Cash and cash equivalents	\$ 46,998,053	\$ 1,980,585
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Operating income (loss)	\$ 3,290,808	\$ (505,381)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,131,773	-
Pension expense, net of contributions	161,461	-
Other postemployment benefit expense, net of contributions	36,344	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(462,315)	(5,709)
Prepaid expenses	(13,361)	-
Inventories	178,580	-
Increase (decrease) in:		
Accounts payable	221,748	(19,198)
Accrued liabilities	189,370	-
Insurance and benefit claims	-	45,138
Customer deposits and contingent charges	(71,210)	-
Net cash provided (used in) by operating activities	\$ 9,663,198	\$ (485,150)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer donated capital improvements	\$ 6,474,287	\$ -
Capital assets included in retainage payable	\$ 114,329	\$ -

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2020

	OPEB Trust Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 55,249
Mutual funds-equity	7,998,642
Mutual funds-fixed income	<hr/> 5,836,696
Total assets	<hr/> 13,890,587
NET POSITION	
Net position restricted for other postemployment benefits (OPEB)	<hr/> <hr/> \$ 13,890,587

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2020

	OPEB Trust Fund
	<hr/>
ADDITIONS	
Employer contributions	\$ 569,478
	<hr/>
Total contributions	569,478
INVESTMENT INCOME	
Realized gain on sale of investments	588,722
Interest and dividends earned on investments	298,015
Net increase in fair value of investments	26,689
	<hr/>
Total additions, net	1,482,904
	<hr/>
DEDUCTIONS	
Administrative fees	59,615
Benefit payments	394,478
	<hr/>
Total deductions	454,093
	<hr/>
Change in net position	1,028,811
Net position, beginning	12,861,776
	<hr/>
Net position, ending	<u><u>\$ 13,890,587</u></u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Leesburg, Virginia (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units promulgated by the Governmental Accounting Standards Board (GASB). Significant accounting policies of the Town are described below.

A. Reporting Entity

The Town is located in the County of Loudoun, Virginia and was incorporated in 1758 under the provisions of the Constitution and general statutes of the Commonwealth of Virginia.

The Town is an incorporated municipal government governed by an elected mayor and six member council. As required by GAAP, these financial statements present the Town and any potential component units, entities for which the Town is considered to be financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s Board and either (a) the ability to impose its will on the component unit, or (b) the possibility the component unit will provide a financial benefit to or impose a financial burden on the primary government.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information on all of the activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to minimize the double-counting of internal activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and the Town’s proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Town’s proprietary funds are reported separately in the fund financial statements.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation – Fund Accounting

The accounts of the Town are organized on the basis of funds which are considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The various funds of the Town are included in the financial statements as follows:

1. Governmental Funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance.” The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the Town’s major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. All general tax revenues and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many important activities of the Town, including operation of the Town’s general service departments, street and highway maintenance, public safety, parks and recreation, library, and airport are accounted for in this fund.

Capital Projects Fund – The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, unless financed through proprietary funds.

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The Town reports the NVTAFund as a major fund and the Thomas Balch Library Endowment Fund as a nonmajor governmental fund.

2. Proprietary Fund types are used to account for activities which are similar to those often found in the private sector. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, and transfers related to the Town’s business activities are accounted for through a single proprietary fund. The measurement focus is on income determination, financial position, and cash flows.

Enterprise Fund – Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of the Town’s facilities and services, which are supported primarily by user charges. The following comprises the Town’s major enterprise fund:

Utilities Fund – This fund is used to account for the operation and maintenance of the Town’s water system and sanitary sewer system.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

The Town reports the following internal service fund:

Self Insurance Fund – This fund accounts for the costs associated with providing health insurance benefits to employees of the Town and with managing claims thereto.

Fiduciary Fund – Fiduciary funds (trust and agency funds) account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The Town's sole fiduciary fund is the Other Postemployment Benefits (OPEB) Trust Fund which accounts for activities of the Town's other postemployment benefits. This fund accumulates resources for health insurance for retired employees.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual* basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified* accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues to fund the program.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received, but investment earnings are recorded as earned, since they are measurable and available.

Amounts reported as program revenues include a) charges to customers or applicants for goods, services, or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for commodities and services. Operating expenses for enterprise funds include the cost of commodities and services, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Budgetary Data

Budgets are adopted and maintained on the modified accrual basis adjusted for encumbrances. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at fiscal year-end to the extent they have not been expended or lawfully encumbered. Project-length financial plans are adopted for the Capital Projects Fund. Budgets for enterprise funds serve as a spending guide for the Town and do not constitute legally binding limitations.

Each year all departments of the government submit requests for appropriation to the Town Manager so a budget may be prepared. The budget is prepared by fund, department, activity, and expenditure and includes information on the past, current year estimates, and requested appropriations for the next fiscal year.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Data (Continued)

Before April 1, the proposed budget is presented to the Town's Council for review. The Town Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Town Manager or the revenue estimates must be changed by an affirmative vote of a majority of the Town Council.

Expenditures may not legally exceed budgeted appropriations. The Town Manager has authority to amend or transfer appropriations within the department level. During the year ended June 30, 2020, General Fund supplemental appropriations totaling \$1,362,250 were authorized by Town Council.

F. Other Significant Accounting Policies

1. Cash and cash equivalents

The Town considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Cash of individual funds are combined to form a pool of cash and investments. The pool consists primarily of government obligations and two local government investment pools. The government securities are stated at fair value based on quoted market prices and the investment in the local government investment pool is reported at the pool's share price. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average balance during the month.

2. Restricted cash

Restricted cash was \$4,284,992 for governmental activities at June 30, 2020 and is comprised of proffer reserves, performance bonds, police forfeitures, and funds to be used for future projects.

3. Investments

Investments are stated at fair value based on quoted market prices for certain investments. Investments in the Virginia Investment Pool are reported at fair value using the Town's net asset value per share in the pool.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

4. Property taxes

Real estate and personal property taxes are assessed annually by Loudoun County, Virginia (the "County"), for all property of record as of January 1. Real estate taxes are billed and collected by the County and remitted to the Town. Real estate taxes are levied annually on January 1 and are due in semi-annual installments on June 5 and December 5. Personal property taxes are levied annually on January 1 and are due in semi-annual installments on May 5 and October 5.

Collections of real estate and personal property taxes between July 1 and August 31 of the subsequent fiscal year, classified as delinquent at June 30, are recorded as revenue for the fiscal year then ended. The billings are considered past due after the respective tax billing date; the applicable property is subject to 10% penalty and interest assessed 30 days therefrom.

5. Estimated unbilled revenue

Utilities Fund revenues are estimated at year-end for unbilled services rendered. The amounts are determined by estimating services rendered based on past services provided. At June 30, 2020, estimated unbilled services included in accounts receivable and revenue amounted to approximately \$3.8 million.

6. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

7. Inventory

Inventories are stated at cost using the first-in, first-out method. Inventories of business-type activities are recorded as expenditures when consumed rather than when purchased.

8. Capital assets

Capital assets, which include property and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements or the appropriate enterprise fund within the proprietary statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (\$50,000 or more for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. In implementing GASB 34, the Town identified and included infrastructure assets obtained prior to June 30, 1980.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

8. Capital assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the government are depreciated and amortized using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15 – 50
Infrastructure	50
Hangars and runways	10 – 50
Vehicles	5 – 12
Streets	50
Terminals	10 – 50
Furniture and equipment	5 – 25
Computer equipment and software	5 – 10
Water and sewer plant	10 – 100
Water and sewer lines	10 – 100

The Town's Balch Library contains reference material and library books that are not capitalized. Many of these items are irreplaceable and are only available for educational and research purposes.

9. Unearned revenue

Unearned revenue in the governmental funds represents resources that have been received but not yet earned.

10. Inter-fund transactions

Transactions among Town funds that would be treated as revenues and expenditures or expenses if they involved organizations external to the Town government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

11. Compensated absences

It is the Town's policy to permit employees to accumulate earned but unused vacation, compensatory, and sick pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation and compensatory pay is accrued when earned in government-wide and proprietary financial statements. For governmental fund types, the amount of accumulated unpaid vacation and compensatory leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds' liability.

12. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

13. Bond premiums and discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bond discounts, net of amortization, are presented as reductions to the face amount of bonds payable on the accompanying Statement of Net Position. Bond premiums, net of amortization, are presented as an increase to the face amount of bonds payable on the accompanying Statement of Net Position. The actual amounts of bond premiums are presented in the schedule in Note 6, Long-Term Debt.

14. Performance bonds

The General Fund and Utility Fund each report a liability for performance bonds. The Town requires contractors or developers to provide the Town with a performance bond (safety bond) in order to guarantee that the value of the work will not be lost in the case of an event that permits the contractor/developer from completing the project. Upon completion of the work and satisfactory inspection, the performance bond is refunded to the contractor/developer.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

15. Reserve for proffers

The Capital Projects Fund reports a liability for proffers related to schools and fire and rescue. The Commonwealth of Virginia grants localities the ability to seek voluntary proffers from developers to offset costs for infrastructure and public services generated by development through the rezoning process. The Town's most common proffered cash contributions are those to offset future capital costs associated with schools, fire and rescue, parks and recreation, specific transportation improvements, and/or general transportation improvements. Revenue from proffers is recognized by the Town as proffer projects are completed for schools and fire and rescue. All other proffers are recognized as revenue when received.

16. Deferred outflows/inflows of resources

In addition to assets, the statements that present net position reports a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements that present net position reports a separate section for deferred inflows of resources. These items represent an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until then.

The Town has the following items that qualifies for reporting as deferred inflows or outflows:

- Deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows and inflows are included in the calculation of net position, net investment in capital assets.
- Contributions subsequent to the measurement date for pensions and OPEB; these will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between projected and actual earnings on pension and OPEB plan investments. These differences will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and the proportionate share of employer contributions, resulting from participation in cost-sharing OPEB plans, are reported as deferred outflows or inflows as appropriate.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

16. Deferred outflows/inflows of resources (Continued)

- Governmental funds report unavailable revenue from property taxes and other receivables not collected within the availability period. These amounts are recognized as an inflow of resources in the period they become available.
- Tax collections or governmental grants received before the period in which they are eligible for use are shown as a deferred inflow.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

17. Pension and other postemployment benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of Town's plans and the additions to/deductions from the Town's plans net fiduciary positions have been determined on the same basis as they were reported by the Virginia Retirement System (VRS) and the Town. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

18. Fund balances

In the fund financial statements, governmental funds report classifications of fund balance as follows:

Nonspendable fund balance – amounts not in a spendable form or are required to be maintained intact (such as prepaid items, inventory, and the principal of a permanent fund that is legally or contractually required to be maintained intact).

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, creditors, or laws and regulations of other governments) or by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Town Council. To be reported as committed, amounts cannot be used for any other purpose unless the Town Council adopts an ordinance to add, remove, or change the constraint.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

18. Fund balances (Continued)

Assigned fund balance – amounts constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Amounts can be assigned by the Town Manager. Use of these funds are approved by Town Council resolution.

Unassigned fund balance – residual balance of the General Fund which has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Town will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Projects Fund. Encumbrances outstanding at year end are reported as reservations in the appropriate category of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. General Fund encumbrances totaling approximately \$1,460,757 million have been classified as assigned fund balance. Capital Projects Fund encumbrances totaling approximately \$8,042,273 million have been classified as committed fund balance.

19. Net position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The caption “Net Investment in Capital Assets” consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets also includes an adjustment for deferred outflows or inflows related to gains or losses associated with debt issuances or refundings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

20. Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”), Section 2.2-4400 et., seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and, depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes; bankers’ acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP), and the VML/VACO Investment Pool.

Custodial credit risk (deposits)

This is the risk, in the event of a bank failure, the Town’s deposits may not be returned to the Town. The Town requires all deposits to comply with the Virginia Security for Public Deposits Act. At year-end, none of the Town’s deposits are exposed to custodial credit risk.

Investment Policy

Investments

The Town’s investment policy targets the following objectives, in order of priority: legality, safety, liquidity, and yield. The Director of Finance and Administrative Services for the Town is responsible for administering its investments and ensuring compliance with the Town’s policies and statutory requirements.

In accordance with the laws of the Commonwealth and Town policy, investments authorized to be held by the Town are:

1. Treasury Securities

Bonds, notes, and bills issued by the United States Treasury maturing within five years of the date of purchase, or certificates representing ownership of treasury bond principal or coupons payable within five years.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

Investments (Continued)

2. *Agency Securities*

Fixed rate obligations issued and guaranteed as to principal and interest by the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation, maturing within five years of the date of purchase.

3. *Prime Commercial Paper*

Commercial paper maturing within 270 days of the day of purchase rated P-1 or higher by Moody's and A-1 or higher by Standard & Poor's, provided that the issuing corporation has a net worth of at least \$50 million and its long-term debt is rated A or better by Moody's and Standard & Poor's.

4. *Certificates of Deposit*

Certificates of deposit maturing within one year and issued by domestic banks rated P-1 by Moody's and A-1 by Standard & Poor's.

5. *Bankers' Acceptances*

Bankers' acceptances maturing within 180 days rated P-1 or higher by Moody's and A-1 or higher by Standard & Poor's, provided the issuer is a major domestic bank or the domestic office of an international bank rated AA or higher by Moody's and Standard & Poor's.

6. *Commonwealth of Virginia and Virginia Local Government Obligations*

General obligations, insured obligations, or revenue bonds secured by debt service reserve funds not subject to annual appropriation rated AA or higher by Moody's or Standard & Poor's.

7. *Repurchase Agreements*

Repurchase agreements collateralized by securities approved for investment herein, provided that the counterparty is rated A or better by Moody's and Standard & Poor's and the collateral is held by an independent third-party.

8. *Open-End Investment Funds*

Open-end investment funds registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided they invest only in securities approved for investment herein.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

Investments (Continued)

9. Virginia Local Government Investment Pool (LGIP)

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The carrying value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB 79. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s.

10. Independent U.S. Bank – OPEB Trust

The Independent U.S. Bank – OPEB Trust included the OPEB Trust plan totaling \$13,890,587. The Trust is used for funding the Other Postemployment Benefit (OPEB). Additional details concerning this Trust are discussed further in Note 9.

11. Virginia State Non-Arbitrage Program (SNAP)

Investment in the Virginia State Non-Arbitrage Program (SNAP) is used to assist in avoiding arbitrage penalties enacted with the Tax Reform Act of 1986. Sections 2.2-4700 through 2.2-4705 of the *Code of Virginia*, the Government Non-Arbitrage Investment Act authorizes the Virginia Treasury Board to provide assistance to the Commonwealth of Virginia, counties, cities, and towns in the Commonwealth, and to their agencies, institutions and authorities of any combination of the foregoing (“Virginia governments”) in the management of and accounting for their bond funds, including, without limitation, bond proceeds, reserves, and sinking funds, and the investment thereof. The Virginia SNAP has been assigned an “AAAm” rating by Standard & Poor’s. The SNAP Fund is managed to maintain a dollar-weighted average portfolio maturity of 90 days or less, seeks to maintain a constant net value (NAV) per share of \$1, and is stated at amortized cost in accordance with GASB 79. The Commonwealth of Virginia’s Treasury Board has contracted with PFM Asset Management, LLC, Wells Fargo, N.A., U.S. Bank, N.A., and the Bank of New York Mellon Corporation to provide professional services and regulating oversight to the SNAP Program.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

Investments (Continued)

12. Federally Insured Certificates of Deposit (CDARS)

Federally insured certificates of deposit issued through the Certificates of Deposit Account Registry Service (CDARS) by financial institutions located in the United States, provided that:

- a. The funds are initially invested by the Town through a financial institution that is participating in CDARS and that is located and doing business in Virginia.
- b. The financial institution in Virginia receives reciprocal deposits from customers of other financial institutions in an amount equal to the funds initially invested by the Town; and
- c. Each such certificate of deposit is issued in an amount that is eligible for full FDIC insurance coverage for up to a maximum total of \$50 million in qualified investments held.

13. Virginia Municipal League and Virginia Association of Counties (VML/VACo) – Investment Pool

VML/VACo's pooled investment program is used by local governments to invest assets they expect to hold longer than one year. Participants are invested in high-quality corporate and government securities with an average duration of one to two years. At year end, the Town has \$56,262,108 with the VML/VACo Investment Pool. The pool has been rated AAAm by Standard & Poor's as of June 30, 2020.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2020 the Town's investments in LGIP, SNAP, and the VML/VACo stable NAV liquidity pool are rated "AAAm." The Town's investment in the VML/VACo 1-3 Year High Quality Bond Fund is rated 'AA+f/S1. All credit ratings presented in this paragraph are Standard & Poor's ratings. The Town does not have a policy that addresses investment credit risk.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting exposure to fair value losses arising from increasing interest rates and to comply with the laws of the Commonwealth, the Town's policy limits the investment of funds to investments with a stated maturity of no more than five years from the date of purchase.

	<u>Fair Value</u>	<u>Less Than 1 Year</u>
LGIP	\$ 29,206,916	\$ 29,206,916
U.S. Bank OPEB Trust	13,890,587	13,890,587
VML/VACo Investment Pool	56,262,108	56,262,108

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2020:

- Money markets and mutual funds in the amount of \$13,890,587 are valued using quoted market prices (Level 1 inputs).

Investments	\$ 99,359,611
Deposits	<u>14,174,875</u>
Total deposits and investments	<u><u>\$ 113,534,486</u></u>

Reconciliation of deposits and investments

Exhibit 1:

Cash and cash equivalents	\$ 93,413,943
Cash with fiscal agent	1,944,964
Cash and cash equivalents, restricted	<u>4,284,992</u>

Total Exhibit 1 deposits and investments	<u>99,643,899</u>
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Exhibit 11:

Investments	<u>13,890,587</u>
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Total Exhibit 11 deposits and investments	<u>13,890,587</u>
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Total Exhibits deposits and investments	<u><u>\$ 113,534,486</u></u>
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Restricted cash and cash equivalents consists of grant funds received in advance for capital projects.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 3. Receivables

Receivables at June 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Internal Service Fund	Utilities Fund	Totals
Property taxes, including penalties	\$ 9,964,578	\$ -	\$ -	\$ 9,964,578
Utility taxes	125,708	-	-	125,708
Local taxes	2,496,219	-	-	2,496,219
Accounts	430,591	224,079	4,573,920	5,228,590
Gross receivables	13,017,096	224,079	4,573,920	17,815,095
Less allowance for uncollectable accounts	315,950	-	75,000	390,950
Net receivables	<u>\$ 12,701,146</u>	<u>\$ 224,079</u>	<u>\$ 4,498,920</u>	<u>\$ 17,424,145</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the general fund was as follows:

	Unavailable	Unearned
Second half real estate billed in advance	\$ 7,634,860	\$ 7,634,860
Second half personal property billed in advance	1,252,146	1,252,146
Delinquent property taxes receivable	1,425,969	-
Prepaid property taxes	-	341,896
Lease revenue	-	915
Other	-	35,497
	<u>\$ 10,312,975</u>	<u>\$ 9,265,314</u>

The NVTAFund reported unearned revenue of \$4,664,292 in connection with funding from NVTAFund for various projects the Town has ongoing.

The Capital Projects Fund reported unearned revenue of \$3,451,328 in connection with funding from Loudoun County for various projects the Town has ongoing.

