



Town of Leesburg, Virginia

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

Town of Leesburg, Virginia

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Introductory Section



December 2, 2024

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the Town of Leesburg (the Town) for the fiscal year ended June 30, 2024. 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 ACFR 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 ACFR summarizes the Town's financial position and activities for the fiscal year ended June 30, 2024.

The Department of Finance 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 ACFR 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 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 12.65 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 national archives 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 George C. Marshall, Chief of Staff of the U.S. Army during World War II and later U. S. Secretary of State and Secretary of Defense. Marshall was the architect of the famed Marshall Plan for the post-war economic recovery of Europe, an accomplishment for which he received the Nobel Peace Prize in 1953.

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. It was placed on the National Register 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 recent years:

- 2024's 10 Most Beautiful Small Towns in Virginia" – WorldAtlas.com
- Best Community Event/Festival - Flower & Garden Festival / Runner-Up First Friday – Loudoun Times Mirror – 2024
- Best Date Spot - Downtown Leesburg – Loudoun Times Mirror - 2024
- Safest Cities in Virginia - #6, Ramsey Solutions - 2023
- Leesburg placed 8th on Fortune's 25 Best Places to Live for Families Ranking 2022
- Most Beautiful Town in Virginia – TheTravel.com - 2022

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 has appointed the Town Manager who is the chief executive officer of the Town. The Town Manager serves at the pleasure of the Council, carries out its policies, directs business procedures, and has the power of appointment and removal of all Town employees, except for the Town Attorney who is appointed by the Town Council. 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 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 (including Economic Development, Emergency Management, and Public Information), Department of Finance (including Human Resources and Information Technology), Police, Public Works and Capital Projects, Community Development, Town Attorney, Town Clerk, Parks and Recreation, Utilities, Thomas Balch Library, and the Leesburg Executive Airport. Each department has a director who reports to the Town Manager or designee.

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 positive impact is attributed in large part to Leesburg's location in Northern Virginia and its proximity to Washington, D.C. and the federal government and the Town's concentration of high technology employees.

The unemployment rate for Loudoun County for Fiscal Year 2024 raised slightly to 3.0% as compared to 2.5% for Fiscal Year 2023.

As with other jurisdictions, the Town experienced major financial and economic impacts due to COVID-19. Revenues associated with the restaurant, entertainment, travel, and hospitality industries experienced a significant decrease in Fiscal Year 2020. However, The Town has experienced a complete recovery to pre-COVID-19 revenues for Meals Revenue, Transient and Occupancy Tax Revenue and Parks and Recreation Service Fees. In Fiscal Year 2024, those revenues were \$8,125,216, \$1,107,411 and \$5,350,850 respectively. In Fiscal Year 2020, those revenues were \$5,175,671, \$558,215 and \$3,200,715 respectively.

Residential Assessed Property Values decreased slightly from \$9,475,893,930 in Fiscal Year 2023 to \$9,447,447,020 in Fiscal Year 2024. Commercial Assessed Property Values increased slightly from \$1,818,412,490 in Fiscal Year 2023 to \$1,935,160,560 in Fiscal Year 2024.

Sales Tax revenues from consumer spending were \$6,711,078, down from Fiscal Year's 2023 revenue of \$7,382,899. The decrease in revenue was due to several factors, including Loudoun County adjustments and refunds.

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 Town continues to address these concerns, and the Fiscal Year 2024 budget answered these questions by adhering to a long-range financial sustainability plan

those balanced services, capital investments, and debt service funding with taxpayer affordability, while setting aside sustainability reserves for emergencies and expected higher capital project construction costs.

The Fiscal Year 2024 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:

- Community & Economic Development.
- Capital Improvements Program aligned with environmental sustainability.
- Town Plan Adoption and Implementation.
- Emergency Preparedness.
- Information Technology - emphasizing cybersecurity and system resiliency.

The importance of long-term budget sustainability is evident considering the effects of the COVID-19 Pandemic and the post-pandemic surge of inflation. 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 competitive 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 significantly exceeded its long-term goal of maintaining a 20% unassigned general fund balance. This fiscal discipline was rewarded in Fiscal Year 2023 with Triple A ratings from Moody's, Fitch, and Standard & Poor's credit rating agencies, which have been affirmed by all three major rating agencies with stable outlooks.

COVID-19 Impact and Response

During Fiscal Year 2024, the major revenue sources of the Town have fully recovered from the impact of the pandemic by exceeding pre-pandemic levels of revenue.

Supply chain disruptions and high inflation continue to present challenges, especially for the Capital Improvements Projects. Recruiting for staff vacancies, especially in police, technically skilled positions, and in utilities plants has become very challenging. The Town has made compensation plan enhancements to remain competitive in the market.

The Town is closely monitoring the global, national, regional, and local economies to determine next steps should strong actions by the Federal Reserve cause the economy to fall into recession or should inflation rise. In developing its projections for the fiscal year ended June 30, 2024, and for the fiscal year ending June 30, 2025, 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.

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 new data becomes available. Town staff will continue to monitor the impacts of supply chain issues and rising inflation on Town finances and operations and

will continue 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.