The General Fund reported unearned revenue of \$15,408 associated with the Virginia Stormwater Management Program ("VSMP") permits for which the Department of Environmental Quality ("DEQ") has already provided the Town funding to cover the cost associated with the permit review and inspections for VSMP.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 4. Due from Other Governments

At June 30, 2020, amounts due from other governments were as follows:

General Fund:

County of Loudoun:	
Real estate taxes	\$ 2,116,922
Local sales taxes	1,019,724
Personal property taxes	720,710
Licenses	384,918
Public service corporations	122,487
CARES grant	180,419
Traffic fines	6,692
Gang task force	1,946
	<hr/>
	4,553,818
	<hr/>
Commonwealth of Virginia:	
Other taxes and grants	119
Car rental tax	23,067
Virginia Department of Aviation	525,772
Communication sales and use	294,229
	<hr/>
	843,187
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Federal Government:	
Department of Aviation	82,090
BJA FY20 Coronavirus Emergency Supplemental Funding	38,204
Department of Justice	4,743
	<hr/>
	125,037
	<hr/>
Other:	
Cigarette tax	62,490
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Total general fund	5,584,532
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(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 4. Due from Other Governments (Continued)

Capital Projects Fund:

Commonwealth of Virginia:

Virginia Department of Transportation	\$ 762,587
Virginia Department of Aviation	124,130

886,717

Federal Government:

Department of Environmental Quality	801,344
Department of Transportation	1,840
Department of Aviation	628,506

1,431,690

Due from Loudoun County
Rescue

	2,644
	<u>104,000</u>

Total capital projects fund	<u>2,425,051</u>
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Northern Virginia Transportation Authority Fund:

Northern Virginia Transportation Authority	<u>2,200,793</u>
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Total governmental activities	<u><u>\$ 10,210,376</u></u>
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TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 62,467,296	\$ 406,046	\$ -	\$ -	\$ 62,873,342
Construction in progress	32,429,828	16,126,465	(14,772,102)	-	33,784,891
Total capital assets, not being depreciated or amortized	94,897,124	16,532,511	(14,772,102)	-	96,657,533
Capital assets, being depreciated or amortized:					
Buildings and improvements	86,921,093	177,644	-	-	87,098,737
Furniture and equipment	7,632,270	444,425	-	(849,497)	7,227,198
Computer equipment and software	4,234,496	62,559	-	(206,057)	4,090,998
Vehicles	6,233,230	583,134	-	(492,189)	6,324,175
Infrastructure	82,390,818	1,443,091	55,867	-	83,889,776
Streets	194,848,129	1,609,186	14,716,235	-	211,173,550
Hangars	6,057,289	-	-	-	6,057,289
Runways	16,569,753	-	-	-	16,569,753
Terminals	6,677,993	-	-	-	6,677,993
Total capital assets being depreciated or amortized	411,565,071	4,320,039	14,772,102	(1,547,743)	429,109,469
Less accumulated depreciation and amortization for:					
Buildings and improvements	(36,336,617)	(2,190,005)	-	-	(38,526,622)
Furniture and equipment	(6,040,925)	(483,588)	-	849,497	(5,675,016)
Computer equipment and software	(2,962,674)	(302,551)	-	206,057	(3,059,168)
Vehicles	(3,534,903)	(456,674)	-	442,811	(3,548,766)
Infrastructure	(26,819,619)	(1,659,069)	-	-	(28,478,688)
Streets	(52,837,200)	(3,908,888)	-	-	(56,746,088)
Hangars	(2,813,409)	(181,404)	-	-	(2,994,813)
Runway	(14,156,922)	(517,716)	-	-	(14,674,638)
Terminals	(3,020,754)	(147,826)	-	-	(3,168,580)
Total accumulated depreciation and amortization	(148,523,023)	(9,847,721)	-	1,498,365	(156,872,379)
Total capital assets being depreciated or amortized, net	263,042,048	(5,527,682)	14,772,102	(49,378)	272,237,090
Governmental activities capital assets, net	\$ 357,939,172	\$ 11,004,829	\$ -	\$ (49,378)	\$ 368,894,623

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5. Capital Assets (Continued)

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
Legislative	\$ 11,226
Executive	271,513
Finance and administrative services	226,223
Public safety	362,499
Parks and recreation	1,011,497
Planning and zoning	2,284
Balch Library	10,880
Public works	6,899,754
Airport	<u>1,051,845</u>
Total depreciation and amortization expense – governmental activities	<u><u>\$ 9,847,721</u></u>

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 1,577,329	\$ -	\$ -	\$ -	\$ 1,577,329
Construction in progress	947,413	1,685,912	-	-	2,633,325
Total capital assets, not being depreciated or amortized	<u>2,524,742</u>	<u>1,685,912</u>	<u>-</u>	<u>-</u>	<u>4,210,654</u>
Capital assets, being depreciated or amortized:					
Water and sewer plant	116,136,064	65,050	-	-	116,201,114
Water and sewer lines	145,655,926	4,032,769	-	-	149,688,695
Furniture, equipment and software	3,812,218	919,084	-	(275,364)	4,455,938
Vehicles	3,319,407	8,760	-	(275,525)	3,052,642
Total capital assets being depreciated or amortized	<u>268,923,615</u>	<u>5,023,663</u>	<u>-</u>	<u>(550,889)</u>	<u>273,398,389</u>
Less accumulated depreciation and amortization for:					
Water and sewer plant	(40,905,033)	(2,331,518)	-	-	(43,236,551)
Water and sewer lines	(47,428,668)	(3,175,373)	-	-	(50,604,041)
Furniture, equipment and software	(1,742,688)	(409,895)	-	228,760	(1,923,823)
Vehicles	(1,520,049)	(214,987)	-	272,611	(1,462,425)
Total accumulated depreciation and amortization	<u>(91,596,438)</u>	<u>(6,131,773)</u>	<u>-</u>	<u>501,371</u>	<u>(97,226,840)</u>
Total capital assets being depreciated and amortized, net	<u>177,327,177</u>	<u>(1,106,110)</u>	<u>-</u>	<u>(49,518)</u>	<u>176,171,549</u>
Business-type activities capital assets, net	<u><u>\$ 179,851,919</u></u>	<u><u>\$ 579,802</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (49,518)</u></u>	<u><u>\$ 180,382,203</u></u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Long-Term Debt

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for refunding of general obligation bonds. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary fund if they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town.

Outstanding long-term debt at June 30, 2020 includes the following bond issues:

General Obligation Bonds:

\$26,990,000 2011 Series A General Obligation Tax-Exempt, due in annual installments of \$185,000 to \$4,040,000 through January 2041, plus interest at 2.50% to 5.00%.	\$ 12,925,000
\$24,800,000 2014 General Obligation and Refunding Bonds, due in annual installments of \$85,000 to \$2,140,000 through January 2044, plus interest at 2.00% to 5.00%.	20,845,000
\$46,975,000 2015 General Obligation and Refunding Bonds, due in annual installments of \$360,000 to \$3,765,000 through January 2037, plus interest at 2.00% to 5.00%.	40,945,000
\$11,185,000 2016 VRA Refunding Bonds, due in annual installments of \$180,000 to \$1,085,000 through November 2040, plus interest at 2.710% to 5.125%.	11,185,000
\$5,614,301 2017 Series A General Obligation Bonds, due in annual installment of \$142,001 to \$1,965,427 through September 2020, plus interest at 1.140%.	1,686,744
\$25,500,000 maximum drawdown 2019 Series A General Obligation Bond Anticipation Note, due June 13, 2024, plus interest at 2.561% due monthly.	174,275
\$32,500,000 maximum drawdown 2019 Series A General Obligation Bond Anticipation Note, due June 13, 2024, plus interest at 2.561% due monthly.	1,496,420
\$12,260,000 2019 Series General Obligation Refunding Bonds, due in semi-annual installments of \$271,000 to \$1,319,900 through January 2039, plus interest at 2.25% to 5.00%.	12,260,000

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Long-Term Debt (Continued)

Revenue Bonds:

\$11,000,000, VRA 1999 Utility System Revenue Bonds, due in semi-annual installments of \$391,534 through January 2021, including interest at 3.50%.	\$ 384,800
Plus unamortized premiums, net	<u>9,873,823</u>
Total bonded debt	<u>111,776,062</u>

Notes Payable:

\$555,988 Equipment Financing, due in semi-annual installments of \$55,845 through January 2023, including interest at 2.11%.	340,390
\$1,253,561 Equipment Financing, due in semi-annual installments of \$134,965 through January 2024, including interest at 2.73%.	1,016,266
\$1,036,390 Equipment Financing, due in semi-annual installments of \$109,220 through January 2025, including at 1.93%	<u>1,036,390</u>
Total notes payable	<u>2,393,046</u>
Total long-term debt	<u><u>\$ 114,169,108</u></u>

The Town also issues bonds where the Town pledges income derived from the acquired or constructed assets to pay debt service.

The Revenue Bonds constitute special obligations of the Town solely secured by a lien on and pledge of the net revenues of the water and sewer system. The revenue of the water and sewer system and the various special funds established by the bond covenants collateralizes the bonds. The covenants provide the revenue of the system to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be retained in a surplus account. The covenants also contain certain provisions, which require the Town to maintain revenues, as defined in the covenants, of at least 1.25 times the annual debt service requirements. For fiscal year 2020, all revenue bond covenants were met.

Current Year Refunding of Debt

In July 2019, the Town issued general obligation bonds totaling \$12,260,000 for the purpose of refunding \$13,325,000 of outstanding series 2009A bonds. The proceeds were placed in trust with an escrow agent to fund all future debt service payments. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the Town's long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty years by \$1,697,070, resulting in an economic gain of \$1,436,328.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Long-Term Debt (Continued)

The allocation of debt to business-type and governmental activities net of premiums is as follows:

Description	Business-Type Activities	Governmental Activities	Total
Bonded long-term debt:			
1999 VRA utility revenue	\$ 384,800	\$ -	\$ 384,800
2011 Series A General obligation	5,620,000	7,305,000	12,925,000
2014 General obligation & refunding	10,900,000	9,945,000	20,845,000
2015 General obligation & refunding	29,800,000	11,145,000	40,945,000
2016 VRA refunding	3,769,366	7,415,634	11,185,000
2017 Series A General obligation	-	1,686,744	1,686,744
2019 Series A General obligation	-	174,275	174,275
2019 Series B General obligation	1,496,420	-	1,496,420
2019 General obligation & refunding	3,435,000	8,825,000	12,260,000
Total bonds payable	55,405,586	46,496,653	101,902,239
Plus:			
Unamortized premiums	4,862,424	5,011,399	9,873,823
Notes payable:			
Equipment financing	5,460	2,387,586	2,393,046
Total	<u>\$ 60,273,470</u>	<u>\$ 53,895,638</u>	<u>\$ 114,169,108</u>

The following is a summary of long-term liability activity of the Town for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 52,461,779	\$ 8,910,003	\$ (14,875,129)	\$ 46,496,653	\$ 5,466,744
Unamortized premiums	4,288,330	1,378,914	(655,845)	5,011,399	-
Notes payable	1,702,735	1,030,930	(346,079)	2,387,586	553,216
Compensated absences	2,489,620	2,273,393	(1,915,904)	2,847,109	2,075,944
Governmental activities long-term liabilities	<u>\$ 60,942,464</u>	<u>\$ 13,593,240</u>	<u>\$ (17,792,957)</u>	<u>\$ 56,742,747</u>	<u>\$ 8,095,904</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Long-Term Debt (Continued)

Annual requirements to amortize long-term debt and related interest payments are as follows:

Year Ending June 30,	Bonded Obligations		Notes Payable		
	Principal	Interest	Principal	Interest	
2021	\$ 5,466,744	\$ 2,512,471	\$ 553,216	\$ 51,693	
2022	5,294,664	2,286,006	566,178	38,732	
2023	5,158,985	1,979,938	579,392	25,517	
2024	4,741,481	1,671,701	474,614	12,606	
2025	3,781,531	1,392,888	214,186	3,102	
2026-2030	15,677,114	3,755,078	-	-	
2031-2035	6,376,134	537,330	-	-	
	<u>\$ 46,496,653</u>	<u>\$ 14,135,412</u>	<u>\$ 2,387,586</u>	<u>\$ 131,650</u>	
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable	\$ 56,834,217	\$ 4,831,228	\$ (6,259,859)	\$ 55,405,586	\$ 2,784,800
Unamortized premiums	4,603,008	536,722	(277,306)	4,862,424	-
Notes payable	-	5,460	-	5,460	1,050
Compensated absences	673,509	578,052	(509,114)	742,447	566,684
Business-type activities long-term liabilities	\$ 62,110,734	\$ 5,951,462	\$ (7,046,279)	\$ 61,015,917	\$ 3,352,534

Government activities' compensated absences, pension liabilities, and other post-employment liabilities are generally liquidated by the general fund.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Long-Term Debt (Continued)

Annual requirements to amortize long-term debt and related interest payments are as follows:

Year Ending June 30,	Bonded Obligations		Notes Payable	
	Principal	Interest	Principal	Interest
2021	\$ 2,784,800	\$ 2,170,621	\$ 1,050	\$ 101
2022	3,610,336	2,035,497	1,071	80
2023	3,566,015	1,855,124	1,092	59
2024	5,059,214	1,676,473	1,113	38
2025	3,493,469	1,498,245	1,134	16
2026-2030	16,242,886	5,205,547	-	-
2031-2035	13,858,866	2,581,258	-	-
2036-2040	6,110,000	546,828	-	-
2041-2045	680,000	45,481	-	-
	<u>\$ 55,405,586</u>	<u>\$ 17,615,074</u>	<u>\$ 5,460</u>	<u>\$ 294</u>

The legal debt margin for the Town mandated by the Commonwealth of Virginia is \$803 million, which is computed based upon 10% of the assessed value on real estate subject to taxation.

Note 7. Interfund Transfers

	General	Transfer In		
		Capital Projects	Other Governmental	Total
Transfer out				
General	\$ -	\$ 1,951,784	\$ 125,796	\$ 2,077,580
Capital projects	1,622,943	-	-	1,622,943
Utility	1,421,440	-	-	1,421,440
	<u>\$ 3,044,383</u>	<u>\$ 1,951,784</u>	<u>\$ 125,796</u>	<u>\$ 5,121,963</u>

The transfer from the Utilities Fund to the General Fund is for general administrative services performed by the general government.

The transfers from the General Fund to the Capital Projects Fund is for project management costs by Town staff and a budgeted PAYGO contribution.

The transfer from the Capital Projects Fund to the General Fund is to reimburse the General Fund for general administrative services performed by the general government.

The transfer from General Fund to Thomas Balch Library is for the Thomas Balch Library Endowment Fund.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 8. Commitments and Contingent Liabilities

Federal and State-Assisted Programs

The Town has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes any required refunds will be immaterial. Based on past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

Construction commitments

At June 30, 2020, the Town was contractually obligated for \$8,042,273 to complete various construction projects within the Town. The funds for these improvements are expected to come from fund balance reserves, the issuance of debt, federal, and state funding.

Litigation

Various claims and lawsuits are pending against the Town. It is the opinion of management, after consulting with legal counsel, that the potential loss, if any on all claims and lawsuits will not materially affect the Town's financial position due to adequate insurance coverage.

The Town has appropriated certain amounts in anticipation of the purchase of parcels.

Note 9. Other Postemployment Benefits – Local Plan

Plan Description and Funding Policy

The Town participates in the Retiree Healthcare and Life Insurance Benefit Programs which is a single employer benefit plan. Employees hired after April 2016 are no longer eligible for Retiree Healthcare and Life Insurance Benefit Programs. Other postemployment benefits provided by the Town include Medicare health care benefits to retired employees and their dependents provided they satisfy one of the following requirements:

- General and Utilities Employees: Age 65 with 5 or more years of service and retired under the Virginia Retirement System
- Police Officers and Firefighters: Age 60 with 5 or more years of Creditable Service, is no longer in service as a Police Officer or Firefighter and retired under the Virginia Retirement System
- Medically disabled and totally and permanently unable to work

The Town also provides healthcare benefits to the survivors of deceased employees and retired members.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Other Postemployment Benefits – Local Plan (Continued)

Plan Description and Funding Policy (Continued)

The Town establishes employer contribution rates for plan participants and determines how the Town's contribution will be funded as part of the budgetary process each year. Employees retiring under the state retirement system with a minimum of 10 years of Town service shall be eligible for supplemental Medicare insurance, in compliance with all state and federal laws. Employees who retire with 20 or more years; at least 15 years but less than 20 years; and at least 10 years but less than 15 years of service will pay 10%, 50%, and 75%, respectively, of the monthly health insurance premiums and supplemental Medicare insurance. Retired employees participating in the plan shall pay all additional premiums for spouse or dependent coverage requested. Employees retiring prior to December 31, 2002, with 20 or more years of service have 100% of their monthly health insurance premiums and supplemental Medicare insurance paid by the Town.

The Town will pay between 25% and 90% of the premium for retirees based on years of service. Employees hired after April 2016 pay 100% of their retiree health insurance premium.

Employees Covered by Benefit Terms

As of the July 1, 2020 valuation date, the following employees were covered by the benefit terms of the plan:

	<u>Number</u>
Inactive employees or beneficiaries:	
Retired/beneficiaries	70
LODA recipients	<u>3</u>
Total inactive employees	73
Active plan members	<u>347</u>
	<u><u>420</u></u>

Net OPEB Liability

The Town's total net OPEB liability of \$12,408,566 was measured as of June 30, 2020 and was determined by an actuarial valuation performed as of July 1, 2020.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Other Postemployment Benefits – Local Plan (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases, including inflation	3.00%
Healthcare cost trend rates	4.7% initially, grading down to 3.53%
Investment rate of return	5.88%
Retirees' share of benefit-related costs	10%, 50% or 75%

Mortality rates used are based on the mortality improvement (MP2019) scale.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2019 through June 30, 2020.

Changes in assumptions and other inputs reflects change in discount rate due to an updated depletion date projection and change in municipal bond index rate.

Trust Fund Investments

Investment decisions for the fund's assets are made by the Town's investment advisor, in accordance with the established and approved investment objectives, risk tolerance, and asset allocation policies set forth in the Town's Trust Authority or by the OPEB Trust Finance Board. The Town established a Finance Board to oversee the plan administration. The advisor monitors the investment to ensure adherence to the adopted policies and guidelines in light of the market and economic conditions, and generally prevailing prudent investment practices. In addition, the advisor reviews, monitors, and evaluates the performance of the investments and its investment agents for the generally accepted evaluation and measurement of such performance. The investment objective of the Fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciations and, secondarily, principal protection.

Concentrations: There are no investments in any one organization that represent 5 percent or more of the OPEB Trust's fiduciary net position. The investments are in various mixed mutual funds.

Rate of return: For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense was 7.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Other Postemployment Benefits – Local Plan (Continued)

Trust Fund Investments (Continued)

The long-term expected rate of return on OPEB investments was determined using a money-weighted rate in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Rate of Return</u>	<u>Weighted Long-Term Expected Rate of Return</u>
Domestic Equity	39 %	8.68 %	2.41 %
International	19	8.94	1.35
Fixed Income – U.S.	40	5.28	1.11
Other Growth	2	-	-
Total	100.00 %		4.87
	Inflation		2.50
	Risk Adjustment		(0.37)
			<u>7.00 %</u>

Discount Rate: The discount rate used to measure the total OPEB liability is 5.88%. The Town's funding expectations/policy is to contribute the Actuarially Determined Contribution each year, with a minimum amortization (level percentage of payroll) of ten years. On this basis, it is expected that benefits will be paid from the trust until 2065, at which time the trust will be depleted.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Other Postemployment Benefits – Local Plan (Continued)

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2019	\$ 21,777,126	\$ 12,861,776	\$ 8,915,350
Changes for the year:			
Service cost	289,793	-	289,793
Interest	1,372,800	-	1,372,800
Experience gains (losses)	(789,486)	-	(789,486)
Assumption changes	4,043,398	-	4,043,398
Contributions – employer	-	569,478	(569,478)
Net investment income	-	853,811	(853,811)
Benefit payments	(394,478)	(394,478)	-
Net changes	4,522,027	1,028,811	3,493,216
Balances at June 30, 2020	\$ 26,299,153	\$ 13,890,587	\$ 12,408,566

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 4.88% or one percentage point higher 6.88% than the current discount rate:

	1.00% Decrease (4.88)%	Current Discount Rate (5.88)%	1.00% Increase (6.88)%
Net OPEB liability	\$ 16,825,943	\$ 12,408,566	\$ 8,858,754

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Other Postemployment Benefits – Local Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower 2.53% or one percentage point higher 4.53% than the current healthcare cost trend rates:

	1.00% Decrease (2.53)%	Current Healthcare Cost Trend Rates (3.53)%	1.00% Increase (4.53)%
Net OPEB liability	\$ 8,538,659	\$ 12,408,566	\$ 17,307,230

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$831,970. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,585,199
Changes of assumptions	4,094,176	1,249,846
Net difference between projected and actual earnings on OPEB plan investments	28,765	-
Total	\$ 4,122,941	\$ 2,835,045

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Other Postemployment Benefits – Local Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The Town's amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase to OPEB Expense
2021	\$ 75,826
2022	75,825
2023	98,887
2024	87,959
2025	77,433
Thereafter	871,966

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Town of Leesburg, Virginia also participates in a cost-sharing benefit plan, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2020 Contribution	\$140,052
June 30, 2019 Contribution	\$131,635

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2020 proportionate share of liability	\$ 2,101,000
June 30, 2019 proportion	0.12909%
June 30, 2018 proportion	0.12479%
June 30, 2020 expense	\$ 52,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 140,000	\$ 27,000
Changes of assumptions	133,000	63,000
Net difference between projected and actual earnings on OPEB plan investments	-	43,000
Changes in proportion	79,000	43,000
Employer contributions subsequent to the measurement date	140,052	-
Total	<u>\$ 492,052</u>	<u>\$ 176,000</u>

The \$140,052 deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ending June 30,	Increase to OPEB Expense
2021	\$ 10,723
2022	10,725
2023	29,000
2024	52,599
2025	55,890
Thereafter	17,063

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI: 6.75%

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

Net OPEB Liabilities

The net OPEB liability represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	<u>Group Life Insurance Program</u>
Total OPEB Liability	\$ 3,390,238
Plan fiduciary net position	1,762,972
Employers' net OPEB liability (asset)	1,627,266
Plan fiduciary net position as a percentage of total OPEB liability	52.00%

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities (Continued)

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13
	Inflation		2.50
	*Expected arithmetic nominal return		7.63 %

* The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75)% or one percentage point higher (7.75)% than the current discount rate:

	1.00% Decrease (5.75)%	Current Discount Rate (6.75)%	1.00% Increase (7.75)%
GLI Net OPEB liability	\$ 2,760,000	\$ 2,101,000	\$ 1,566,200

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2020, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

Group Life Insurance	\$ 11,832
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TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Town, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>177</u>
Inactive members:	
Vested inactive members	100
Non-vested inactive members	85
Inactive members active elsewhere in VRS	<u>101</u>
Total inactive members	<u>286</u>
Active members	<u>318</u>
Total covered employees	<u><u>781</u></u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required contribution rate for the year ended June 30, 2020 was 9.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$2,409,743 and \$2,402,307 for the years ended June 30, 2020 and 2019, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of services; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension system investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension system investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS – Multi-Asset Public Strategies	6.00	3.52	0.21
PIP – Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13
	Inflation		2.50
			<u>7.63 %</u>

- * The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	\$ 102,763,386	\$ 91,784,824	\$ 10,978,562
Changes for the year:			
Service cost	2,568,975	-	2,568,975
Interest	7,039,500	-	7,039,500
Changes of assumptions	3,474,412	-	3,474,412
Differences between expected and actual experience	1,912,417	-	1,912,417
Contributions – employer	-	2,290,800	(2,290,800)
Contributions – employee	-	1,223,924	(1,223,924)
Net investment income	-	6,126,069	(6,126,069)
Benefit payments, including refunds of employee contributions	(4,398,201)	(4,398,201)	-
Administrative expenses	-	(59,974)	59,974
Other changes	-	(3,870)	3,870
Net changes	10,597,103	5,178,748	5,418,355
Balances at June 30, 2019	\$ 113,360,489	\$ 96,963,572	\$ 16,396,917

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75)% or one percentage point higher (7.75)% than the current rate:

	<u>1.00% Decrease (5.75)%</u>	<u>Current Discount Rate (6.75)%</u>	<u>1.00% Increase (7.75)%</u>
Political subdivision's net pension liability	\$ 32,176,745	\$ 16,396,917	\$ 3,853,771

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the political subdivision recognized pension expense of \$3,067,098. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,461,894	\$ 1,161,521
Change in assumptions	2,487,363	171,098
Net difference between projected and actual earnings on pension plan investments	-	824,373
Employer contributions subsequent to the measurement date	<u>2,409,743</u>	<u>-</u>
Total	<u>\$ 6,359,000</u>	<u>\$ 2,156,992</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$2,409,743 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2021	\$ 640,502
2022	321,550
2023	777,072
2024	53,141
2025	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2020, \$202,369 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 12. Summary of Pension and Other Postemployment Benefits Elements

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Deferred outflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 1,154,896	\$ 306,998	\$ 1,461,894
Changes in assumptions			
VRS	1,965,017	522,346	2,487,363
Employer contributions subsequent to the measurement date			
VRS	<u>1,903,697</u>	<u>506,046</u>	<u>2,409,743</u>
 Total deferred outflows of resources – pensions	 <u><u>\$ 5,023,610</u></u>	 <u><u>\$ 1,335,390</u></u>	 <u><u>\$ 6,359,000</u></u>
Deferred outflows of resources – OPEB			
Difference between expected and actual experience			
VRS GLI	\$ 110,600	\$ 29,400	\$ 140,000
Change in assumptions			
Local plan	3,234,399	859,777	4,094,176
VRS GLI	105,070	27,930	133,000
Net difference between projected and actual investment earnings on OPEB plan investments			
Local plan	22,724	6,041	28,765
Change in proportionate share			
VRS GLI	62,410	16,590	79,000
Employer contributions subsequent to the measurement date			
VRS GLI	<u>110,641</u>	<u>29,411</u>	<u>140,052</u>
 Total deferred outflows of resources – OPEB	 <u><u>\$ 3,645,844</u></u>	 <u><u>\$ 969,149</u></u>	 <u><u>\$ 4,614,993</u></u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 12. Summary of Pension and Other Postemployment Benefit Elements (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Net pension liability			
VRS	\$ 12,953,564	\$ 3,443,353	\$ 16,396,917
Total net pension liability	<u>\$ 12,953,564</u>	<u>\$ 3,443,353</u>	<u>\$ 16,396,917</u>
Net OPEB liability			
Local plan	\$ 9,802,767	\$ 2,605,799	\$ 12,408,566
VRS GLI	<u>1,659,790</u>	<u>441,210</u>	<u>2,101,000</u>
Total net OPEB liability	<u>\$ 11,462,557</u>	<u>\$ 3,047,009</u>	<u>\$ 14,509,566</u>
Deferred inflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 917,602	\$ 243,919	\$ 1,161,521
Change in assumptions			
VRS	135,167	35,931	171,098
Net difference between projected and actual investment earnings on pension plan investments			
VRS	<u>651,255</u>	<u>173,118</u>	<u>824,373</u>
Total deferred inflows of resources – pensions	<u>\$ 1,704,024</u>	<u>\$ 452,968</u>	<u>\$ 2,156,992</u>
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 1,252,307	\$ 332,892	\$ 1,585,199
VRS GLI	21,330	5,670	27,000
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS GLI	33,970	9,030	43,000
Change in assumptions			
Local plan	987,378	262,468	1,249,846
VRS GLI	49,770	13,230	63,000
Change in proportionate share			
VRS GLI	<u>33,971</u>	<u>9,029</u>	<u>43,000</u>
Total deferred inflow of resources – OPEB	<u>\$ 2,378,726</u>	<u>\$ 632,319</u>	<u>\$ 3,011,045</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 13. Summary of Pension and Other Postemployment Benefit Expenses/Expenditures

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Pension expense			
VRS	\$ 2,423,007	\$ 644,091	\$ 3,067,098
Total pension expense	<u>\$ 2,423,007</u>	<u>\$ 644,091</u>	<u>\$ 3,067,098</u>
OPEB expense			
Local plan	\$ 657,256	\$ 174,714	\$ 831,970
VRS GLI	<u>40,000</u>	<u>12,000</u>	<u>52,000</u>
Total OPEB expense	<u>\$ 697,256</u>	<u>\$ 186,714</u>	<u>\$ 883,970</u>

Note 14. Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; Line of Duty Act; and natural disasters. To reduce insurance costs and the need for self-insurance, the Town has joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities. Settled claims from these risks did not exceed coverage in the three most recent fiscal years.

Health Insurance

Town employees, retirees, and employee dependents are eligible for medical benefits from a health insurance internal-service fund. Funding is provided by charges to Town departments, employees, and retirees. The insurance provider levels the spending for the Town by setting a flat monthly premium based on an actuarial study of the claims paid in the prior 18-month period. The program is supplemented by stop loss protection, which limits the Town's annual liability.

The Town records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2020.

<u>Year Ended</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
June 30, 2018	\$ 828,589	\$ 4,746,205	\$ 4,652,134	\$ 922,660
June 30, 2019	922,660	4,786,629	4,756,850	952,439
June 30, 2020	952,439	5,044,168	4,999,030	997,577

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 15. Operating Leases

The Town leases various owned airport properties under non-cancelable operating leases. The leases provide for annual rental increases and pass-through of certain maintenance costs. The Town was contracted at June 30, 2020 with seven significant leases expiring at various dates: one in December 2022, September 2023, one in May 2024, one in December 2025, one in February 2026, one in May 2046, and one in April 2038.

Year Ending June 30,	Rental Income
2021	\$ 351,994
2022	323,614
2023	321,834
2024	324,517
2025	291,292
2026-2030	1,221,814
2031-2035	1,221,283
2036-2040	772,619
2041-2045	162,883
2046	29,962
	<u>\$ 5,021,812</u>

The Town leases office space for the Town's business incubator under a 60-month agreement which was renewed on March 11, 2016. The lease extension commenced on October 1, 2016 and expires September 30, 2021. Rent expense is reported under the Economic Development Operations Department of the Town.

As of June 30, 2020, the minimum long-term lease commitment is shown below:

Year Ending June 30,	Rental Expense
2021	\$ 324,223
2022	324,223
	<u>\$ 648,446</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 15. Operating Leases (Continued)

The Town is in a fiber use agreement with a telecommunications company for a fifteen-year agreement. The agreement commenced on February 1, 2011 and expires March 30, 2025.

<u>Year Ending June 30,</u>	<u>Use Expense</u>
2021	\$ 66,150
2022	68,139
2023	70,191
2024	72,288
2025	<u>42,903</u>
	<u>\$ 319,671</u>

Note 16. COVID-19 Impact

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Town’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the Town received revenue during fiscal year 2020. As such, the Town’s financial condition and liquidity will be negatively impacted for the fiscal years 2021.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Town’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 17. Prior Period Restatement of Net Position and Fund Balance

The following is a summary of the restatement to net position:

	<u>Governmental Activities</u>
Net position, July 1, 2019, as previously recorded	\$ 329,254,663
To reclassify proffer revenue to unearned revenue	<u>(1,499,380)</u>
Net position, July 1, 2019, as restated	<u><u>\$ 327,755,283</u></u>

The following is a summary of the restatement of fund balance:

	<u>Capital Projects Fund</u>
Net position, July 1, 2019, as previously recorded	\$ 20,429,941
To reclassify proffer revenue to unearned revenue	<u>(1,499,380)</u>
Net position, July 1, 2019, as restated	<u><u>\$ 18,930,561</u></u>

Note 18. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In January 2017, the GASB issued **Statement No. 84, *Fiduciary Activities***. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, The GASB issued **Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 18. New Accounting Standards (Continued)

In August 2018, the GASB issued **Statement No. 90**, *Majority Equity Interests*, an amendment of *GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued **Statement No. 91**, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 18. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS – LOCAL PLAN
June 30, 2020

	Plan Year			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 289,793	\$ 412,508	\$ 400,493	\$ 349,000
Interest	1,372,800	1,288,983	1,362,031	648,747
Benefit payments, including refunds of employee contributions	(394,478)	(590,275)	(500,009)	(350,446)
Difference between actual and expected experience	(789,486)	-	(1,325,151)	-
Changes in assumptions	4,043,398	642,914	(1,874,770)	-
Net change in total OPEB liability	4,522,027	1,754,130	(1,937,406)	647,301
Total OPEB liability – beginning	<u>21,777,126</u>	<u>20,022,996</u>	<u>21,960,402</u>	<u>21,313,101</u>
Total OPEB liability – ending	<u><u>\$ 26,299,153</u></u>	<u><u>\$ 21,777,126</u></u>	<u><u>\$ 20,022,996</u></u>	<u><u>\$ 21,960,402</u></u>
Plan Fiduciary Net Position				
Contributions – employer	\$ 569,478	\$ 765,275	\$ 825,009	\$ 675,446
Net investment income	853,811	781,063	871,303	1,106,629
Benefit payments	(394,478)	(590,275)	(500,009)	(350,446)
Administrative expenses	-	(55,703)	(53,108)	(32,007)
Net change in plan fiduciary net position	1,028,811	900,360	1,143,195	1,399,622
Plan fiduciary net position – beginning	<u>12,861,776</u>	<u>11,961,416</u>	<u>10,818,221</u>	<u>9,418,599</u>
Plan fiduciary net position – ending	<u><u>\$ 13,890,587</u></u>	<u><u>\$ 12,861,776</u></u>	<u><u>\$ 11,961,416</u></u>	<u><u>\$ 10,818,221</u></u>
Net OPEB liability – ending	<u><u>\$ 12,408,566</u></u>	<u><u>\$ 8,915,350</u></u>	<u><u>\$ 8,061,580</u></u>	<u><u>\$ 11,142,181</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>52.82%</u>	<u>59.06%</u>	<u>59.74%</u>	<u>49.26%</u>
Covered employee payroll	<u><u>\$ 17,651,501</u></u>	<u><u>\$ 18,430,633</u></u>	<u><u>\$ 23,652,124</u></u>	<u><u>\$ 20,250,454</u></u>
Net OPEB liability as a percentage of covered employee payroll	<u>70.30%</u>	<u>48.37%</u>	<u>34.08%</u>	<u>55.02%</u>

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of these statements.

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2020

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 569,478	\$ 569,478	\$ -	\$ 17,651,501	3.23 %
2019	765,275	765,275	-	18,430,633	4.15
2018	825,009	825,009	-	23,652,124	3.49
2017	625,000	675,446	(50,446)	20,250,454	3.34

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier years of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS – LOCAL OPEB TRUST FUND
June 30, 2020

Entity Fiscal Year Ended June 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2020	7.00 %
2019	6.50
2018	8.06
2017	7.00

Schedule is intended to show information for 10 years. Since 2017 was the first year for this presentation, no earlier years of data is available. Additional years will be included as they become available.

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI
June 30, 2020

Entity Fiscal Year Ended June 30,	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System – Group Life Insurance – General Employees					
2020	0.12909 %	\$ 2,101,000	\$ 25,303,778	8.30 %	52.00 %
2019	0.12479	1,895,000	23,700,718	8.00	51.22
2018	0.12289	1,849,000	22,666,448	8.16	48.86

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier years of data is available. However, additional years will be included as they become available.

The covered payroll amount above is for the measurement period, which is the twelve months prior to the entity's fiscal year.

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS GLI
June 30, 2020

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System – Group Life Insurance – General Employees					
2020	\$ 140,052	\$ 140,052	\$ -	\$ 26,958,776	0.52 %
2019	131,635	131,635	-	25,303,778	0.52
2018	123,393	123,393	-	23,700,718	0.52

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier years of data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
VIRGINIA RETIREMENT SYSTEM
June 30, 2020

	Plan Year					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 2,568,975	\$ 2,482,892	\$ 2,528,010	\$ 2,707,578	\$ 2,756,117	\$ 2,694,218
Interest	7,039,500	6,835,511	6,574,956	6,094,951	5,739,077	5,339,294
Benefit payments, including refunds of employee contributions	(4,398,201)	(3,880,198)	(3,432,679)	(3,117,573)	(2,632,670)	(2,011,985)
Difference between actual and expected experience	1,912,417	(2,265,073)	(809,317)	1,329,813	(536,148)	-
Changes in assumptions	3,474,412	-	(915,005)	-	-	-
Net change in total pension liability	10,597,103	3,173,132	3,945,965	7,014,769	5,326,376	6,021,527
Total pension liability – beginning	102,763,386	99,590,254	95,644,289	88,629,520	83,303,144	77,281,617
Total pension liability – ending	\$ 113,360,489	\$ 102,763,386	\$ 99,590,254	\$ 95,644,289	\$ 88,629,520	\$ 83,303,144
Plan Fiduciary Net Position						
Contributions – employer	\$ 2,290,800	\$ 2,147,461	\$ 2,071,096	\$ 1,918,622	\$ 1,945,907	\$ 1,897,869
Contributions – employee	1,223,924	1,183,157	1,131,997	1,126,655	1,146,789	1,173,237
Net investment income	6,126,069	6,360,318	9,410,583	1,328,647	3,306,840	9,751,444
Benefit payments, including refunds of employee contributions	(4,398,201)	(3,880,198)	(3,432,679)	(3,117,573)	(2,632,670)	(2,011,985)
Administrative expenses	(59,974)	(54,244)	(53,518)	(46,512)	(44,184)	(51,182)
Other	(3,870)	(5,697)	(8,408)	(563)	(706)	514
Net change in plan fiduciary net position	5,178,748	5,750,797	9,119,071	1,209,276	3,721,976	10,759,897
Plan fiduciary net position – beginning	91,784,824	86,034,027	76,914,956	75,705,680	71,983,704	61,223,807
Plan fiduciary net position – ending	\$ 96,963,572	\$ 91,784,824	\$ 86,034,027	\$ 76,914,956	\$ 75,705,680	\$ 71,983,704
Net pension liability – ending	\$ 16,396,917	\$ 10,978,562	\$ 13,556,227	\$ 18,729,333	\$ 12,923,840	\$ 11,319,440
Plan fiduciary net position as a percentage of total pension liability	85.54%	89.32%	86.39%	80.42%	85.42%	86.41%
Covered payroll	\$ 25,303,778	\$ 23,700,718	\$ 22,666,448	\$ 22,378,363	\$ 23,045,393	\$ 23,700,725
Net pension liability as a percentage of covered payroll	64.80%	46.32%	59.81%	83.69%	56.08%	47.76%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of these statements.

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM
June 30, 2020

Fiscal Year Ended June 30,	Contractually Determined Contribution	Contributions in Relation to Contractually Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2020	\$ 2,409,743	\$ 2,409,743	\$ -	\$ 26,958,776	8.94 %
2019	2,402,307	2,402,307	-	25,303,778	9.49
2018	2,147,461	2,147,461	-	23,700,718	9.06
2017	2,071,096	2,071,096	-	22,666,448	9.14
2016	1,945,907	1,945,907	-	22,378,363	8.70
2015	1,897,869	1,897,869	-	23,045,393	8.24

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no earlier years of data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the Town's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

TOWN OF LEESBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (“System”) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2020

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND

COMPARATIVE BALANCE SHEETS

June 30, 2020

(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash, cash equivalents, and temporary cash investments	\$ 22,173,710	\$ 21,755,205
Receivables (net of allowance for doubtful accounts)		
Property taxes, including penalties	9,714,578	7,941,945
Utility taxes	125,708	130,188
Local taxes	2,496,219	2,068,795
Accounts	364,641	321,953
Due from other governments	5,584,532	5,198,666
Lease deposit	165,285	163,854
Inventory	31,883	-
Prepaid items	24,523	60,853
Restricted cash	1,336,316	1,713,175
	<u>42,017,395</u>	<u>39,354,634</u>
Total assets		
LIABILITIES		
Accounts payable	\$ 1,615,252	\$ 1,342,195
Due to other governments	56,901	30,788
Accrued payroll	1,745,361	1,593,810
Accrued liabilities – other	40,053	40,449
Customer deposits	87,510	82,882
Performance bonds	1,244,609	1,651,242
Reserve for proffers	100,506	-
Unearned revenues	378,308	182,987
	<u>5,268,500</u>	<u>4,924,353</u>
Total liabilities		
DEFERRED INFLOWS OF RESOURCES		
Property taxes	<u>10,312,975</u>	<u>7,961,939</u>
FUND BALANCE		
Nonspendable		
Lease deposit	165,285	163,854
Inventory	31,883	
Prepaid items	24,523	60,853
Restricted		
Balch Library	-	117,096
Parks and recreation (Symmington)	50,521	50,521
Police	131,806	92,965
Parking in Lieu	380,260	374,025
Esummons	285,348	254,368
Assigned		
Debt service reserve	9,420,350	9,753,620
Other reserves	11,100	1,000,000
Expenditures designated for future years	1,460,757	2,990,959
Unassigned	14,474,087	11,610,081
	<u>26,435,920</u>	<u>26,468,342</u>
Total fund balances		
	<u>\$ 42,017,395</u>	<u>\$ 39,354,634</u>
Total liabilities, deferred inflows of resources, and fund balances		

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue from local sources:				
General property taxes:				
Real estate taxes:				
Current	\$ 14,669,000	\$ 14,669,000	\$ 14,573,692	\$ (95,308)
Delinquent	-	-	63,062	63,062
Personal property taxes:				
Current	2,100,000	2,100,000	990,640	(1,109,360)
Delinquent	-	-	408,459	408,459
Public service corporation taxes	220,000	220,000	370,553	150,553
Penalties and interest	194,000	194,000	134,229	(59,771)
Total general property taxes	17,183,000	17,183,000	16,540,635	(642,365)
Other local taxes:				
Utility	1,547,000	1,547,000	1,494,085	(52,915)
Daily rental	207,250	207,250	172,602	(34,648)
Meals	5,815,000	5,815,000	5,175,671	(639,329)
Bank franchise	1,100,000	1,100,000	1,262,358	162,358
Cigarette	825,000	825,000	675,880	(149,120)
Business and occupational licenses	3,650,000	3,650,000	3,793,027	143,027
Motor vehicle licenses	900,000	900,000	1,009,152	109,152
Transient occupancy	860,000	860,000	558,215	(301,785)
Total other local taxes	14,904,250	14,904,250	14,140,990	(763,260)
Permits, fees, and licenses:				
Zoning, subdivision, and development fees	1,015,700	1,015,700	1,316,345	300,645
Permits	26,600	26,600	18,748	(7,852)
Airport				
Fuel flow fees	12,500	12,500	14,011	1,511
Annual user fees	35,250	35,250	34,728	(522)
Annual FBO license fees	70,000	70,000	43,007	(26,993)
Other	49,100	49,100	156,153	107,053
Total permits, fees, and licenses	1,209,150	1,209,150	1,582,992	373,842
Fines and forfeitures:				
Police forfeitures	26,700	26,700	-	(26,700)
Traffic fines	275,000	275,000	310,819	35,819
Parking fines	182,000	182,000	116,048	(65,952)
Claims and settlements	-	38,000	-	(38,000)
Total fines and forfeitures	483,700	521,700	426,867	(94,833)

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenue from local sources: (Continued)				
Use of money and property:				
Interest	\$ 426,400	\$ 426,400	\$ 766,761	\$ 340,361
Parking meters	135,000	135,000	103,861	(31,139)
Sales of surplus property	80,000	80,000	90,432	10,432
Parking facility revenues	155,400	155,400	142,406	(12,994)
Insurance recoveries	110,000	110,000	89,261	(20,739)
Airport				
Hangar rentals	606,000	606,000	640,830	34,830
Tie-downs	139,680	139,680	137,217	(2,463)
Commercial tenant leases	452,457	452,457	378,570	(73,887)
Building rental	271,079	271,079	271,079	-
Recreational facility rental	3,000	3,000	2,180	(820)
Other	33,000	33,000	61,836	28,836
	<u>2,412,016</u>	<u>2,412,016</u>	<u>2,684,433</u>	<u>272,417</u>
Total use of money and property				
Charges for services:				
Publications	-	-	20	20
False alarm	75,000	75,000	59,490	(15,510)
Fingerprinting	1,300	1,300	651	(649)
Extradition	10,000	10,000	3,326	(6,674)
Special events				
Recreation	290,000	290,000	122,405	(167,595)
Other	202,700	202,700	169,789	(32,911)
Parks and recreation user fees	4,869,621	4,869,621	3,200,715	(1,668,906)
	<u>5,448,621</u>	<u>5,448,621</u>	<u>3,556,396</u>	<u>(1,892,225)</u>
Total charges for services				
Proffers and Gas Tax	305,000	305,000	309,335	4,335
Contributions	51,000	52,000	46,710	(5,290)
Miscellaneous	39,300	39,300	82,409	43,109
	<u>42,036,037</u>	<u>42,075,037</u>	<u>39,370,767</u>	<u>(2,704,270)</u>
Total revenues from local sources				
Intergovernmental:				
Revenue from local sources:				
Local aid:				
Loudoun County	602,347	602,347	601,846	(501)
	<u>602,347</u>	<u>602,347</u>	<u>601,846</u>	<u>(501)</u>
Total local aid				

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Non-categorical:				
Motor vehicles carrier tax	\$ 1,000	\$ 1,000	\$ 110	\$ (890)
Rental car tax	180,000	180,000	163,022	(16,978)
Miscellaneous	274,000	274,000	245,256	(28,744)
Cable TV franchise	-	-	3,049	3,049
Personal property tax relief	1,468,941	1,468,941	1,468,941	-
Sales and use	5,250,000	5,250,000	6,088,771	838,771
Communication sales and use	2,093,000	2,093,000	1,793,256	(299,744)
Total non-categorical aid	9,266,941	9,266,941	9,762,405	495,464
Categorical:				
VA Commission for the Arts	4,500	4,500	-	(4,500)
State fire programs funds	145,000	155,244	155,214	(30)
Law enforcement assistance	887,660	887,660	922,280	34,620
Highway maintenance	3,817,574	4,817,574	4,810,180	(7,394)
Department of Aviation	100,000	100,000	64,217	(35,783)
Total categorical aid	4,954,734	5,964,978	5,951,891	(13,087)
Total revenue from the Commonwealth	14,221,675	15,231,919	15,714,296	482,377
Revenue from the federal government:				
Passed through Loudoun County				
Coronavirus Aid, Relief, and Economic Security (CARES)	-	180,419	180,419	-
Categorical aid:				
E-Summons	-	-	30,980	30,980
Gang Officer	19,600	19,600	10,142	(9,458)
Byrne Coronavirus Emergency Supplemental Relief	-	38,812	38,204	(608)
Police forfeiture	-	-	38,840	38,840
Miscellaneous	-	-	5,898	5,898
Safe Streets Task Force	39,000	39,000	8,923	(30,077)
Build America Bonds interest refund	13,400	13,400	96,403	83,003
Total categorical aid	72,000	291,231	409,809	118,578
Total revenue from the federal government	72,000	291,231	409,809	118,578
Total intergovernmental	14,896,022	16,125,497	16,725,951	600,454
Total revenues	56,932,059	58,200,534	56,096,718	(2,103,816)
Other financing sources:				
Transfers in	2,639,740	3,802,508	3,044,383	(758,125)
Use of fund balance	577,499	2,081,630	-	(2,081,630)
Loan proceeds	-	-	176,898	176,898
Total other financing sources	3,217,239	5,884,138	3,221,281	(2,662,857)
Total General Fund revenues and other financing sources	\$ 60,149,298	\$ 64,084,672	\$ 59,317,999	\$ (4,766,673)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Legislative:				
Town council:				
Personnel services	\$ 140,640	\$ 138,914	\$ 138,047	\$ 867
Contractual services	119,550	144,439	137,976	6,463
Materials and supplies	3,100	4,253	4,008	245
Total town council	263,290	287,606	280,031	7,575
Total legislative	263,290	287,606	280,031	7,575
Executive:				
Town manager:				
Personnel services	741,426	704,319	699,964	4,355
Contractual services	47,026	104,435	83,204	21,231
Materials and supplies	8,075	5,464	4,650	814
Grants and contributions	50,000	6,577	-	6,577
Continuous charges	4,700	5,372	5,372	-
Capital outlay	13,000	44,758	8,692	36,066
Total town manager	864,227	870,925	801,882	69,043
Public arts commission:				
Personnel services	9,204	9,204	8,989	215
Contractual services	250	11,528	3,144	8,384
Materials and supplies	150	150	-	150
Grants and contributions	20,000	6,358	4,210	2,148
Capital outlay	-	2,528	-	2,528
Total public arts commission	29,604	29,768	16,343	13,425
Economic development operations:				
Personnel services	314,502	323,272	323,181	91
Contractual services	50,133	37,339	25,553	11,786
Materials and supplies	14,550	7,145	3,255	3,890
Continuous charges	95,000	95,000	95,000	-
Grants and contributions	336,023	336,023	330,061	5,962
Capital outlay	4,850	4,850	-	4,850
Total economic development operations	815,058	803,629	777,050	26,579
Economic development commission:				
Personnel services	9,204	9,204	3,956	5,248
Materials and supplies	1,200	1,041	60	981
Contractual services	-	159	158	1
Total economic development commission	10,404	10,404	4,174	6,230
Diversity commission:				
Personnel services	9,204	9,204	7,912	1,292
Total diversity commission	9,204	9,204	7,912	1,292

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Executive: (Continued)				
Public Information:				
Personnel services	\$ 324,452	\$ 314,548	\$ 310,086	\$ 4,462
Contractual services	67,140	89,533	82,315	7,218
Materials and supplies	-	293	258	35
Total public information	391,592	404,374	392,659	11,715
Emergency Management:				
Personnel services	-	157,452	151,252	6,200
Contractual services	-	40,066	40,066	-
Materials and supplies	-	25,031	24,893	138
Capital outlay	-	36,791	36,238	553
Total emergency management	-	259,340	252,449	6,891
ADA Compliance:				
Contractual services	-	130,401	115,658	14,743
Materials and supplies	-	1,000	174	826
Total ADA compliance	-	131,401	115,832	15,569
Total executive	2,120,089	2,519,045	2,368,301	150,744
Town attorney:				
Personnel services	600,546	637,363	618,602	18,761
Contractual services	57,400	499,029	381,092	117,937
Materials and supplies	3,400	3,265	3,259	6
Continuous charges	110	126	126	-
Total town attorney	661,456	1,139,783	1,003,079	136,704
Clerk of council:				
Personnel services	233,544	258,047	254,624	3,423
Contractual services	11,785	26,642	24,002	2,640
Materials and supplies	1,850	1,523	1,450	73
Total clerk of council	247,179	286,212	280,076	6,136
Total legal	908,635	1,425,995	1,283,155	142,840
Finance and administrative services:				
Finance:				
Personnel services	2,470,786	2,365,725	2,353,496	12,229
Contractual services	492,159	640,857	573,966	66,891
Materials and supplies	19,250	11,419	10,913	506
Transfer payments	-	-	(20)	20
Continuous charges	79,316	76,801	76,801	-
Capital outlay	-	6,986	6,503	483
Total finance	3,061,511	3,101,788	3,021,659	80,129

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Finance and administrative services: (Continued)				
Human Resources:				
Personnel services	\$ 543,830	\$ 544,314	\$ 544,087	\$ 227
Contractual services	111,517	138,867	120,770	18,097
Materials and supplies	2,622	3,776	3,548	228
Continuous charges	2,600	2,600	-	2,600
Total human resources	660,569	689,557	668,405	21,152
Information technology operations:				
Personnel services	1,053,874	1,110,271	1,109,946	325
Contractual services	855,165	967,556	828,592	138,964
Materials and supplies	11,000	9,901	9,959	(58)
Continuous charges	59,780	60,814	60,147	667
Capital outlay	72,300	188,525	101,565	86,960
Total information technology operations	2,052,119	2,337,067	2,110,209	226,858
Information technology commission:				
Personnel services	9,204	9,204	6,620	2,584
Total information technology commission	9,204	9,204	6,620	2,584
Total finance and administrative services	5,783,403	6,137,616	5,806,893	330,723
Public safety:				
Administrative support:				
Personnel services	1,666,692	1,635,988	1,629,893	6,095
Contractual services	706,806	576,298	500,923	75,375
Materials and supplies	109,080	113,284	112,264	1,020
Continuous charges	251,808	278,136	260,625	17,511
Capital outlay	-	305,956	61,064	244,892
Total administrative support	2,734,386	2,909,662	2,564,769	344,893
Patrol operations:				
Personnel services	5,700,487	5,343,749	5,246,018	97,731
Contractual services	121,878	29,660	12,728	16,932
Materials and supplies	155,350	102,387	98,447	3,940
Capital outlay	-	515	515	-
Total patrol operations	5,977,715	5,476,311	5,357,708	118,603
Criminal investigations:				
Personnel services	1,543,043	1,490,870	1,484,294	6,576
Contractual services	56,548	38,649	36,214	2,435
Materials and supplies	23,020	6,118	5,559	559
Continuous charges	28,800	19,017	18,023	994
Capital outlay	-	-	-	-
Total criminal investigations	1,651,411	1,554,654	1,544,090	10,564

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Public safety: (Continued)				
Community services:				
Personnel services	\$ 1,895,623	\$ 2,028,717	\$ 1,942,195	\$ 86,522
Contractual services	7,275	8,850	8,260	590
Materials and supplies	32,750	22,352	21,277	1,075
Total community services	1,935,648	2,059,919	1,971,732	88,187
Information services:				
Personnel services	1,707,138	1,667,603	1,602,812	64,791
Contractual services	207,919	200,227	200,186	41
Materials and supplies	10,150	5,029	4,723	306
Continuous charges	4,292	5,442	5,442	-
Capital outlay	-	1,838	1,838	-
Total information services	1,929,499	1,880,139	1,815,001	65,138
Citizens' support team:				
Materials and supplies	1,395	665	-	665
Continuous charges	3,140	1,416	1,349	67
Total citizens' support team	4,535	2,081	1,349	732
Fire and rescue:				
Transfer payments	145,000	558,604	558,574	30
Total fire and rescue	145,000	558,604	558,574	30
Total public safety	14,378,194	14,441,370	13,813,223	628,147
Public works:				
Public works administration:				
Personnel services	959,519	892,576	890,460	2,116
Contractual services	86,148	143,791	132,416	11,375
Materials and supplies	2,200	5,833	5,832	1
Continuous charges	17,440	17,668	17,668	-
Capital outlays	38,000	38,831	14,505	24,326
Total public works administration	1,103,307	1,098,699	1,060,881	37,818
Engineering and inspections:				
Personnel services	668,171	666,802	666,051	751
Contractual services	72,700	46,158	36,276	9,882
Materials and supplies	4,200	9,581	9,580	1
Capital outlay	5,000	31,745	31,745	-
Total engineering and inspections	750,071	754,286	743,652	10,634
Streets and grounds maintenance:				
Personnel services	2,911,880	2,772,105	2,756,697	15,408
Contractual services	1,072,800	2,076,567	1,750,270	326,297
Materials and supplies	270,700	172,258	152,769	19,489
Continuous charges	215,100	91,151	86,232	4,919
Capital outlay	500	77,240	76,705	535
Total streets and grounds maintenance	4,470,980	5,189,321	4,822,673	366,648

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Public works: (Continued)				
Building maintenance:				
Personnel services	\$ 557,877	\$ 576,059	\$ 541,922	\$ 34,137
Contractual services	427,900	341,998	276,197	65,801
Materials and supplies	81,760	78,581	65,469	13,112
Continuous charges	157,120	117,798	113,037	4,761
Capital outlay	25,500	87,073	85,188	1,885
Total building maintenance	1,250,157	1,201,509	1,081,813	119,696
Fleet maintenance:				
Personnel services	714,196	719,413	719,035	378
Contractual services	62,200	77,185	76,273	912
Materials and supplies	245,030	270,427	269,407	1,020
Continuous charges	20,000	6,458	6,458	-
Transfer payments	348,000	288,835	238,340	50,495
Capital outlay	2,750	2,325	-	2,325
Total fleet maintenance	1,392,176	1,364,643	1,309,513	55,130
Refuse collection and recycling:				
Contractual services	3,200,776	3,183,952	3,152,584	31,368
Materials and supplies	13,500	1,527	436	1,091
Total refuse collection and recycling	3,214,276	3,185,479	3,153,020	32,459
Traffic management:				
Personnel services	394,190	419,630	406,267	13,363
Contractual services	102,150	176,936	133,157	43,779
Materials and supplies	55,650	157,320	123,035	34,285
Continuous charges	630,500	609,493	608,296	1,197
Capital outlay	51,700	217,353	158,447	58,906
Total traffic management	1,234,190	1,580,732	1,429,202	151,530
Regional transportation:				
Grants and contributions	305,000	309,335	309,335	-
Total regional transportation	305,000	309,335	309,335	-
Capital projects management:				
Personnel services	1,025,447	904,664	872,065	32,599
Contractual services	227,335	382,929	306,582	76,347
Materials and supplies	6,925	3,596	3,298	298
Transfer payments	(1,055,900)	(1,092,802)	(643,249)	(449,553)
Continuous charges	560	777	777	-
Capital outlay	6,250	5,885	5,697	188
Total capital projects management	210,617	205,049	545,170	(340,121)
Total public works	13,930,774	14,889,053	14,455,259	433,794

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Parks and Recreation:				
Outdoor pool:				
Personnel services	\$ 221,649	\$ 48,577	\$ 44,504	\$ 4,073
Contractual services	23,435	22,033	19,224	2,809
Materials and supplies	39,980	21,635	17,524	4,111
Continuous charges	20,000	21,042	17,222	3,820
Total outdoor pool	305,064	113,287	98,474	14,813
Parks and recreation administration:				
Personnel services	516,301	509,730	506,518	3,212
Contractual services	25,000	29,279	28,826	453
Materials and supplies	2,000	4,039	3,942	97
Continuous charges	24,020	22,949	20,572	2,377
Capital outlay	30,000	24,505	11,228	13,277
Total parks and recreation administration	597,321	590,502	571,086	19,416
Parks:				
Personnel services	969,450	952,528	931,288	21,240
Contractual services	71,600	56,073	55,034	1,039
Materials and supplies	193,570	194,056	177,761	16,295
Continuous charges	57,000	58,784	46,129	12,655
Capital outlay	63,000	69,099	59,099	10,000
Total parks	1,354,620	1,330,540	1,269,311	61,229
Recreation programs administration:				
Personnel services	205,388	222,136	220,008	2,128
Contractual services	83,940	85,809	85,476	333
Total recreation programs administration	289,328	307,945	305,484	2,461
Ida Lee recreation center:				
Personnel services	1,024,363	960,966	954,725	6,241
Contractual services	272,631	222,897	218,708	4,189
Materials and supplies	68,518	53,419	49,551	3,868
Transfer payments		62	61	1
Continuous charges	257,630	240,229	170,466	69,763
Capital outlay	-	-	-	-
Total Ida Lee recreation center	1,623,142	1,477,573	1,393,511	84,062
Fitness programs:				
Personnel services	494,519	369,907	364,880	5,027
Contractual services	35,170	27,972	24,384	3,588
Materials and supplies	8,100	6,668	6,567	101
Total fitness programs	537,789	404,547	395,831	8,716

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Parks and Recreation: (Continued)				
Community outreach:				
Personnel services	\$ 123,125	\$ 92,351	\$ 91,258	\$ 1,093
Contractual services	14,350	4,342	4,250	92
Materials and supplies	6,080	5,388	4,713	675
Total community outreach	143,555	102,081	100,221	1,860
Aquatics:				
Personnel services	1,161,622	987,366	976,182	11,184
Contractual services	14,845	9,933	9,361	572
Materials and supplies	43,730	50,330	49,778	552
Total aquatics	1,220,197	1,047,629	1,035,321	12,308
Sports programs:				
Personnel services	171,317	138,217	135,770	2,447
Contractual services	170	70	70	-
Materials and supplies	27,300	9,844	9,844	-
Total sports programs	198,787	148,131	145,684	2,447
Recreation classes:				
Personnel services	151,095	145,700	144,101	1,599
Contractual services	3,370	320	320	-
Materials and supplies	3,325	2,656	2,655	1
Total recreation classes	157,790	148,676	147,076	1,600
Special events:				
Personnel services	142,802	129,271	116,033	13,238
Contractual services	228,699	170,901	158,941	11,960
Materials and supplies	54,739	47,055	47,053	2
Grants and contributions	12,500	15,320	15,320	-
Total special events	438,740	362,547	337,347	25,200
Tennis court complex:				
Personnel services	488,893	519,075	515,225	3,850
Contractual services	13,700	24,094	23,344	750
Materials and supplies	20,300	13,847	13,350	497
Continuous charges	51,760	53,884	42,152	11,732
Total tennis court complex	574,653	610,900	594,071	16,829
Camp programs:				
Personnel services	82,451	62,088	55,099	6,989
Contractual services	36,500	26,582	24,226	2,356
Materials and supplies	9,500	9,033	5,193	3,840
Total camp programs	128,451	97,703	84,518	13,185

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Parks and recreation: (Continued)				
Preschool childcare programs:				
Personnel services	\$ 107,763	\$ 103,822	\$ 103,175	\$ 647
Contractual services	1,900	1,827	1,664	163
Materials and supplies	3,570	1,354	1,352	2
Total preschool childcare programs	113,233	107,003	106,191	812
Parks and recreation commission:				
Personnel services	9,204	9,204	6,620	2,584
Total parks and recreation commission	9,204	9,204	6,620	2,584
Tree commission:				
Personnel services	9,204	9,204	6,298	2,906
Contractual services	1,800	1,800	-	1,800
Total tree commission	11,004	11,004	6,298	4,706
Total parks and recreation	7,702,878	6,869,272	6,597,044	272,228
Balch Library:				
Library operations:				
Personnel services	426,089	401,433	395,129	6,304
Contractual services	38,163	30,147	28,004	2,143
Materials and supplies	42,430	29,963	29,546	417
Continuous charges	22,982	25,774	25,297	477
Capital outlay	-	5,804	5,804	-
Total library operations	529,664	493,121	483,780	9,341
Library advisory commission:				
Personnel services	9,204	9,204	7,912	1,292
Contractual services	800	800	385	415
Materials and supplies	350	350	68	282
Total library advisory commission	10,354	10,354	8,365	1,989
Total Balch Library	540,018	503,475	492,145	11,330
Planning and zoning:				
Planning and zoning operations:				
Personnel services	1,925,177	1,821,938	1,771,098	50,840
Contractual services	30,025	377,469	289,646	87,823
Materials and supplies	6,600	3,952	3,781	171
Continuous charges	290	402	402	-
Capital outlay	1,100	-	-	-
Total planning and zoning operations	1,963,192	2,203,761	2,064,927	138,834

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Planning and zoning: (Continued)				
Planning commission				
Personnel services	\$ 27,667	\$ 27,643	\$ 26,643	\$ 1,000
Contractual services	-	24	24	-
Materials and supplies	300	-	-	-
Capital outlay	-	1,140	1,140	-
Total planning commission	27,967	28,807	27,807	1,000
Board of zoning appeals:				
Personnel services	6,459	6,459	861	5,598
Total board of zoning appeals	6,459	6,459	861	5,598
Board of architectural review:				
Personnel services	27,667	27,667	27,289	378
Contractual services	3,500	3,500	1,470	2,030
Total board of architectural review	31,167	31,167	28,759	2,408
Environmental advisory commission:				
Personnel services	9,204	9,204	5,921	3,283
Contractual services	3,500	3,500	478	3,022
Total environment advisory commission	12,704	12,704	6,399	6,305
Total planning and zoning	2,041,489	2,282,898	2,128,753	154,145
Plan review:				
Personnel services	1,390,376	1,401,653	1,390,435	11,218
Contractual services	76,923	41,198	29,009	12,189
Materials and supplies	6,500	4,030	2,873	1,157
Capital outlay	-	4,091	4,091	-
Total plan review	1,473,799	1,450,972	1,426,408	24,564
Airport:				
Personnel services	376,775	369,732	362,460	7,272
Contractual services	267,670	239,247	184,884	54,363
Materials and supplies	26,950	27,348	25,582	1,766
Continuous charges	161,226	138,608	123,253	15,355
Capital outlay	3,000	1,720	1,720	-
Total airport	835,621	776,655	697,899	78,756
Airport commission:				
Personnel services	9,204	9,204	7,589	1,615
Total airport commission	9,204	9,204	7,589	1,615
Total airport	844,825	785,859	705,488	80,371

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Townwide Expenditures:				
Miscellaneous expenditures	\$ -	\$ 76,588	\$ 76,588	\$ -
Grants and contributions	-	7,512	7,512	-
Total townside expenditures	-	84,100	84,100	-
Debt Service:				
Principal	5,525,129	5,525,130	5,525,130	-
Interest and fiscal charges	2,641,809	2,311,666	1,916,768	394,898
BAN interest and fiscal charges	-	2,525	2,524	1
Capital lease principal	356,556	356,556	346,078	10,478
Capital lease interest and fiscal charges	46,410	46,410	41,541	4,869
Total debt service	8,569,904	8,242,287	7,832,041	410,246
Total expenditures	58,557,298	59,919,548	57,272,841	2,646,707
Other financing uses:				
Transfers out	1,753,000	2,120,445	2,077,580	42,865
Total other financing uses	1,753,000	2,120,445	2,077,580	42,865
Total general fund expenditures and other financing uses	<u>\$ 60,310,298</u>	<u>\$ 62,039,993</u>	<u>\$ 59,350,421</u>	<u>\$ 2,689,572</u>

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Administering efficient government:				
Town council:				
Personnel services	\$ 140,640	\$ 138,914	\$ 138,047	\$ 867
Contractual services	119,550	144,439	137,976	6,463
Materials and supplies	3,100	4,253	4,008	245
Total Town council	263,290	287,606	280,031	7,575
Town manager:				
Personnel services	741,426	704,319	699,964	4,355
Contractual services	47,026	104,435	83,204	21,231
Materials and supplies	8,075	5,464	4,650	814
Grants and contributions	50,000	6,577	-	6,577
Continuous charges	4,700	5,372	5,372	-
Capital outlay	13,000	44,758	8,692	36,066
Total Town manager	864,227	870,925	801,882	69,043
Town attorney:				
Personnel services	600,546	637,363	618,602	18,761
Contractual services	57,400	499,029	381,092	117,937
Materials and supplies	3,400	3,265	3,259	6
Continuous charges	110	126	126	-
Total Town attorney	661,456	1,139,783	1,003,079	136,704
Clerk of council:				
Personnel services	233,544	258,047	254,624	3,423
Contractual services	11,785	26,642	24,002	2,640
Materials and supplies	1,850	1,523	1,450	73
Total Clerk of Council	247,179	286,212	280,076	6,136
Public arts commission:				
Personnel services	9,204	9,204	8,989	215
Contractual services	250	11,528	3,144	8,384
Materials and supplies	150	150	-	150
Grants and contributions	20,000	6,358	4,210	2,148
Capital outlay	-	2,528	-	2,528
Total public arts commission	29,604	29,768	16,343	13,425
Economic development commission:				
Personnel services	9,204	9,204	3,956	5,248
Contractual services	-	159	158	1
Materials and supplies	1,200	1,041	60	981
Total economic development commission	10,404	10,404	4,174	6,230
Diversity commission:				
Personnel services	9,204	9,204	7,912	1,292
Total diversity commission	9,204	9,204	7,912	1,292

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Administering efficient government: (Continued)				
Public information:				
Personnel services	\$ 324,452	\$ 314,548	\$ 310,086	\$ 4,462
Contractual services	67,140	89,533	82,315	7,218
Materials and supplies	-	293	258	35
Total public information	391,592	404,374	392,659	11,715
Information technology commission:				
Personnel services	9,204	9,204	6,620	2,584
Total information technology commission	9,204	9,204	6,620	2,584
Parks and recreation commission:				
Personnel services	9,204	9,204	6,620	2,584
Total parks and recreation commission	9,204	9,204	6,620	2,584
Tree commission:				
Personnel services	9,204	9,204	6,298	2,906
Contractual services	1,800	1,800	-	1,800
Total tree commission	11,004	11,004	6,298	4,706
Library advisory commission:				
Personnel services	9,204	9,204	7,912	1,292
Contractual services	800	800	385	415
Materials and supplies	350	350	68	282
Total library advisory commission	10,354	10,354	8,365	1,989
Planning commission:				
Personnel services	27,667	27,643	26,643	1,000
Contractual services	-	24	24	-
Materials and supplies	300	-	-	-
Capital outlay	-	1,140	1,140	-
Total planning commission	27,967	28,807	27,807	1,000
Board of zoning appeals:				
Personnel services	6,459	6,459	861	5,598
Total board of zoning appeals	6,459	6,459	861	5,598
Board of architectural review:				
Personnel services	27,667	27,667	27,289	378
Contractual services	3,500	3,500	1,470	2,030
Total board of architectural review	31,167	31,167	28,759	2,408

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Administering efficient government: (Continued)				
Environmental advisory commission:				
Personnel services	\$ 9,204	\$ 9,204	\$ 5,921	\$ 3,283
Contractual services	3,500	3,500	478	3,022
Total environmental advisory commission	12,704	12,704	6,399	6,305
Airport commission:				
Personnel services	9,204	9,204	7,589	1,615
Total airport commission	9,204	9,204	7,589	1,615
Emergency management:				
Personnel services	-	157,452	151,252	6,200
Contractual services	-	40,066	40,066	-
Materials and supplies	-	25,031	24,893	138
Capital outlay	-	36,791	36,238	553
Total emergency management	-	259,340	252,449	6,891
ADA Compliance:				
Contractual services	-	130,401	115,658	14,743
Materials and supplies	-	1,000	174	826
Total ADA compliance	-	131,401	115,832	15,569
Total administering efficient government	2,604,223	3,557,124	3,253,755	303,369
Supporting services:				
Finance:				
Personnel services	2,470,786	2,365,725	2,353,496	12,229
Contractual services	492,159	640,857	573,966	66,891
Materials and supplies	19,250	11,419	10,913	506
Continuous charges	79,316	76,801	76,801	-
Capital outlay		6,986	6,503	483
Total finance	3,061,511	3,101,788	3,021,659	80,129
Human resources:				
Personnel services	543,830	544,314	544,087	227
Contractual services	111,517	138,867	120,770	18,097
Materials and supplies	2,622	3,776	3,548	228
Continuous charges	2,600	2,600	-	2,600
Total human resources	660,569	689,557	668,405	21,152

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Supporting services: (Continued)				
Information technology operations:				
Personnel services	\$ 1,053,874	\$ 1,110,271	\$ 1,109,946	\$ 325
Contractual services	855,165	967,556	828,592	138,964
Materials and supplies	11,000	9,901	9,959	(58)
Continuous charges	59,780	60,814	60,147	667
Capital outlay	72,300	188,525	101,565	86,960
Total information technology operations	2,052,119	2,337,067	2,110,209	226,858
Total supporting services	5,774,199	6,128,412	5,800,273	328,139
Keeping us safe:				
Administrative support:				
Personnel services	1,666,692	1,635,988	1,629,893	6,095
Contractual services	706,806	576,298	500,923	75,375
Materials and supplies	109,080	113,284	112,264	1,020
Continuous charges	251,808	278,136	260,625	17,511
Capital outlay	-	305,956	61,064	244,892
Total administrative support	2,734,386	2,909,662	2,564,769	344,893
Patrol operations:				
Personnel services	5,700,487	5,343,749	5,246,018	97,731
Contractual services	121,878	29,660	12,728	16,932
Materials and supplies	155,350	102,387	98,447	3,940
Capital outlay	-	515	515	-
Total patrol operations	5,977,715	5,476,311	5,357,708	118,603
Criminal investigations:				
Personnel services	1,543,043	1,490,870	1,484,294	6,576
Contractual services	56,548	38,649	36,214	2,435
Materials and supplies	23,020	6,118	5,559	559
Continuous charges	28,800	19,017	18,023	994
Total criminal investigations	1,651,411	1,554,654	1,544,090	10,564
Community services:				
Personnel services	1,895,623	2,028,717	1,942,195	86,522
Contractual services	7,275	8,850	8,260	590
Materials and supplies	32,750	22,352	21,277	1,075
Total community services	1,935,648	2,059,919	1,971,732	88,187

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Keeping us safe: (Continued)				
Information services:				
Personnel services	\$ 1,707,138	\$ 1,667,603	\$ 1,602,812	\$ 64,791
Contractual services	207,919	200,227	200,186	41
Materials and supplies	10,150	5,029	4,723	306
Continuous charges	4,292	5,442	5,442	-
Capital outlay	-	1,838	1,838	-
Total information services	1,929,499	1,880,139	1,815,001	65,138
Citizens' support team:				
Materials and supplies	1,395	665	-	665
Continuous charges	3,140	1,416	1,349	67
Total citizens' support team	4,535	2,081	1,349	732
Fire and rescue:				
Transfer payments	145,000	558,604	558,574	30
Total fire and rescue	145,000	558,604	558,574	30
Total keeping us safe	14,378,194	14,441,370	13,813,223	628,147
Providing the necessities:				
Public works administration:				
Personnel services	959,519	892,576	890,460	2,116
Contractual services	86,148	143,791	132,416	11,375
Materials and supplies	2,200	5,833	5,832	1
Continuous charges	17,440	17,668	17,668	-
Capital outlays	38,000	38,831	14,505	24,326
Total public works administration	1,103,307	1,098,699	1,060,881	37,818
Engineering and inspections:				
Personnel services	668,171	666,802	666,051	751
Contractual services	72,700	46,158	36,276	9,882
Materials and supplies	4,200	9,581	9,580	1
Capital outlay	5,000	31,745	31,745	-
Total engineering and inspections	750,071	754,286	743,652	10,634
Streets and grounds maintenance:				
Personnel services	2,911,880	2,772,105	2,756,697	15,408
Contractual services	1,072,800	2,076,567	1,750,270	326,297
Materials and supplies	270,700	172,258	152,769	19,489
Continuous charges	215,100	91,151	86,232	4,919
Capital outlay	500	77,240	76,705	535
Total streets and grounds maintenance	4,470,980	5,189,321	4,822,673	366,648

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Providing the necessities: (Continued)				
Building maintenance:				
Personnel services	\$ 557,877	\$ 576,059	\$ 541,922	\$ 34,137
Contractual services	427,900	341,998	276,197	65,801
Materials and supplies	81,760	78,581	65,469	13,112
Continuous charges	157,120	117,798	113,037	4,761
Capital outlay	25,500	87,073	85,188	1,885
Total building maintenance	1,250,157	1,201,509	1,081,813	119,696
Fleet maintenance:				
Personnel services	714,196	719,413	719,035	378
Contractual services	62,200	77,185	76,273	912
Materials and supplies	245,030	270,427	269,407	1,020
Continuous charges	20,000	6,458	6,458	-
Transfer payments	348,000	288,835	238,340	50,495
Capital outlay	2,750	2,325	-	2,325
Total fleet maintenance	1,392,176	1,364,643	1,309,513	55,130
Refuse collection and recycling:				
Contractual services	3,200,776	3,183,952	3,152,584	31,368
Materials and supplies	13,500	1,527	436	1,091
Total refuse collection and recycling	3,214,276	3,185,479	3,153,020	32,459
Traffic management:				
Personnel services	394,190	419,630	406,267	13,363
Contractual services	102,150	176,936	133,157	43,779
Materials and supplies	55,650	157,320	123,035	34,285
Continuous charges	630,500	609,493	608,296	1,197
Capital outlay	51,700	217,353	158,447	58,906
Total traffic management	1,234,190	1,580,732	1,429,202	151,530
Regional transportation:				
Grants and contributions	305,000	309,335	309,335	-
Total regional transportation	305,000	309,335	309,335	-
Capital projects management:				
Personnel services	1,025,447	904,664	872,065	32,599
Contractual services	227,335	382,929	306,582	76,347
Materials and supplies	6,925	3,596	3,298	298
Transfer payments	(1,055,900)	(1,092,802)	(643,249)	(449,553)
Continuous charges	560	777	-	-
Capital outlay	6,250	5,885	5,697	188
Total capital projects management	210,617	205,049	545,170	(340,121)
Total providing the necessities	13,930,774	14,889,053	14,455,259	433,794

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Ensuring quality of life:				
Outdoor pool:				
Personnel services	\$ 221,649	\$ 48,577	\$ 44,504	\$ 4,073
Contractual services	23,435	22,033	19,224	2,809
Materials and supplies	39,980	21,635	17,524	4,111
Continuous charges	20,000	21,042	17,222	3,820
Total outdoor pool	305,064	113,287	98,474	14,813
Parks and recreation administration:				
Personnel services	516,301	509,730	506,518	3,212
Contractual services	25,000	29,279	28,826	453
Materials and supplies	2,000	4,039	3,942	97
Continuous charges	24,020	22,949	20,572	2,377
Capital outlay	30,000	24,505	11,228	13,277
Total parks and recreation administration	597,321	590,502	571,086	19,416
Parks:				
Personnel services	969,450	952,528	931,288	21,240
Contractual services	71,600	56,073	55,034	1,039
Materials and supplies	193,570	194,056	177,761	16,295
Continuous charges	57,000	58,784	46,129	12,655
Capital outlay	63,000	69,099	59,099	10,000
Total parks	1,354,620	1,330,540	1,269,311	61,229
Recreation programs administration:				
Personnel services	205,388	222,136	220,008	2,128
Contractual services	83,940	85,809	85,476	333
Total recreation programs administration	289,328	307,945	305,484	2,461
Ida Lee recreation center:				
Personnel services	1,024,363	960,966	954,725	6,241
Contractual services	272,631	222,897	218,708	4,189
Materials and supplies	68,518	53,419	49,551	3,868
Transfer payments	-	62	61	1
Capital outlay	257,630	240,229	170,466	69,763
Total Ida Lee recreation center	1,623,142	1,477,573	1,393,511	84,062
Fitness programs:				
Personnel services	494,519	369,907	364,880	5,027
Contractual services	35,170	27,972	24,384	3,588
Materials and supplies	8,100	6,668	6,567	101
Total fitness programs	537,789	404,547	395,831	8,716

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Ensuring quality of life: (Continued)				
Community outreach:				
Personnel services	\$ 123,125	\$ 92,351	\$ 91,258	\$ 1,093
Contractual services	14,350	4,342	4,250	92
Materials and supplies	6,080	5,388	4,713	675
Total community outreach	143,555	102,081	100,221	1,860
Aquatics:				
Personnel services	1,161,622	987,366	976,182	11,184
Contractual services	14,845	9,933	9,361	572
Materials and supplies	43,730	50,330	49,778	552
Total aquatics	1,220,197	1,047,629	1,035,321	12,308
Sport programs:				
Personnel services	171,317	138,217	135,770	2,447
Contractual services	170	70	70	-
Materials and supplies	27,300	9,844	9,844	-
Total sport programs	198,787	148,131	145,684	2,447
Recreation classes:				
Personnel services	151,095	145,700	144,101	1,599
Contractual services	3,370	320	320	-
Materials and supplies	3,325	2,656	2,655	1
Total recreation classes	157,790	148,676	147,076	1,600
Special events:				
Personnel services	142,802	129,271	116,033	13,238
Contractual services	228,699	170,901	158,941	11,960
Materials and supplies	54,739	47,055	47,053	2
Grants and contributions	12,500	15,320	15,320	-
Total special events	438,740	362,547	337,347	25,200
Tennis court complex:				
Personnel services	488,893	519,075	515,225	3,850
Contractual services	13,700	24,094	23,344	750
Materials and supplies	20,300	13,847	13,350	497
Continuous charges	51,760	53,884	42,152	11,732
Total tennis court complex	574,653	610,900	594,071	16,829
Camp programs:				
Personnel services	82,451	62,088	55,099	6,989
Contractual services	36,500	26,582	24,226	2,356
Materials and supplies	9,500	9,033	5,193	3,840
Total camp programs	128,451	97,703	84,518	13,185

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Ensuring quality of life: (Continued)				
Preschool childcare programs:				
Personnel services	\$ 107,763	\$ 103,822	\$ 103,175	\$ 647
Contractual services	1,900	1,827	1,664	163
Materials and supplies	3,570	1,354	1,352	2
Total preschool childcare programs	113,233	107,003	106,191	812
Total Parks and Recreation Commission	7,702,878	6,869,272	6,597,044	272,228
Balch library:				
Library operations:				
Personnel services	426,089	401,433	395,129	6,304
Contractual services	38,163	30,147	28,004	2,143
Materials and supplies	42,430	29,963	29,546	417
Continuous charges	22,982	25,774	25,297	477
Capital outlay	-	5,804	5,804	-
Total library operations	529,664	493,121	483,780	9,341
Planning and zoning:				
Planning and zoning operations:				
Personnel services	1,925,177	1,821,938	1,771,098	50,840
Contractual services	30,025	377,469	289,646	87,823
Materials and supplies	6,600	3,952	3,781	171
Continuous charges	290	402	402	-
Capital outlay	1,100	-	-	-
Total planning and zoning operations	1,963,192	2,203,761	2,064,927	138,834
Plan review:				
Personnel services	1,390,376	1,401,653	1,390,435	11,218
Contractual services	76,923	41,198	29,009	12,189
Materials and supplies	6,500	4,030	2,873	1,157
Capital outlay	-	4,091	4,091	-
Total plan review	1,473,799	1,450,972	1,426,408	24,564
Total ensuring quality of life	11,649,325	10,996,918	10,559,241	437,677
Seizing the future:				
Airport Operations:				
Personnel services	376,775	369,732	362,460	7,272
Contractual services	267,670	239,247	184,884	54,363
Materials and supplies	26,950	27,348	25,582	1,766
Continuous charges	161,226	138,608	123,253	15,355
Capital outlay	3,000	1,720	1,720	-
Total airport operations	835,621	776,655	697,899	78,756

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Seizing the future: (Continued)				
Economic development operations:				
Personnel services	\$ 314,502	\$ 323,272	\$ 323,181	\$ 91
Contractual services	50,133	37,339	25,553	11,786
Materials and supplies	14,550	7,145	3,255	3,890
Continuous charges	95,000	95,000	95,000	-
Grants and contributions	336,023	336,023	330,061	5,962
Capital outlay	4,850	4,850	-	4,850
Total economic development operations	815,058	803,629	777,050	26,579
Total seizing the future	1,650,679	1,580,284	1,474,949	105,335
Townwide expenditures:				
Unclassified				
Miscellaneous expenditures	-	76,588	76,588	-
Grants and contributionns	-	7,512	7,512	-
Total townwide expenditures	-	84,100	84,100	-
Debt Service:				
Principal	5,525,129	5,525,130	5,525,130	-
Interest and fiscal charges	2,641,809	2,311,666	1,916,768	394,898
BAN interest and fiscal charges	-	2,525	2,524	1
Capital lease principal	356,556	356,556	346,078	10,478
Capital lease interest and fiscal charges	46,410	46,410	41,541	4,869
Total debt service	8,569,904	8,242,287	7,832,041	410,246
Total expenditures	58,557,298	59,919,548	57,272,841	2,646,707
Other Financing Uses:				
Transfers out	1,753,000	2,120,445	2,077,580	42,865
Total other financing uses	1,753,000	2,120,445	2,077,580	42,865
Total general fund expenditures and other financing uses	<u>\$ 60,310,298</u>	<u>\$ 62,039,993</u>	<u>\$ 59,350,421</u>	<u>\$ 2,689,572</u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2020
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 46,998,053	\$ 34,290,231
Accounts receivable, net	4,498,920	4,036,605
Prepaid expenses	32,494	19,133
Inventory	504,955	683,535
Total current assets	<u>52,034,422</u>	<u>39,029,504</u>
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	4,210,654	2,524,742
Depreciable assets, net	<u>176,171,549</u>	<u>177,327,177</u>
Total noncurrent assets	<u>180,382,203</u>	<u>179,851,919</u>
Total assets	<u>232,416,625</u>	<u>218,881,423</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	1,335,390	588,912
Deferred outflows related to other post employment benefits	969,149	182,032
Deferred loss on refunding	<u>1,950,160</u>	<u>2,150,538</u>
Total deferred outflows of resources	<u>4,254,699</u>	<u>2,921,482</u>
Total assets and deferred outflows of resources	<u>236,671,324</u>	<u>221,802,905</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,358,794	1,137,046
Accrued expenses	449,126	328,694
Accrued interest	978,821	935,868
Compensated absences	566,684	509,114
Retainage payable	114,329	53,907
Notes payable	1,050	-
Bonds payable	2,784,800	2,284,859
Performance bonds payable	9,000	9,000
Customer deposits and contingent charges	<u>1,194,620</u>	<u>1,265,830</u>
Total current liabilities	<u>7,457,224</u>	<u>6,524,318</u>
NONCURRENT LIABILITIES		
Compensated absences	175,763	164,395
Net pension obligation liability	3,443,353	2,305,498
Net other postemployment benefit liability	3,047,009	2,270,174
Notes payable	4,410	-
Bonds payable, net	<u>57,483,210</u>	<u>59,152,366</u>
Total noncurrent liabilities	<u>64,153,745</u>	<u>63,892,433</u>
Total liabilities	<u>71,610,969</u>	<u>70,416,751</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension plan	452,968	682,884
Deferred inflows related to other postemployment benefits	<u>632,319</u>	<u>585,693</u>
Total liabilities and deferred inflows of resources	<u>72,696,256</u>	<u>71,685,328</u>
NET POSITION		
Net investment in capital assets	121,944,564	120,511,325
Unrestricted	<u>42,030,504</u>	<u>29,606,252</u>
Total net position	<u>\$ 163,975,068</u>	<u>\$ 150,117,577</u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2020

(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 23,740,684	\$ 22,253,360
Other	<u>353,977</u>	<u>89,127</u>
Total operating revenues	<u>24,094,661</u>	<u>22,342,487</u>
OPERATING EXPENSES		
Personnel service	8,821,958	7,597,388
Contractual services	2,537,600	1,804,528
Depreciation and amortization	6,131,773	5,998,511
Materials and supplies	1,941,726	1,786,830
Continuous charges	1,135,236	1,224,441
Claims and settlements	728	2,969
Internal and other	<u>234,832</u>	<u>47,576</u>
Total operating expenses	<u>20,803,853</u>	<u>18,462,243</u>
Operating income	<u>3,290,808</u>	<u>3,880,244</u>
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	740,938	901,174
Rental and other charges	372,905	551,574
Installation and connection charges	6,565,965	4,163,000
Interest and fiscal charges	<u>(2,165,972)</u>	<u>(2,352,168)</u>
Total nonoperating revenues (expenses), net	<u>5,513,836</u>	<u>3,263,580</u>
Income before capital contributions and transfers	<u>8,804,644</u>	<u>7,143,824</u>
TRANSFERS		
Transfers out	<u>(1,421,440)</u>	<u>(1,351,300)</u>
CONTRIBUTIONS		
Developer donated assets	<u>6,474,287</u>	<u>2,229,789</u>
Total contributions and transfers, net	<u>5,052,847</u>	<u>878,489</u>
Change in net position	13,857,491	8,022,313
Total net position, beginning	<u>150,117,577</u>	<u>142,095,264</u>
Total net position, ending	<u><u>\$ 163,975,068</u></u>	<u><u>\$ 150,117,577</u></u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2020
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Receipts from customers	\$ 23,561,136	\$ 22,303,352
Payments to suppliers for goods and services	(5,227,595)	(4,820,369)
Payments to employees for services	<u>(8,670,343)</u>	<u>(8,050,940)</u>
Net cash provided by operating activities	<u>9,663,198</u>	<u>9,432,043</u>
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers out	<u>(1,421,440)</u>	<u>(1,351,300)</u>
Net cash used in noncapital and related financing activities	<u>(1,421,440)</u>	<u>(1,351,300)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Installation and connection charges	6,565,965	4,163,000
Acquisition and construction of capital assets	(127,348)	(3,170,402)
Payment to escrow agent for debt refunding	(3,975,000)	100,192
Proceeds from debt issuance	1,396,228	(2,164,287)
Principal paid on debt	(2,284,859)	-
Proceeds from bond refunding	3,971,722	-
Proceeds from issuance of note payable	5,460	-
Interest and fiscal charges	<u>(2,199,947)</u>	<u>(2,531,010)</u>
Net cash provided by (used in) capital and related financing activities	<u>3,352,221</u>	<u>(3,602,507)</u>
INVESTING ACTIVITIES		
Interest on investments	740,938	901,174
Rental income	<u>372,905</u>	<u>551,574</u>
Net cash provided by investing activities	<u>1,113,843</u>	<u>1,452,748</u>
Net increase in cash and cash equivalents	12,707,822	5,930,984
CASH AND CASH EQUIVALENTS		
Beginning	<u>34,290,231</u>	<u>28,359,247</u>
Ending	<u><u>\$ 46,998,053</u></u>	<u><u>\$ 34,290,231</u></u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2020
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 3,290,808	\$ 3,880,244
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	6,131,773	5,998,511
Pension expense, net of contributions	161,461	(406,901)
Other postemployment benefits expense, net of contributions	36,344	(55,915)
Changes in assets and liabilities:		
Increase in:		
Accounts receivable	(462,315)	(199,561)
Due from other funds	(13,361)	(2,010)
Inventory	178,580	56,379
Increase (decrease) in:		
Accounts payable	221,748	(8,394)
Accrued liabilities	189,370	9,264
Unearned revenue	-	-
Customer deposits and contingent charges	(71,210)	160,426
Net cash provided by operating activities	<u>\$ 9,663,198</u>	<u>\$ 9,432,043</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer donated capital improvements	<u>\$ 6,474,287</u>	<u>\$ 2,229,789</u>
Capital assets included in retainage payable	<u>\$ 114,329</u>	<u>\$ 53,907</u>

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
 COMPARATIVE STATEMENTS OF NET POSITION
 Year Ended June 30, 2020
 (With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,980,585	\$ 2,465,735
Receivables (net of allowance for doubtful accounts):		
Trade and other accounts	<u>224,079</u>	<u>218,370</u>
Total assets	<u>2,204,664</u>	<u>2,684,105</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,539	20,737
Insurance and benefit claims	<u>997,577</u>	<u>952,439</u>
Total liabilities	<u>999,116</u>	<u>973,176</u>
NET POSITION		
Unrestricted	<u>1,205,548</u>	<u>1,710,929</u>
Total net position	<u><u>\$ 1,205,548</u></u>	<u><u>\$ 1,710,929</u></u>

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 4,736,269	\$ 4,455,013
Other	<u>774</u>	<u>615,889</u>
Total operating revenues	<u>4,737,043</u>	<u>5,070,902</u>
OPERATING EXPENSES		
Risk financing and benefit payments	<u>5,242,424</u>	<u>5,026,208</u>
Total operating expenses	<u>5,242,424</u>	<u>5,026,208</u>
Operating income (loss)	<u>(505,381)</u>	<u>44,694</u>
Change in net position	(505,381)	44,694
Total net position, beginning	<u>1,710,929</u>	<u>1,666,235</u>
Total net position, ending	<u><u>\$ 1,205,548</u></u>	<u><u>\$ 1,710,929</u></u>

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2020
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Receipts from interfund services provided	\$ 4,731,334	\$ 5,046,726
Claims and benefits paid	<u>(5,216,484)</u>	<u>(4,977,093)</u>
Net cash provided by (used in) operating activities	<u>(485,150)</u>	<u>69,633</u>
Net increase (decrease) in cash and cash equivalents	(485,150)	69,633
CASH AND CASH EQUIVALENTS		
Beginning	<u>2,465,735</u>	<u>2,396,102</u>
Ending	<u><u>\$ 1,980,585</u></u>	<u><u>\$ 2,465,735</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (505,381)	\$ 44,694
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Increase in:		
Accounts receivable	(5,709)	(24,176)
Decrease (decrease) in:		
Accounts payable	(19,198)	19,336
Insurance and benefit claims	<u>45,138</u>	<u>29,779</u>
Net cash provided by (used in) operating activities	<u><u>\$ (485,150)</u></u>	<u><u>\$ 69,633</u></u>

TOWN OF LEESBURG, VIRGINIA

SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2020**Thomas Balch
Library
Endowment
Fund**

ASSETS

CURRENT ASSETS

Cash, cash equivalents, and investments

\$ 1,054,630

Total assets

\$ 1,054,630**FUND BALANCE**

Restricted

\$ 1,054,630

Total fund balance

\$ 1,054,630

TOWN OF LEESBURG, VIRGINIA

SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended June 30, 2020

	Thomas Balch Library Endowment Fund
	<hr/>
REVENUES	
Contributions	\$ 37,730
Interest	<hr/> 27,341
Total revenues	<hr/> 65,071
EXPENDITURES	
Capital projects	24,250
Contractual services	<hr/> 7,874
Total expenditures	<hr/> 32,124
OTHER FINANCING SOURCES (USES)	
Transfers in	<hr/> 125,796
Total other financing sources (uses)	<hr/> 125,796
Net change in fund balance	158,743
Fund balance, beginning	<hr/> 895,887
Fund balance, ending	<hr/> <hr/> \$ 1,054,630

TOWN OF LEESBURG, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

The statistical section of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information say about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents	Tables
Financial Trends	
These tables contain trend information to help the reader understand how the Town's financial performance and well being have changed over time.	1 – 6
Revenue Capacity	
These tables contain information to help the reader assess the Town's most significant local revenue sources, the property tax, as well as other revenue sources.	7 – 12
Debt Capacity	
These tables present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.	13 – 16
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	17 – 18
Operating Information	
These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	19 – 22

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year.

TABLE 1

TOWN OF LEESBURG, VIRGINIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 223,911,574	\$ 262,169,923	\$ 260,710,155	\$ 269,470,483	\$ 253,108,079	\$ 260,418,011	\$ 283,018,215	\$ 294,700,876	\$ 305,543,608	\$ 316,442,063
Restricted	5,852,078	827,452	4,756,210	1,366,923	11,601,298	15,074,126	13,860,762	12,012,955	12,295,849	11,020,631
Unrestricted	10,977,713	11,180,851	12,031,291	11,475,555	9,767,484	12,371,943	12,634,883	10,367,657	11,415,206	11,181,903
Total governmental activities net position	<u>\$ 240,741,365</u>	<u>\$ 274,178,226</u>	<u>\$ 277,497,656</u>	<u>\$ 282,312,961</u>	<u>\$ 274,476,861</u>	<u>\$ 287,864,080</u>	<u>\$ 309,513,860</u>	<u>\$ 317,081,488</u>	<u>\$ 329,254,663</u>	<u>\$ 338,644,597</u>
Business-type activities:										
Net investment in capital assets	\$ 145,743,065	\$ 111,237,616	\$ 113,816,486	\$ 111,153,372	\$ 106,179,841	\$ 106,514,815	\$ 116,239,800	\$ 119,676,742	\$ 120,511,325	\$ 121,944,564
Unrestricted	9,668,200	17,410,647	15,324,067	15,884,417	16,970,074	17,627,323	22,415,979	22,418,522	29,606,252	42,030,504
Total business-type activities net position	<u>\$ 155,411,265</u>	<u>\$ 128,648,263</u>	<u>\$ 129,140,553</u>	<u>\$ 127,037,789</u>	<u>\$ 123,149,915</u>	<u>\$ 124,142,138</u>	<u>\$ 138,655,779</u>	<u>\$ 142,095,264</u>	<u>\$ 150,117,577</u>	<u>\$ 163,975,068</u>
Primary government:										
Net investment in capital assets	\$ 369,654,639	\$ 373,407,539	\$ 374,526,641	\$ 380,623,855	\$ 359,287,920	\$ 366,932,826	\$ 399,258,015	\$ 414,377,618	\$ 426,054,933	\$ 438,386,627
Restricted	5,852,078	827,452	4,756,210	1,366,923	11,601,298	15,074,126	13,860,762	12,012,955	12,295,849	11,020,631
Unrestricted	20,645,913	28,591,498	27,355,358	27,359,972	26,737,558	29,999,266	35,050,862	32,786,179	41,021,458	53,212,407
Total primary government net position	<u>\$ 396,152,630</u>	<u>\$ 402,826,489</u>	<u>\$ 406,638,209</u>	<u>\$ 409,350,750</u>	<u>\$ 397,626,776</u>	<u>\$ 412,006,218</u>	<u>\$ 448,169,639</u>	<u>\$ 459,176,752</u>	<u>\$ 479,372,240</u>	<u>\$ 502,619,665</u>

Note:

(1) This table reports financial information based on the accrual basis of accounting. The Town implemented GASB 63, the new reporting standard, in fiscal year 2013. This standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'

Beginning net position was restated as of June 30, 2016, but no prior years have been restated.

GASB Statement No. 75 was adopted in fiscal year 2018. Information for previous years presented is unavailable.

TABLE 2

TOWN OF LEESBURG, VIRGINIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
Legislative	\$ 1,929,726	\$ 2,242,274	\$ 2,063,474	\$ 1,647,737	\$ 358,882	\$ 252,822	\$ 258,238	\$ 275,494	\$ 266,921	\$ 306,311
Executive	4,193,418	3,709,476	3,536,663	5,101,778	2,072,643	2,502,210	2,162,353	2,011,487	2,250,835	2,638,713
Legal	405,086	416,116	556,900	428,396	812,884	730,310	764,127	850,797	1,449,665	1,281,417
Finance and administrative services	2,262,397	2,082,232	2,187,457	2,122,300	4,427,627	4,623,142	4,906,502	5,574,621	5,577,072	6,754,364
Public safety	11,365,062	11,701,344	12,564,971	12,760,923	13,236,510	13,091,832	12,749,163	13,696,258	14,103,272	14,496,980
Public works	15,522,536	15,319,444	17,834,560	13,281,259	15,310,127	17,881,225	20,915,538	21,626,022	22,771,022	21,167,673
Parks and recreation	8,002,606	7,721,607	7,905,724	8,545,134	8,084,695	8,474,752	7,323,433	8,550,169	8,611,563	7,720,777
Balch Library	627,711	596,845	586,263	638,586	635,782	666,442	670,011	521,563	540,759	515,262
Planning and zoning	1,914,347	1,395,917	1,498,275	1,544,011	1,554,970	1,634,254	1,649,401	2,050,272	1,892,780	2,155,625
Plan review	1,569,932	1,216,828	1,303,118	1,332,438	1,251,101	1,346,812	1,329,164	1,351,632	1,460,785	1,446,718
Airport	-	2,444	7,237,878	1,784,308	1,737,100	1,887,605	1,949,301	2,145,464	2,313,619	1,703,631
Townwide	-	-	-	-	-	-	-	-	-	84,100
Interest	2,518,659	2,746,447	2,312,731	2,574,971	2,948,021	3,078,679	2,966,378	2,299,739	2,056,929	2,643,027
Total governmental activities	50,311,480	49,150,974	59,588,014	51,761,841	52,430,342	56,170,085	57,643,609	60,953,518	63,295,222	62,914,598
Business-type activities:										
Airport	1,803,947	1,660,120	-	-	-	-	-	-	-	-
Utilities	17,888,463	18,063,523	17,842,677	19,421,203	18,923,084	19,288,252	19,168,447	19,891,648	20,814,411	22,969,825
Total business-type activities	19,692,410	19,723,643	17,842,677	19,421,203	18,923,084	19,288,252	19,168,447	19,891,648	20,814,411	22,969,825
Total government	70,003,890	68,874,617	77,430,691	71,183,044	71,353,426	75,458,337	76,812,056	80,845,166	84,109,633	85,884,423
Program revenue:										
Governmental activities:										
Charges for services:										
Legislative	-	-	-	-	-	-	319,340	-	-	-
Public safety	595,640	498,411	563,856	733,367	582,487	441,899	398,197	431,632	700,562	490,334
Public works	175,474	154,495	155,931	368,345	390,712	265,239	115,470	177,044	159,506	169,809
Parks and recreation	4,772,869	4,670,693	4,785,743	4,919,355	4,921,047	4,990,892	4,938,988	5,076,884	5,121,409	3,323,120
Plan review	-	-	-	-	-	-	1,280,528	896,791	948,850	1,032,586
Planning and zoning	261,447	283,241	237,689	706,135	649,181	513,145	1,919,609	252,393	382,255	458,660
Airport	-	-	-	-	-	-	-	101,252	81,960	91,746
Operating grants and contributions:										
Executive	-	-	-	-	255,441	259,066	-	861,824	789,810	916,872
Public safety	1,084,691	988,734	1,030,390	1,002,002	1,018,162	1,562,618	1,216,964	1,104,541	1,119,632	1,172,277
Public works	3,052,260	2,987,613	3,046,021	3,442,583	3,462,282	3,848,932	4,529,490	4,295,620	4,086,213	5,611,524

(Continued)

TABLE 2

TOWN OF LEESBURG, VIRGINIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenue: (Continued)										
Governmental activities: (Continued)										
Operating grants and contributions: (Continued)										
Parks and recreation	\$ -	\$ -	\$ 1,843	\$ -	\$ -	\$ 586	\$ 5,000	\$ 4,500	\$ 4,500	\$ -
Balch Library	372,994	5,500	5,000	12,379	13,500	8,872	-	-	-	-
Airport	-	-	135,711	99,197	125,775	113,578	82,780	218,889	259,073	950,083
Capital grants and contributions:										
Executive	-	-	-	137,400	-	-	36,298	-	-	-
Public works	6,783,738	9,163,209	9,498,970	5,081,809	-	8,557,324	12,719,606	21,434,223	15,795,097	14,187,071
Parks and recreation	71,625	8,000	-	-	3,234,028	-	-	-	-	-
Airport	-	-	3,957,230	916,850	1,420,215	304,166	-	-	-	-
Total governmental activities program revenue	17,170,738	18,759,896	23,418,384	17,419,422	16,072,830	20,866,317	27,562,270	34,855,593	29,448,867	28,404,082
Business-type activities:										
Charges for services:										
Airport	1,092,572	1,182,366	-	-	-	-	-	-	-	-
Utilities	14,792,146	15,053,935	15,225,178	15,620,127	16,841,860	18,639,231	22,387,305	23,873,384	26,416,360	30,306,649
Operating grants and contributions:										
Airport	27,615	65,443	-	-	-	-	-	-	-	-
Utilities	118,656	69,245	-	2,176,412	1,592,787	571,739	-	-	-	-
Capital grants and contributions:										
Airport	194,898	633,503	-	-	-	-	-	-	-	-
Utilities	6,239,546	4,066,836	4,417,288	271,759	321,724	571,739	12,128,538	2,811,012	2,229,789	6,474,287
Total business-type activities program revenues	22,465,433	21,071,328	19,642,466	18,068,298	18,756,371	19,782,709	34,515,843	26,684,396	28,646,149	36,780,936
Total government program revenues	39,636,171	39,831,224	43,060,850	35,487,720	34,829,201	40,649,026	62,078,113	61,539,989	58,095,016	65,185,018
Net (expense) revenue:										
Governmental activities	(33,140,742)	(30,391,078)	(36,169,630)	(34,342,419)	(36,357,512)	(35,303,768)	(30,081,339)	(26,097,925)	(33,846,355)	(34,510,516)
Business-type activities	2,773,023	1,347,685	1,799,789	(1,352,905)	(166,713)	1,521,168	15,347,396	6,792,748	7,831,738	13,811,111
Total government net expense	(30,367,719)	(29,043,393)	(34,369,841)	(35,695,324)	(36,524,225)	(33,782,600)	(14,733,943)	(19,305,177)	(26,014,617)	(20,699,405)

(Continued)

TABLE 2

TOWN OF LEESBURG, VIRGINIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
General property	\$ 12,536,096	\$ 12,943,508	\$ 13,723,821	\$ 13,665,498	\$ 13,907,905	\$ 14,184,837	\$ 14,811,321	\$ 15,635,984	\$ 16,611,960	\$ 17,554,757
Communication sales and use	6,412,866	6,717,220	6,621,637	6,343,455	6,767,712	7,234,856	7,426,112	7,230,196	7,528,737	7,882,027
Meals	3,672,760	4,418,067	4,695,048	4,827,853	5,021,455	5,247,114	5,275,413	5,841,127	5,939,892	5,175,671
Business and occupational licenses	2,880,044	2,860,659	3,072,266	3,292,385	3,326,739	3,152,175	3,482,857	3,620,884	3,727,985	3,793,027
Utility	1,542,597	1,495,345	1,546,528	1,564,500	1,559,559	1,525,755	1,521,738	1,544,206	1,530,840	1,494,085
Cigarette	872,047	1,133,071	1,047,206	980,759	934,508	905,450	872,841	821,296	726,665	675,880
Other	2,459,485	2,565,675	2,558,425	2,785,727	2,486,346	2,892,316	2,879,141	3,252,683	3,494,156	3,002,327
Intergovernmental, non-categorical aid	1,573,674	1,562,312	1,595,780	1,594,257	1,881,123	2,756,311	11,200,431	2,516,960	1,638,232	1,571,043
Use of money and property	686,183	514,491	1,768,730	1,796,693	1,785,866	2,185,769	2,581,923	2,410,130	3,181,950	2,719,823
Miscellaneous and lease income	1,086,819	901,963	1,608,459	813,747	676,490	611,090	257,235	82,456	287,813	109,750
Transfers	2,696,261	28,715,628	1,907,496	1,492,850	1,501,662	1,723,931	1,422,107	1,324,800	1,351,300	1,421,440
Total governmental activities	36,418,832	63,827,939	40,145,396	39,157,724	39,849,365	42,419,604	51,731,119	44,280,722	46,019,530	45,399,830
Business-type activities:										
Use of money and property	84,837	254,237	562,996	194,274	66,363	236,150	350,671	312,200	901,174	740,938
Miscellaneous	328,773	350,704	411,370	548,717	546,126	424,837	237,681	481,091	640,701	726,882
Transfers	(2,696,261)	(28,715,628)	(1,907,496)	(1,492,850)	(1,501,662)	(1,723,931)	(1,422,107)	(1,324,800)	(1,351,300)	(1,421,440)
Total business-type activities	(2,282,651)	(28,110,687)	(933,130)	(749,859)	(889,173)	(1,062,944)	(833,755)	(531,509)	190,575	46,380
Total primary government	34,136,181	35,717,252	39,212,266	38,407,865	38,960,192	41,356,660	50,897,364	43,749,213	46,210,105	45,446,210
Changes in net position:										
Governmental activities	3,278,090	33,436,861	3,975,766	4,815,305	3,491,853	7,115,836	21,649,780	18,182,797	12,173,175	10,889,314
Business-type activities	490,372	(26,763,002)	866,659	(2,102,764)	(1,055,886)	458,224	14,513,641	6,261,239	8,022,313	13,857,491
Total primary government	\$ 3,768,462	\$ 6,673,859	\$ 4,842,425	\$ 2,712,541	\$ 2,435,967	\$ 7,574,060	\$ 36,163,421	\$ 24,444,036	\$ 20,195,488	\$ 24,746,805

Note:

(1) Net (expense) revenue is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues, and the revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.

(2) This table reports financial information based on the accrual basis of accounting. The Town implemented GASB 63, the new reporting standard, in fiscal year 2013. This standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'

(3) On June 29 of fiscal year 2012, the Town elected to transfer the airport activity to the genral government. Fiscal year 2013 was the first fiscal year in which the airport activity was fully accounted for by the general government.

TABLE 3

TOWN OF LEESBURG, VIRGINIA

PROGRAM REVENUES BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

Function / Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319,340	\$ -	\$ -	\$ -
Executive	-	-	-	137,400	255,441	259,066	36,298	861,824	789,810	916,872
Parks and recreation	4,844,494	4,678,693	4,787,586	4,919,355	4,921,047	4,991,478	4,943,988	5,081,384	5,125,909	3,323,120
Balch Library	372,994	5,500	5,000	12,379	16,500	8,872	-	-	-	-
Planning and zoning	261,447	283,241	237,689	706,135	649,181	513,145	1,919,609	252,393	382,255	458,660
Public works	10,011,472	12,305,317	12,700,922	8,892,737	7,087,022	12,671,495	17,364,566	25,906,887	20,040,816	19,968,404
Public safety	1,680,331	1,487,145	1,594,246	1,735,369	1,600,649	2,004,517	1,615,161	1,536,173	1,820,194	1,662,611
Plan review	-	-	-	-	-	-	1,280,528	896,791	948,850	1,032,586
Airport	-	-	4,092,941	1,016,047	1,545,990	417,744	82,780	320,141	341,033	1,041,829
Total governmental activities	<u>17,170,738</u>	<u>18,759,896</u>	<u>23,418,384</u>	<u>17,419,422</u>	<u>16,075,830</u>	<u>20,866,317</u>	<u>27,562,270</u>	<u>34,855,593</u>	<u>29,448,867</u>	<u>28,404,082</u>
Business-type activities:										
Airport	1,315,085	1,881,312	-	-	-	-	-	-	-	-
Utilities	21,150,348	19,190,016	19,642,466	18,068,298	18,756,371	20,809,420	34,515,843	26,684,396	28,646,149	36,780,936
Total business-type activities	<u>22,465,433</u>	<u>21,071,328</u>	<u>19,642,466</u>	<u>18,068,298</u>	<u>18,756,371</u>	<u>20,809,420</u>	<u>34,515,843</u>	<u>26,684,396</u>	<u>28,646,149</u>	<u>36,780,936</u>
Total government	<u>\$ 39,636,171</u>	<u>\$ 39,831,224</u>	<u>\$ 43,060,850</u>	<u>\$ 35,487,720</u>	<u>\$ 34,832,201</u>	<u>\$ 41,675,737</u>	<u>\$ 62,078,113</u>	<u>\$ 61,539,989</u>	<u>\$ 58,095,016</u>	<u>\$ 65,185,018</u>

Note:

(1) On June 29 of fiscal year 2012, the Town elected to transfer the airport activity to the general government. Fiscal year 2013 was the first fiscal year in which the airport activity was fully accounted for by the general government.

TABLE 4

TOWN OF LEESBURG, VIRGINIA

FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
Reserved	\$ -	\$ -	\$ 153,473	\$ -
Unreserved	-	-	831,316	-
Nonspendable	3,365,873	151,402	-	155,411
Restricted	5,852,078	827,452	-	973,799
Committed	1,400,000	-	-	-
Assigned	2,717,261	6,774,757	7,144,209	8,747,716
Unassigned	9,103,329	9,395,933	10,041,113	10,958,360
Total general fund	<u>\$ 22,438,541</u>	<u>\$ 17,149,544</u>	<u>\$ 18,170,111</u>	<u>\$ 20,835,286</u>
All Other Governmental Funds:				
Committed, reported in:				
Capital projects fund	\$ 2,878,070	\$ -	\$ -	\$ -
Unreserved, reported in:				
Capital projects fund	-	5,299,780	6,672,522	7,750,173
Special revenue funds	-	-	-	-
Assigned, reported in:				
Capital projects fund	-	945,427	(5,137,844)	(12,805,982)
Total all other government funds	<u>\$ 2,878,070</u>	<u>\$ 6,245,207</u>	<u>\$ 1,534,678</u>	<u>\$ (5,055,809)</u>

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
General Fund:						
Nonspendable	\$ 159,370	\$ 217,801	\$ 302,316	\$ 277,338	\$ 224,707	\$ 221,691
Restricted	985,772	1,025,170	1,379,857	716,204	888,975	847,935
Committed	-	-	-	-	-	-
Assigned	11,349,940	12,940,397	14,145,306	14,010,719	13,744,579	10,892,207
Unassigned	10,286,067	11,521,249	12,288,356	14,494,275	11,610,081	14,474,087
Total general fund	<u>\$ 22,781,149</u>	<u>\$ 25,704,617</u>	<u>\$ 28,115,835</u>	<u>\$ 29,498,536</u>	<u>\$ 26,468,342</u>	<u>\$ 26,435,920</u>
All Other Governmental Funds:						
Restricted, reported in:						
Capital projects fund	\$ 10,615,526	\$ 12,595,634	\$ 12,480,905	\$ 14,277,505	\$ 14,487,721	\$ 9,052,617
NVTa fund	-	-	-	-	-	65,449
Other governmental funds	-	-	-	1,130,864	893,187	1,054,630
Committed, reported in:						
Capital projects fund	2,131,395	5,044,819	10,557,120	2,180,641	14,347,994	8,042,273
NVTa fund	-	-	-	-	-	-
Other governmental funds	-	-	-	-	-	-
Assigned, reported in:						
Capital projects fund	-	-	-	1,271,396	1,460,757	-
Unassigned, reported in:						
Capital projects fund	(1,779,735)	(3,980,575)	(9,581,537)	-	(8,405,774)	(1,836,987)
NVTa fund	-	-	-	-	-	-
Other governmental funds	-	-	-	-	-	-
Total all other government funds	<u>\$ 10,967,186</u>	<u>\$ 13,659,878</u>	<u>\$ 13,456,488</u>	<u>\$ 18,860,406</u>	<u>\$ 22,783,885</u>	<u>\$ 16,377,982</u>

Note:

(1) In fiscal year 2011, the Town implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which effectively changed the classifications used to report fund balances. The terms reserved and unreserved are no longer used to describe fund balance. Fund balance is now classified as nonspendable, restricted, committed, assigned or unassigned. Adoption of this pronouncement also resulted in special revenue funds now being accounted for as part of the Town's General Fund.

Beginning fund balance was restated as of June 30, 2016, but no prior years have been restated.

TABLE 5

TOWN OF LEESBURG, VIRGINIA

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
General property taxes	\$ 12,503,998	\$ 12,854,369	\$ 13,606,085	\$ 13,814,622	\$ 13,568,504	\$ 14,389,962	\$ 14,816,811	\$ 15,692,223	\$ 16,763,012	\$ 16,540,635
Other local taxes	15,585,903	16,981,945	17,327,161	17,618,402	17,939,057	18,864,268	14,031,990	15,080,196	15,419,538	14,140,990
Permits, privilege fees, and regulatory licenses	432,971	435,554	391,407	1,073,586	1,032,766	772,765	1,280,528	1,366,410	1,368,371	1,582,992
Fines and forfeitures	576,328	482,049	544,411	1,738,350	530,509	341,152	378,181	426,404	558,857	426,867
Use of money and property	686,183	514,491	1,768,730	1,796,693	1,785,866	2,185,769	2,574,671	2,403,511	3,181,950	2,719,823
Charges for services	4,796,131	4,689,237	4,807,401	4,935,266	4,980,152	5,097,258	5,075,406	5,263,363	5,422,620	3,556,396
Contributions and proffers	1,853,390	342,739	594,544	1,646,901	1,318,658	961,402	2,260,800	3,989,498	1,616,097	2,348,880
Grants	-	-	-	-	-	-	-	5,250	8,700	-
Miscellaneous	1,086,819	901,963	1,608,459	813,747	676,490	611,090	257,235	77,206	279,113	109,750
Intergovernmental	8,715,734	12,354,864	17,460,860	12,815,853	12,249,130	15,380,716	24,919,385	32,456,282	23,620,180	27,976,350
Total revenues	46,237,457	49,557,211	58,109,058	55,233,420	54,081,132	58,604,382	65,595,007	76,760,343	68,238,438	69,402,683
Expenditures:										
Legislative	919,953	960,836	949,680	1,645,525	395,084	249,418	247,809	280,712	255,452	280,031
Executive	3,431,910	3,127,240	3,345,634	4,065,619	1,919,530	2,251,468	1,887,672	1,689,964	1,886,653	2,368,301
Legal	401,794	412,454	517,214	470,940	854,433	738,157	761,453	835,408	1,449,337	1,283,155
Finance and administrative services	2,252,013	2,073,242	2,196,207	1,985,483	4,459,503	4,921,814	4,795,874	5,417,654	5,540,062	5,806,893
Public safety	10,883,307	11,262,769	12,551,566	12,507,687	13,488,315	13,242,169	12,467,978	13,325,521	14,069,073	13,813,223
Public works	11,385,261	11,590,650	11,851,505	11,494,248	11,332,942	12,878,286	14,391,996	14,173,810	14,360,321	14,455,259
Parks and recreation	7,321,436	6,916,341	7,462,632	7,833,710	8,060,847	7,845,039	7,640,573	7,627,827	7,701,535	6,597,044
Balch Library	449,682	454,610	440,057	457,866	459,214	488,583	490,644	505,607	536,704	500,019
Planning and zoning	1,938,591	1,382,400	1,489,006	1,562,694	1,591,679	1,663,251	1,650,178	2,021,595	1,881,100	2,128,753
Plan review	1,566,111	1,248,341	1,295,785	1,384,016	1,314,564	1,388,654	1,333,740	1,334,333	1,464,977	1,426,408
Airport	-	2,444	706,939	688,604	660,000	716,544	771,312	743,773	750,389	705,488
Capital projects	11,072,955	9,673,741	15,175,508	12,144,131	8,317,589	8,880,704	10,341,003	15,936,356	13,470,015	18,205,678
Townwide	-	-	-	-	-	-	-	-	-	84,100
Debt service:										
Principal	3,187,341	8,184,465	3,026,278	1,799,341	2,300,000	2,505,000	5,020,000	5,377,001	5,582,241	5,871,208
Interest and fiscal charges	2,523,094	2,544,404	2,698,505	2,611,718	3,530,190	2,997,383	3,004,766	2,584,951	2,484,035	2,654,883
Debt issuance cost	-	-	-	-	-	-	226,075	-	-	159,864
Total expenditures	57,333,448	59,833,937	63,706,516	60,651,582	58,683,890	60,766,470	65,031,073	71,854,512	71,431,894	76,340,307
Excess of revenues over (under) expenditures	(11,095,991)	(10,276,726)	(5,597,458)	(5,418,162)	(4,602,758)	(2,162,088)	563,934	4,905,831	(3,193,456)	(6,937,624)
Other financing sources (uses):										
Transfers in	3,687,699	2,648,127	2,489,417	2,292,323	2,350,030	6,930,644	5,164,734	3,982,397	9,660,299	5,121,963
Transfers out	(1,671,281)	(3,206,258)	(581,921)	(799,473)	(848,368)	(5,423,779)	(3,742,627)	(2,657,597)	(8,308,999)	(3,700,523)
Issuance of debt	-	8,253,567	-	-	17,830,000	-	-	555,988	1,342,833	9,940,933
Proceeds of refunding bonds	-	10,251,077	-	-	9,710,000	-	13,029,935	-	-	-
Payment to refunded bond escrow agent	-	(10,980,442)	-	-	(9,710,000)	-	(14,218,960)	-	-	(9,350,000)
Premium (discount) on issuance debt	-	1,388,795	-	-	3,239,954	-	1,410,812	-	-	1,378,914
Total other financing sources (uses), net	2,016,418	8,354,866	1,907,496	1,492,850	22,571,616	1,506,865	1,643,894	1,880,788	2,694,133	3,391,287
Net changes in fund balances	\$ (9,079,573)	\$ (1,921,860)	\$ (3,689,962)	\$ (3,925,312)	\$ 17,968,858	\$ (655,223)	\$ 2,207,828	\$ 6,786,619	\$ (499,323)	\$ (3,546,337)
Total debt service	\$ 5,710,435	\$ 10,728,869	\$ 5,724,783	\$ 4,411,059	\$ 5,830,190	\$ 5,502,383	\$ 8,024,766	\$ 7,961,952	\$ 8,066,276	\$ 7,832,041
Total expenditures	\$ 57,333,448	\$ 59,833,937	\$ 63,706,516	\$ 60,651,582	\$ 58,683,890	\$ 60,766,470	\$ 65,031,073	\$ 71,854,512	\$ 71,431,894	\$ 76,340,307
Less: capital outlay	(10,821,569)	(9,801,397)	(15,621,225)	(15,485,939)	(11,091,705)	(10,812,959)	(10,341,003)	(14,369,653)	(10,284,912)	(18,886,882)
Noncapital expenditures	\$ 46,511,879	\$ 50,032,540	\$ 48,085,291	\$ 45,165,643	\$ 47,592,185	\$ 49,953,511	\$ 54,690,070	\$ 57,484,859	\$ 61,146,982	\$ 57,453,425
Debt service as a percentage of noncapital expenditures	12.28%	21.44%	11.91%	9.77%	12.25%	11.02%	14.67%	13.85%	13.19%	13.63%

TABLE 6

TOWN OF LEESBURG, VIRGINIA

**FIVE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GENERAL FUND
(Unaudited)**

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues					
General Property Taxes	\$ 14,389,962	\$ 14,816,811	\$ 15,692,223	\$ 16,763,012	\$ 16,540,635
Other Local Taxes	18,864,268	14,031,990	15,080,196	15,419,538	14,140,990
Permits, Fees, and Licenses	772,765	1,280,528	1,366,410	1,368,371	1,582,992
Fines and Forfeitures	341,152	378,181	426,404	558,857	426,867
Use of Money and Property	1,858,388	2,224,138	2,297,508	3,072,979	2,684,433
Charges for Services	5,097,258	5,075,406	5,263,363	5,422,620	3,556,396
Contributions and Proffers	978,676	290,320	384,168	362,744	356,045
Miscellaneous	179,817	250,028	57,689	259,645	82,409
Intergovernmental	9,182,482	16,125,460	15,415,325	15,487,579	16,725,951
Loan proceeds	-	-	555,988	201,441	176,898
Transfer from other funds	4,171,689	3,059,596	2,613,846	2,713,486	3,044,383
Total revenues	55,836,457	57,532,458	59,153,120	61,630,272	59,317,999
Expenditures					
Legislative	249,418	247,809	280,712	255,452	280,031
Executive	2,251,468	1,887,672	1,689,964	1,886,653	2,368,301
Legal	738,157	761,453	835,408	1,449,337	1,283,155
Finance and administrative services	4,921,814	4,795,874	5,417,654	5,540,062	5,806,893
Public Safety	13,242,169	12,467,978	13,325,521	14,069,073	13,813,223
Public Works	12,878,286	14,391,996	14,173,810	14,360,321	14,455,259
Parks and Recreation	7,845,039	7,640,573	7,627,827	7,701,535	6,597,044
Balch Library	488,583	490,644	505,607	512,893	492,145
Planning and Zoning	1,663,251	1,650,178	2,021,595	1,881,100	2,128,753
Plan Review	1,388,654	1,333,740	1,334,333	1,464,977	1,426,408
Airport	716,544	771,312	743,773	750,389	705,488
Townwide	-	-	-	-	84,100
Debt Service					
Principal Retirement	2,505,000	5,020,000	5,377,001	5,582,241	5,871,208
Interest Payments and Other Fiscal Charges	2,997,383	3,004,766	2,584,951	2,484,035	1,960,833
Transfers to other funds	1,027,223	657,245	1,053,567	6,722,398	2,077,580
Total expenditures	52,912,989	55,121,240	56,971,723	64,660,466	59,350,421
Net change in fund balances	2,923,468	2,411,218	2,181,397	(3,030,194)	(32,422)
Fund balance, beginning of year	22,781,149	25,704,617	27,317,139	29,498,536	26,468,342
Fund balance, end of year	\$ 25,704,617	\$ 28,115,835	\$ 29,498,536	\$ 26,468,342	\$ 26,435,920

Beginning fund balance was restated as of June 30, 2018, but no prior years have been restated.

TABLE 7

TOWN OF LEESBURG, VIRGINIA

TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year June 30,	General Property Including Interest and Penalty	Utility	Cable TV Franchise	Sales and Use	Communication Sales and Use	Bank Franchise	Cigarette	Meals	Transient Occupancy	Business and Occupational Licenses	Motor Vehicle Licenses	Other	Totals
2011	\$ 12,503,998	\$ 1,542,597	\$ 136,471	\$ 4,158,970	\$ 2,253,896	\$ 734,655	\$ 872,047	\$ 3,672,760	\$ 628,452	\$ 2,880,044	\$ 792,369	\$ 167,538	\$ 30,343,797
2012	12,854,369	1,495,345	155,894	4,509,128	2,208,092	791,656	1,133,071	4,418,067	661,939	2,860,659	812,863	143,323	32,044,406
2013	13,606,085	1,546,528	170,620	4,407,688	2,213,949	744,156	1,047,206	4,695,048	671,353	3,072,266	753,280	219,016	33,147,195
2014	13,814,622	1,564,500	252,006	4,167,178	2,176,277	875,046	980,759	4,827,853	689,778	3,292,385	806,461	162,436	33,609,301
2015	13,568,504	1,559,559	262,888	4,610,450	2,157,262	912,666	934,508	5,021,455	643,315	3,326,739	843,185	87,180	33,927,711
2016	14,389,962	1,525,755	266,397	5,141,458	2,093,398	987,523	905,450	5,247,114	736,315	3,152,175	829,452	288,954	35,563,955
2017	14,816,810	1,521,737	274,095	5,384,169	2,041,943	985,261	872,841	5,368,976	791,255	3,389,293	897,488	175,628	36,519,497
2018	15,692,000	1,544,206	269,834	5,252,089	1,978,108	1,274,610	821,296	5,841,127	866,352	3,620,884	890,662	221,059	38,272,225
2019	16,763,010	1,530,840	255,908	5,693,638	1,835,099	1,330,907	726,665	5,939,892	862,456	3,727,985	1,086,694	214,101	39,967,195
2020	16,540,635	1,494,085	245,256	6,088,771	1,793,256	1,262,358	675,880	5,175,671	558,215	3,793,027	1,104,246	172,602	38,904,002
Change 2011-2020	32%	-3%	80%	46%	-20%	72%	-22%	41%	-11%	32%	39%	3%	28%

Note:

(1) Effective January 1, 2007, Cable TV Franchise Tax and Consumer Utility Tax from telephone services are remitted to the VA Department of Taxation and then distributed to the Town on a monthly basis. On the Statement of Revenues, Expenditures, and Changes in Fund Balances Exhibit (Exhibit 5), revenue received after January 1, 2007 for these revenue sources are recognized in "other." Beginning in fiscal year 2011, this tax is accounted for as state intergovernmental revenue on the Statement of Revenues, Expenditures, and Changes in Fund Balances Exhibit (Exhibit 5).

TABLE 8

TOWN OF LEESBURG, VIRGINIA

**ASSESSED VALUE OF ALL TAXABLE PROPERTY
LAST TEN CALENDAR YEARS
(Unaudited)**

Tax Year Ending December 31,	Real Property ¹	Personal Property ²	Public Service Corporations ³		Total Assessed Valuation
			Real Property	Personal Property	
2011	\$ 5,675,717,100	\$ 498,450,685	\$ 108,083,816	\$ 1,613,618	\$ 6,283,865,219
2012	5,802,517,900	528,113,712	108,553,642	891,242	6,440,076,496
2013	6,085,462,040	481,548,404	105,809,512	737,446	6,673,557,402
2014	6,438,888,020	447,867,148	111,087,100	695,117	6,998,537,385
2015	6,643,105,870	388,770,026	108,441,453	653,035	7,140,970,384
2016	6,718,865,180	428,519,647	117,080,280	549,045	7,265,014,152
2017	7,081,200,240	412,219,300	116,315,393	426,223	7,610,161,156
2018	7,529,930,110	385,548,796	117,980,215	514,888	8,033,974,009
2019	7,889,996,600	409,437,516	120,153,718	549,604	8,420,137,438
2020	8,316,479,500	409,404,929	133,146,343	217,917	8,859,248,689

Source: Department of Finance and Administrative Services, Town of Leesburg.

Notes:

(1) Real property assessments are made by the Commissioner of the Revenue of Loudoun County for the concurrent use of the County and the Town. Real property assessed at 100% of its fair market value.

(2) Personal property is assessed at 100% of depreciated fair market value.

(3) Public Service Corporations are assessed by the State Corporation Commission.

TABLE 9

TOWN OF LEESBURG, VIRGINIA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE REAL PROPERTY
LAST TEN TAX YEARS
(Unaudited)**

Tax Year January 1,	Residential Property	Commercial Property	Public Service Corporation	Nontaxable	Total Assessed Value	Total Taxable Assessed Value	Percent Change	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2011	\$ 4,225,241,300	\$ 1,450,475,800	\$ 108,083,816	\$ 817,713,100	\$ 6,601,514,016	\$ 5,783,800,916	2.1 %	0.195	\$ 5,783,800,916	100 %
2012	4,344,339,200	1,458,178,700	108,553,642	811,703,300	6,722,774,842	5,911,071,542	2.2	0.195	5,911,071,542	100
2013	4,549,312,500	1,536,149,540	105,809,512	811,261,540	7,002,533,092	6,191,271,552	4.7	0.192	6,191,271,552	100
2014	4,896,036,280	1,542,851,740	111,087,100	848,001,120	7,397,976,240	6,549,975,120	5.8	0.183	6,547,329,473	100
2015	5,080,543,570	1,562,562,300	108,441,453	868,365,540	7,619,912,863	6,751,547,323	3.1	0.183	6,643,105,870	98
2016	5,136,906,120	1,581,959,060	117,080,280	928,613,880	7,764,559,340	6,835,945,460	1.3	0.186	6,718,865,180	98
2017	5,395,167,440	1,686,032,800	116,315,393	977,061,440	8,174,577,073	7,197,515,633	5.3	0.184	7,081,200,240	98
2018	5,732,121,450	1,797,808,660	117,980,215	1,021,297,320	8,669,207,645	7,647,910,325	6.3	0.184	7,529,930,110	98
2019	6,106,845,300	1,783,151,300	120,153,718	1,015,217,970	9,025,368,288	8,010,150,318	4.7	0.184	7,889,996,600	98
2020	6,489,311,580	1,827,167,920	133,146,343	1,034,664,650	9,484,290,493	8,449,625,843	5.5	0.184	8,316,479,500	98

Notes:

(1) Real and personal property tax assessments are made by the Loudoun County Assessor's Office and the Commissioner of the Revenue for the County of Loudoun, Virginia for current use of the County and Town property. Real and personal property taxes of public service corporations are assessed by the State Corporation Commission.

(2) The tax rate presented here is for real property only, as personal property assessments are not a major revenue source.

TABLE 10

TOWN OF LEESBURG, VIRGINIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN TAX YEARS
(Unaudited)

Tax Year	Tax Rates – Town		Tax Rates – County		Tax Rates – Combined	
	Real Property	Personal Property	Real Property	Personal Property	Real Property	Personal Property
2011	\$ 0.195	\$ 1.00	\$ 1.285	\$ 4.20	\$ 1.48	\$ 5.20
2012	0.195	1.00	1.235	4.20	1.43	5.20
2013	0.192	1.00	1.205	4.20	1.40	5.20
2014	0.183	1.00	1.155	4.20	1.34	5.20
2015	0.183	1.00	1.135	4.20	1.32	5.20
2016	0.186	1.00	1.145	4.20	1.33	5.20
2017	0.184	1.00	1.125	4.20	1.31	5.20
2018	0.184	1.00	1.085	4.20	1.27	5.20
2019	0.184	1.00	1.045	4.20	1.23	5.20
2020	0.184	1.00	1.035	4.20	1.22	5.20

Notes:

(1) These rates are per \$100.00 of assessed value for real estate and personal property.

(2) The Commonwealth of Virginia has no limitations on local tax rates.

(3) Real property taxes are due in semi-annual installments by June 5 and December 5, and become delinquent thereafter. As of January 1, 2019, Loudoun County bills, collects and administers real estate taxes for the Town.

(4) No discounts are allowed for early payment.

(5) Residents of incorporated towns in the Commonwealth of Virginia are subject to real property and personal property taxes levied by the town and the county where they reside.

(6) The assessed values of all real estate components are taxed at the same rate.

TABLE 11

TOWN OF LEESBURG, VIRGINIA

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Chelsea GCA Realty Partnership LP	\$ 297,225,660	1	3.52 %	\$ 124,401,300	1	2.15 %
CRP/TRC Leesburg Retail Owner LLC	114,560,240	2	1.36	-	-	-
KJ Met Leesburg Property LLC	83,995,150	3	0.99	-	-	-
PP Leesburg Investors LLC	69,433,070	4	0.82	-	-	-
CS1031 Bellemeade Farms Apartments DST	60,392,870	5	0.71	-	-	-
C H Realty III/Battlefield LLC	60,181,760	6	0.71	48,317,600	3	0.84
RPAI Leesburg Fort Evans LLC	60,125,620	7	0.71	-	-	-
Van Metre Homes at Meadowbrook Farm Estates LLC	59,160,480	8	0.70	-	-	-
Federal Realty Investment Trust	55,109,610	9	0.65	-	-	-
Stanley Martin Companies LLC	52,067,190	10	0.62	-	-	-
Carlyle/Cypress Leesburg LLC	-	-	-	123,500,000	2	2.14
Battlefield FE LP	-	-	-	47,517,500	4	0.82
Windsor at Fieldstone Ltd Partnership	-	-	-	42,760,900	5	0.74
Fund IX CB Leesburg LLC	-	-	-	32,755,000	6	0.57
Potomac Station (E&A) LLC	-	-	-	26,898,400	7	0.47
NA Properties Inc	-	-	-	20,969,800	8	0.36
Cornwall Pavilion LP	-	-	-	16,862,800	9	0.29
Neuman-Bellewood LLC	-	-	-	16,470,300	10	0.28
	<u>\$ 912,251,650</u>		<u>10.81 %</u>	<u>\$ 500,453,600</u>		<u>8.65 %</u>

TABLE 12

TOWN OF LEESBURG, VIRGINIA

**REAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS
(Unaudited)**

Calendar Year	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections through September 30, 2020	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 10,686,708	\$ 10,538,460	98.61 %	\$ 148,248	\$ 10,686,708	100.00 %
2012	10,985,052	10,800,230	98.32	183,423	10,983,653	99.99
2013	11,372,301	11,238,473	98.82	133,809	11,372,282	100.00
2014	11,586,879	11,448,839	98.81	135,563	11,584,401	99.98
2015	11,951,870	11,821,082	98.91	125,554	11,946,636	99.96
2016	12,302,314	12,121,029	98.53	173,454	12,294,483	99.94
2017	12,879,257	12,653,736	98.25	195,475	12,849,212	99.77
2018	13,654,178	13,428,080	98.34	195,999	13,624,079	99.78
2019	14,345,336 (1)	7,207,925	50.25	79,090	7,207,925	50.25
2020	15,063,915	7,500,786	49.79	-	7,500,796	49.79

**PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS
(Unaudited)**

Calendar Year	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections through September 30, 2020	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 3,576,777	\$ 2,933,515	82.02 %	\$ 639,423	\$ 3,572,938	99.89 %
2012	2,711,235	2,226,970	82.14	477,143	2,704,112	99.74
2013	2,976,406	2,513,570	84.45	407,605	2,921,175	98.14
2014	284,978 (2)	269,307	94.50	15,590	284,897	99.97
2015	2,930,148 (3)	2,679,717	91.45	194,937	2,874,654	98.11
2016	3,030,471	2,753,137	90.85	203,188	2,956,325	97.55
2017	3,320,943	2,746,748	82.71	376,898	3,123,646	94.06
2018	3,207,577	2,840,544	88.56	368,685	3,209,229	100.05
2019	3,035,157	2,472,048	81.45	324,025	2,472,048	81.45
2020	2,748,852	1,182,441	43.02	-	1,182,441	43.02

Note:

(1) The amounts for calendar year 2019 reflect only the first half of the collections. The second half is due December 5. As of January 1, 2019 Loudoun County is billing and collecting real estate taxes for the Town.

(2) There was no personal property tax levied in calendar year 2014. The due date was moved from October 2014 to May 2015 by Town Council action. Levies and collections were made in fiscal year 2015.

(3) The Real Estate portion of Public Service Corporation is included in years 2012-2020 under Personal Property Tax levied and collected.

TOWN OF LEESBURG, VIRGINIA

**RATIOS OF OUTSTANDING DEBT BY TYPE AND GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year June 30,	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Per Capita Personal Income	Debt Per Capita	General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	General Bonded Debt Outstanding
	General Obligation Bonds	Notes Payable	Revenue Bonds	General Obligation Bonds	Notes Payable				General Obligation Bonds		Debt Per Capita
2011	\$ 55,175,219	\$ -	\$ 6,282,575	\$ 62,995,669	\$ -	\$ 124,453,463	4.35 %	2,794	\$ 118,170,888	2.04 %	2,653
2012	59,994,727	-	4,204,897	63,735,361	-	127,934,985	4.32	2,777	123,730,088	2.09	2,685
2013	56,946,559	-	4,204,897	63,074,316	-	124,225,772	4.25	2,604	120,020,875	1.94	2,515
2014	57,234,740	-	4,204,897	62,564,875	-	124,004,512	4.13	2,513	119,799,615	1.83	2,428
2015	70,620,000	-	3,886,950	61,375,000	-	135,881,950	4.34	2,668	131,995,000	1.99	2,591
2016	72,747,433	-	3,234,264	64,682,401	-	140,664,098	4.31	2,680	137,429,834	2.05	2,618
2017	68,240,268	-	2,558,534	63,572,170	-	134,370,972	4.00	2,486	131,812,438	1.86	2,438
2018	62,453,834	555,988	1,858,946	61,892,273	-	126,761,041	3.60	2,358	124,346,107	1.65	2,313
2019	56,750,109	1,702,735	1,134,659	60,302,566	-	119,890,069	3.17	2,231	117,052,675	1.48	2,179
2020	51,508,052	2,387,586	384,800	59,883,210	5,460	114,169,108	2.99	2,125	111,391,262	1.34	2,073

Notes:

(1) Details regarding the Town's outstanding debt may be found in the notes to the financial statements.

(2) Population and personal income data can be found in Table 17.

(3) See Table 9 for property value data.

(4) The outstanding amounts of the bonds are presented inclusive of premiums and discounts.

TOWN OF LEESBURG, VIRGINIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2020

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Loudoun County, Virginia	\$1,725,608,883	9.40 %	\$ 162,267,026
Town Direct Debt			<u>53,895,638</u>
Total direct and overlapping debt			<u><u>\$ 216,162,664</u></u>

Notes:

(1) Overlapping debt is not bonded debt of the Town on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the Town are obligated to pay through direct tax levies and charges for services of these respective governmental entities. The debt of Loudoun County, Virginia is a direct general obligation debt of the County which provides facilities that benefit all County residents including those of incorporated towns.

(2) The percentage of overlapping debt applicable is estimated using taxable assessed real property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the government's boundaries and dividing it by the County's taxable assessed value.

TABLE 15

TOWN OF LEESBURG, VIRGINIA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 578,516,198	\$ 590,906,536	\$ 619,696,514	\$ 654,732,947	\$ 664,310,587	\$ 671,886,518	\$ 708,120,024	\$ 719,751,563	\$ 801,015,032	\$ 844,962,584
Total net debt applicable to limit	55,683,926	59,915,619	56,946,559	57,234,740	70,620,000	68,115,000	68,240,268	62,453,834	58,452,844	53,895,638
Available legal debt margin	<u>\$ 522,832,272</u>	<u>\$ 530,990,917</u>	<u>\$ 562,749,955</u>	<u>\$ 597,498,207</u>	<u>\$ 593,690,587</u>	<u>\$ 603,771,518</u>	<u>\$ 639,879,756</u>	<u>\$ 657,297,729</u>	<u>\$ 742,562,188</u>	<u>\$ 791,066,946</u>
Total net debt applicable to the limit as a percentage of debt limit	9.63%	10.14%	9.19%	8.74%	10.63%	10.14%	9.64%	8.68%	7.30%	6.38%
Legal debt margin calculation for fiscal year 2020										
Assessed value of real estate	<u>\$ 8,449,625,843</u>	Summary of outstanding debt:				\$ 114,169,108				
		Gross bonded debt				60,273,470				
		Less: enterprise debt								
Debt limit (10% of assessed value)	844,962,584									
Debt applicable to limit:		General obligation debt:				<u>\$ 53,895,638</u>				
Net direct debt outstanding	<u>53,895,638</u>									
Available legal debt margin	<u>\$ 791,066,946</u>									

Note:

(1) Section 15.1-176 of 1950 *Code of Virginia*, as amended, limits to 10% the assessed valuation of the real estate subject to taxation as the amount of debt which can be issued by the Town. Debt includes any bonds or other interest bearing obligations including existing indebtedness. Excluded from the debt margin calculation are bonds payable from enterprise funds issued under Article VII Section 10(a)(2) of the Constitution of Virginia.

TABLE 16

TOWN OF LEESBURG, VIRGINIA

BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year June 30,	Utilities Fund						
	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2011	\$ 16,434,880	\$ 10,140,178	\$ 6,294,702	\$ 2,606,022	\$ 2,851,913	\$ 5,457,935	1.15
2012	17,110,830	10,282,888	6,827,942	2,050,000	2,705,326	4,755,326	1.44
2013	17,231,686	10,218,722	7,012,964	715,000	3,216,795	3,931,795	1.78
2014	17,983,513	11,385,489	6,598,024	789,593	2,961,708	3,751,301	1.76
2015	18,081,938	10,369,729	7,712,209	2,300,000	2,111,102	4,411,102	1.75
2016	20,898,668	11,254,828	9,643,840	2,232,686	2,911,379	5,144,065	1.87
2017	22,975,657	11,076,596	11,899,061	1,930,730	2,574,561	4,505,291	2.64
2018	24,666,675	11,659,942	13,006,733	2,129,588	2,473,479	4,603,067	2.83
2019	27,958,235	12,463,732	15,494,503	2,164,287	2,301,496	4,465,783	3.47
2020	31,769,008	14,672,080	17,096,928	2,284,859	2,361,901	4,646,760	3.68

Notes:

(1) Utility service charges include all revenues of the fund except gains on sales of capital assets, developer donated assets, capital grants, and transfers in.

(2) Operating expenses are exclusive of depreciation and amortization, interest expense, losses on sales of capital assets, and transfers out.

TABLE 17

TOWN OF LEESBURG, VIRGINIA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year June 30,	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) Unemployment Rate
2011	44,537	\$ 2,861,901,018	\$ 66,366	5.00 %
2012	46,076	2,962,952,700	68,468	4.80
2013	47,713	2,922,470,892	67,023	4.70
2014	49,338	3,004,310,856	68,286	4.50
2015	50,935	3,130,475,250	70,750	3.70
2016	52,495	3,263,239,990	73,295	3.40
2017	54,055	3,357,604,398	74,878	2.90
2018	53,763	3,524,782,430	78,070	2.70
2019	53,727	3,776,617,650	80,275	2.30
2020	53,727	3,820,531,290	79,986	7.10

Notes:

(1) 2011-2017: Loudoun County Department of Planning and Zoning, April 24, 2017 Estimate Series
2018-2020: Town of Leesburg Public Information

(2) Per capita and Personal Income information is not maintained for towns in Virginia. The amounts used here are for the County of Loudoun, Virginia, which the Town lies within. Information for per capita personal income is sourced from the Bureau of Economic Analysis through 2018. Estimates for 2019 and 2020 are estimates from the Loudoun County Department of Management and Budget.

(3) Unemployment rates information is maintained for some towns in Virginia, including Leesburg. The information provided is sourced from the Bureau of Labor Statistics, Local Area Unemployment Statistics, October 20, 2020, month of June each year. Values of previous years have been revised.

TABLE 18

TOWN OF LEESBURG, VIRGINIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2020		Percentage of Total Employment	2011	
	Employees	Rank		Employees	Rank
Loudoun County Government	2,500-5,000	1	14.3 %	2,000-2,500	1
Loudoun County Public Schools	1,000-1,500	2	6.5	1,500-2,000	2
Federal Aviation Administration	500-1,000	3	2.4	500-1,000	3
Town of Leesburg	250-500	4	2.1	500-1,000	4
Wegmans	250-500	5	1.8	250-500	5
Commonwealth of Virginia	250-500	6	1.5	-	-
Stryker (formerly K2M)	250-500	7	1.4	-	-
Target	250-500	8	1.3	250-500	7
Costco	250-500	9	1.1	100-250	8
Loudoun Medical Group	100-250	10	1.0	-	-
Mastec Services	-	-	-	250-500	6
K2M	-	-	-	100-250	9
Walmart	-	-	-	100-250	10

Sources: Town of Leesburg Economic Development Department, Virginia Employment Commission, 1st Quarter 2020.

TABLE 19

TOWN OF LEESBURG, VIRGINIA

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018 (3)	2019	2020
Town Manager's Office	9.0	6.0	6.0	6.0	7.0	8.0	6.0	6.0	6.0	8.0
Town Attorney	3.0	3.0	3.0	3.0	5.0	5.0	5.0	5.0	4.0	4.0
Clerk of Council	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Finance	19.5	16.0	16.0	15.5	15.5	17.5	19.5	19.0	19.5	21.5
Human Resources	7.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Information Technology	6.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	7.0	9.0
Public Safety	101.0	101.0	101.0	101.0	103.0	103.0	103.0	103.0	103.0	108.0
Public Works & Capital Projects	53.0	49.0	49.0	49.0	49.0	53.0	55.0	57.0	61.0	65.0
Capital Projects Management	10.0	10.6	10.6	9.4	6.0	-	-	-	-	-
Utilities	80.5	78.5	78.0	78.0	78.0	81.0	81.0	81.0	83.0	91.0
Parks, Recreation and Cultural	111.0	107.1	107.1	107.1	107.5	107.5	105.5	37.3	35.0	36.0
Balch Library	6.2	5.2	5.2	5.2	5.2	5.2	5.2	3.0	3.0	3.0
Planning & Zoning	16.0	11.0	11.0	12.0	12.0	12.0	12.0	14.0	14.0	14.0
Plan Review	12.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0	9.0	9.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5
Airport	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5
	<u>441.2</u>	<u>411.4</u>	<u>410.9</u>	<u>410.2</u>	<u>412.2</u>	<u>415.2</u>	<u>416.2</u>	<u>349.3</u>	<u>355.5</u>	<u>380.5</u>

Source: Town of Leesburg Fiscal Year Budgets.

Note:

(1) Public Works and Capital Projects Management were merged in fiscal year 2016.

(2) Method for calculating FTEs changed to exclude flexible part time employees in fiscal year 2019.

(3) Method for calculating FTEs changed to exclude flexible part time employees in fiscal year 2018.

TABLE 20

TOWN OF LEESBURG, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN CALENDAR YEARS

(Unaudited)

Function/Program	Calendar Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (1)
Police:										
Calls for service	50,832	47,864	49,764	51,028	54,261	44,110	45,831	49,695	33,734	24,946
Adult arrest	1,468	1,244	1,063	1,189	710	635	1,156	934	636	611
Juvenile arrest	319	237	121	165	83	58	227	71	28	20
Speeding citations only	1,662	1,736	1,764	1,260	1,542	887	854	1,069	903	405
Traffic citations	6,795	5,567	5,580	7,064	4,827	4,115	5,572	7,714	5,275	1,953
Administration:										
Applications processed (full and part-time)	1,712	1,879	1,276	2,528	3,141	2,744	3,134	2,886	2,345	1,489
Positions advertised (full and part-time)	42	70	56	109	132	115	113	103	92	47
New hires (full and part-time)	130	142	124	166	200	155	183	156	139	78
Reportable accidents	37	25	24	20	26	19	19	14	17	9
All town training sessions	20	47	38	29	30	40	50	49	53	10
Public service:										
Garbage collected (ton)	18,024	18,185	13,639	13,183	15,489	16,309	15,541	15,842	12,322	12,305
Recycle collected (ton)	9,776	10,355	7,766	5,226	7,529	7,288	7,604	6,016	3,980	4,339
Parks and recreation:										
Recreation program attendance	23,306	14,883	11,160	11,174	12,374	10,363	11,691	11,031	10,565	3,839
Aquatics program attendance	9,902	7,781	5,835	8,008	7,996	8,094	8,256	7,843	7,381	2,323
Utilities:										
New water connections	94	116	87	116	59	106	132	114	172	151
New wastewater connections	85	100	84	114	57	105	132	111	161	149
Average daily water consumption (mgd)	4.30	4.29	4.28	4.25	4.20	4.15	4.11	4.06	4.16	4.16
Average daily sewage treatment (mgd)	4.88	4.46	4.42	4.27	4.05	4.09	3.95	4.55	4.33	4.01
Airport:										
Number of hangers rented	57	57	57	57	57	57	57	57	57	57
Number of tiedowns rented	120	110	102	108	101	106	106	106	106	110
Number of incidents on airport property	1	1	-	2	-	1	-	-	-	-

Note:

(1) Through September 30.

Source: Various Town departments

TABLE 21

TOWN OF LEESBURG, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Streets:										
Primary (miles)	15	15	15	15	15	15	15	15	16	16
Secondary (miles)	91	92	92	92	92	92	93	93	93	94
Traffic signals	51	52	54	56	56	59	59	60	61	61
Number of street lights	2,654	2,700	2,791	2,920	2,993	3,089	3,165	3,180	3,221	3297
Parks and recreation:										
Parks – number of acres	361	361	361	361	370	370	370	370	370	370
Major parks – number of acres	265	265	265	265	265	265	265	265	265	265
Neighborhood parks – number of acres	96	96	96	96	105	105	105	105	105	105
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football fields	3	3	3	3	3	3	3	3	3	3
Basketball courts	4	4	4	4	4	4	4	4	4	4
Tennis courts	11	11	11	11	11	11	11	11	11	11
Swimming pools	3	3	3	3	3	3	3	3	3	3
Parks with playground equipment	5	5	5	6	6	6	6	6	6	6
Picnic shelters	4	4	4	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Balch Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	59,423	61,368	70,717	74,262	76,203	77,899	94,987	124,737	128,119	130,532
Water:										
Wells	1	1	1	1	1	1	1	1	1	1
Water lines (miles)	218	217	218	218	218	218	218	220	223	223
Fire hydrants	2,459	2,589	2,598	2,595	2,606	2,606	2,606	2,724	2,792	2,837
Storage capacity (mgd)	8	8	8	8	8	8	8	8	8	8
Number of customers	15,159	15,292	15,509	15,553	15,634	15,712	15,791	15,929	16,050	16,256
Sewers:										
Sanitary sewers (miles)	169	172	172	172	174	174	174	176	178	186
Storm sewers (miles)	134	134	137	137	144	144	144	153	169	162
Number of customers	15,178	15,347	15,391	15,453	15,579	15,657	15,734	15,872	16,107	16,377
Airport:										
Hangers	57	57	57	57	57	57	57	57	57	57
Tie-downs	122	120	120	120	120	120	120	120	120	120

Source: Various Town departments

TABLE 22

TOWN OF LEESBURG, VIRGINIA

LEGAL DEBT MARGIN INFORMATION FOR BOND COVENANT CONTINUING DISCLOSURE

June 30, 2020
(Unaudited)

		<u>As of June 30, 2020</u>
Assessed Value of Real Estate		\$ 8,449,625,843
Legal Debt Limit-10% to total Assessed Value of Real Estate		844,962,584
Total amount of debt applicable to debt margin (1)	\$ 114,169,108	
Less: 1999 Revenue Bond (2)	<u>384,800</u>	
Net amount of debt applicable to debt margin		<u>113,784,308</u>
Legal Margin for Creation of Additional Debt		<u><u>\$ 731,178,276</u></u>

Notes:

(1) See Table 15 Gross Bonded Debt.

(2) See Table 13 Ratios of Outstanding Debt by Type and General Bonded Debt Outstanding.

COMPLIANCE SECTION

TOWN OF LEESBURG, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020**

	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF HOUSING AND HUMAN SERVICES			
Pass-Through Payments:			
Loudoun County			
Coronavirus Aid, Relief, and Economic Security (CARES)	NA	21.019	\$ 180,419
Total Housing and Human Services			180,419
DEPARTMENT OF JUSTICE			
Direct Payments:			
Bulletproof Vest Partnership	NA	16.607	5,898
Pass-Through Payments:			
Virginia State Police			
Byrne Coronavirus Supplemental Assistance Funding		16.738	38,204
Northern Virginia Gang Task Force			
FBI Safe Streets Gang Task Force	NA	16.544	8,923
Pass-Through Payments:			
Town of Vienna, Virginia			
Gang-Free Schools and Communities-Community Based			
Youth Gang Prevention	2010-DD-BX-0483	16.544	10,142
Total Department of Justice			63,167
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through Payments:			
Loudoun County			
Community Development Block Grant	NA	14.228	2,385
Total Department of Housing and Urban Development			2,385
DEPARTMENT OF TRANSPORTATION			
Direct Payments:			
North Hangars	3-51-0027-042-2019	20.106	70,292
Airport Runway Light Rehabilitation	3-51-0027-041-2019	20.106	670,831
Pass-Through Payments:			
Virginia Department of Transportation:			
Federal-Aid Highway Program – Lower Sycolin	U000-253-312	20.205	1,836,440
Federal Highway Safety Program (HSIP)	U000-253-337	20.205	76,231
Total Highway Planning and Construction Center			1,912,671
Total Department of Transportation			2,653,794
Total Federal Expenditures			\$ 2,899,765

TOWN OF LEESBURG, VIRGINIA

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020**

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting as contemplated by accounting principles generally accepted in the United States of America.

De Minimus Indirect Cost Rate

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

Outstanding Loan Balances

At June 30, 2020, the Town had no outstanding loan balances requiring continuing disclosure.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Members of Town Council
Town of Leesburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leesburg, Virginia (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 1, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be a material weakness. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs, as item 2020-001 that we consider to be a significant deficiency.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-002 and item 2020-003.**

Town of Leesburg's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Honorable Members of Town Council
Town of Leesburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Town of Leesburg, Virginia's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2020. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2020

TOWN OF LEESBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia:

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act

State Agency Requirements:

Highway Maintenance Funds

LOCAL COMPLIANCE MATTERS

Town Charter

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

TOWN OF LEESBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One significant deficiency** relating to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **Two instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The major program of the Town is:

<u>Name of Program</u>	<u>CFDA #</u>
Highway Planning and Construction	20.205

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Town of Leesburg **was** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Proffer Revenue – Significant Deficiency

Condition:

The Town recognized proffer revenue in fiscal year 2018 and fiscal year 2019 instead of reflecting as unearned revenue.

Criteria:

According to the Town's policy, proffers received related to schools should be recorded as unearned revenue until the funds are spent at the discretion of the school board.

Cause:

Proffers were coded incorrectly by Planning & Zoning Department and not reviewed for accuracy by that department. Finance Department reviews were unable to identify the errors.

Effect:

Proffer revenue was overstated and unearned revenue was understated for two years and resulted in a prior period adjustment in fiscal year 2020.

(Continued)

TOWN OF LEESBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2020-001: Proffer Revenue – Significant Deficiency (Continued)

Recommendation:

We recommend that Planning & Zoning Department management regularly review proffer transactions in addition to the Finance Department's reviews.

Views of Responsible Officials and Planned Corrective Action:

The auditee concurs with this recommendation and plans to implement a corrective action in fiscal year 2020 in which the Finance Department and the Planning & Zoning Administrator meet quarterly to review proffer transactions.

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2020-002: Highway Maintenance – Work and Rates

Condition:

In six highway maintenance work orders out of six tested, we noted instances where the streets on which the work was performed were not identified or the labor or equipment rate used did not agree to the supporting documentation.

Criteria:

Per requirements set forth by the Commonwealth of Virginia, costs reported on the annual Weldon Cooper Center Local Finance Survey must be allowable costs for the maintenance, construction, or reconstruction of eligible streets.

Cause:

There was inconsistency in documenting streets and rates used.

Effect:

Inaccurate supporting documentation could result in incorrect cost reporting on the annual survey.

Recommendation:

We recommend revisiting procedures around monitoring highway maintenance.

View of Responsible Officials and Planned Corrective Action:

VDOT no longer publishes rate data for vehicles or equipment; therefore, most fiscal year 2020 rates were set using the latest published FEMA rates for the respective class of vehicle or equipment. If VDOT resumes publishing of vehicle or equipment rates we would defer to those rates at that time. The Town is looking into calculating rates for new equipment added to the fleet and for which we have good records of all purchase, operating and maintenance costs; this level of data collection has only been available after implementing Lucity asset management software in fiscal year 2020 and is not available for most of the fleet purchased prior to this year.

(Continued)

TOWN OF LEESBURG, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

C. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2020-003: Highway Maintenance - Reporting

Condition:

Annual Weldon Cooper Center Local Finance Survey to the Virginia Department of Transportation was submitted with an error in calculation.

Criteria:

Per requirements set forth by the Commonwealth of Virginia, payments and expenditures claimed on the annual report must reconcile to the local government's accounting system and must be supported by detailed documentation.

Cause:

Report prepared without internal review.

Effect:

Incorrect cost reporting on the annual survey.

Recommendation:

We recommend performance of an internal review of the report before submission.

Views of Responsible Officials and Planned Corrective Action:

Auditee agrees with finding. Finance department will have someone review the report before it is submitted.

TOWN OF LEESBURG, VIRGINIA
SCHEDULE OF PRIOR YEAR AUDIT FINDING
Year Ended June 30, 2020

A. FINDINGS – COMMONWEALTH OF VIRGINIA

2019-001: Highway Maintenance

Condition:

In eight highway maintenance work orders out of ten tested, we noted instances where either there was unclear documentation on the employee performing the work or the equipment rate used did not agree to the supporting documentation.

Criteria:

Per requirements set forth by the Commonwealth of Virginia, costs reported on the annual Weldon Cooper Center Local Finance Survey must be allowable costs for the maintenance, construction, or reconstruction of eligible streets.

Cause:

There was inconsistency in documenting work performed and rate used.

Effect:

Inaccurate supporting documentation could result in incorrect cost reporting on the annual survey.

Recommendation:

We recommend revisiting procedures around monitoring highway maintenance.

Current Status:

Still applicable as noted in the schedule of findings and questioned costs at Item 2020-002.