Financial Condition

The Town Government continues to be in very sound financial condition as demonstrated by the financial statements and schedules included in this ACFR. Within the context of a fiscally prudent budget, the Town has maintained its levels of service to residents and taxpayers, achieved many programmatic goals, and enhanced the quality of life of the residents of the Town. The Town's management is seeing steady economic improvement and is cautiously optimistic that government and businesses will continue to recover and grow.

Town Council's goal of maintaining 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. To meet these demands, management developed the following initiatives:

- Successfully carried out the Council's policies on long-term budget stability and fiscal sustainability.
- Set and achieved high standards of 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 pressures of inflation.
- Accelerated the application of technology as financially feasible to improve access to Town services, improve communication with all residents, and enable increased remote working and service delivery opportunities in compliance with cybersecurity 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, and fully insured Certificate of Deposit Account Registry Service (CDARS) Certificates of Deposit. These investments are used to fund the General Fund's and Utilities Fund's operations, as well as some capital projects. The aforementioned investments 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 (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 trustees and managed by PFM, Inc. with the expectation that the assets will generate market-based returns with low fees.

Budgetary Accounting and Internal Controls

The Town's budget is prepared based on funds which are fiscal and accounting entities with a self-balancing set of accounts recording cash and other financial resources, combined 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 regulations, restrictions, and limitations.

The types of funds maintained by the Town include governmental funds (General Fund, Capital Projects, and Thomas Balch Library Endowment Trust Fund), a fiduciary fund (Other Post Employment Trust Fund), an internal service fund (Self Insurance 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 appropriate amount) is established by department within the General Fund. The Town Manager has authority to amend or transfer appropriations between departments. The Town 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.

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 continually reviews and assesses the soundness and adequacy of the Town's financial system and internal controls to ensure the strongest possible structure has been established and maintained.

Notable Transactions and Actions

The Town Council set aside significant General Fund reserves in Fiscal Year 2024 from one-time revenues resulting from staff vacancies and cost control measures taken in prior fiscal years. A reservation of General Fund unassigned fund balance requires a majority vote of Town Council to create the reserve or to use or appropriate funds previously reserved, except when the reservation is required by statute such as contractual commitments or outstanding purchase orders.

Material reservations of General Fund unassigned fund balance were made by Town Council for:

Debt Service Reserve	\$9,753,620
Revenue stabilization and resiliency reserve for recessionary shortfalls	2,000,000
Information Technology Strategic Plan	35,189
Capital projects cost overruns reserve for inflation or unforeseen items	2,000,000
Friends of Thomas Balch Library	1,200
Reserved for Tree Bank spending	<u>46,510</u>

Subtotal of Reserved Fund Balance	\$13,836,519
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Supplemental Appropriations during Fiscal Year 2024:	
Town-Wide Video Project	\$623,710
Traffic Signal – Fiber Connection	529,605
Wirt Street Facility Renovation	597,655
Second Fiber Connection to the Police Department	350,000
Downtown Parking Sign	28,255
Airport Air Traffic Control	109,494
Airport Apron Paving	190,705
Stormwater Program	376,094
Town-Wide Bus Shelters	80,333
Compass Creek Litigation	38,971
Financial Assistance for Utility Customers	100,000
Contributions to Laws	25,000
Elec Charging Station	120,000
Contribution to Leesburg Movement	30,000
Parks Master Plan	200,000
CAD/RMS System Upgrade	113,678
Catoctin Circle	<u>630,000</u>
Subtotal of Supplemental Appropriations	\$4,143,500

Total material fiscal year 2024 reservations of General Fund balance	<u>\$17,980,019</u>
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These reservations of General Fund unassigned fund balance provided for statutory reserve requirements, significant improvements in fiscal resilience and sustainability, funding for capital projects, and funded initiatives related to improving the Town’s cyber infrastructure and security.

The Town’s Fiscal Year 2024 ending unassigned fund balance in the General Fund was \$27,235,766 or \$1,106,337 less than the unassigned fund balance from Fiscal Year 2023. This represents 35.72% of General Fund expenditures, which is well above the Town Council’s 20% policy minimum. While the unassigned fund balance and substantial reserves are the result of one-time revenues, the Town has substantial fiscal flexibility and is well-positioned to be resilient in the face of economic unknowns.

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 to 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.

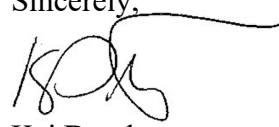
Certificate of Achievement for Excellence. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Town a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. 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.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues the 35-year tradition of conforming to the Certificate of Achievement Program requirements and standards. We are submitting this ACFR to GFOA to determine its eligibility for another certificate for fiscal year 2024.

For the Fiscal Year ended June 30, 2023, the Town won the coveted “Triple-Crown” of GFOA awards, winning awards for its Annual Comprehensive Financial Report, its Budget and Capital Improvement Program document, and its Popular Annual Financial Report (PAFR). Only a very few local governments win all three awards each year.

Acknowledgements. This report was prepared by the professional staff of the Department of Finance. 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 Diane Starkey, Deputy Director/Controller; Maria Bassett, Deputy Controller, Willis Felegie, Management and Financial Accounting Analyst; Tammy Hegner, Payroll Administrator; and Sonia Jordan, Accounting Associates for their technical expertise, teamwork, review, and dedicated service in the preparation of this ACFR.

This ACFR 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,

Kaj Dentler
Town Manager

Owen Snyder
Owen Snyder
Assistant Town Manager/CFO



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Leesburg
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

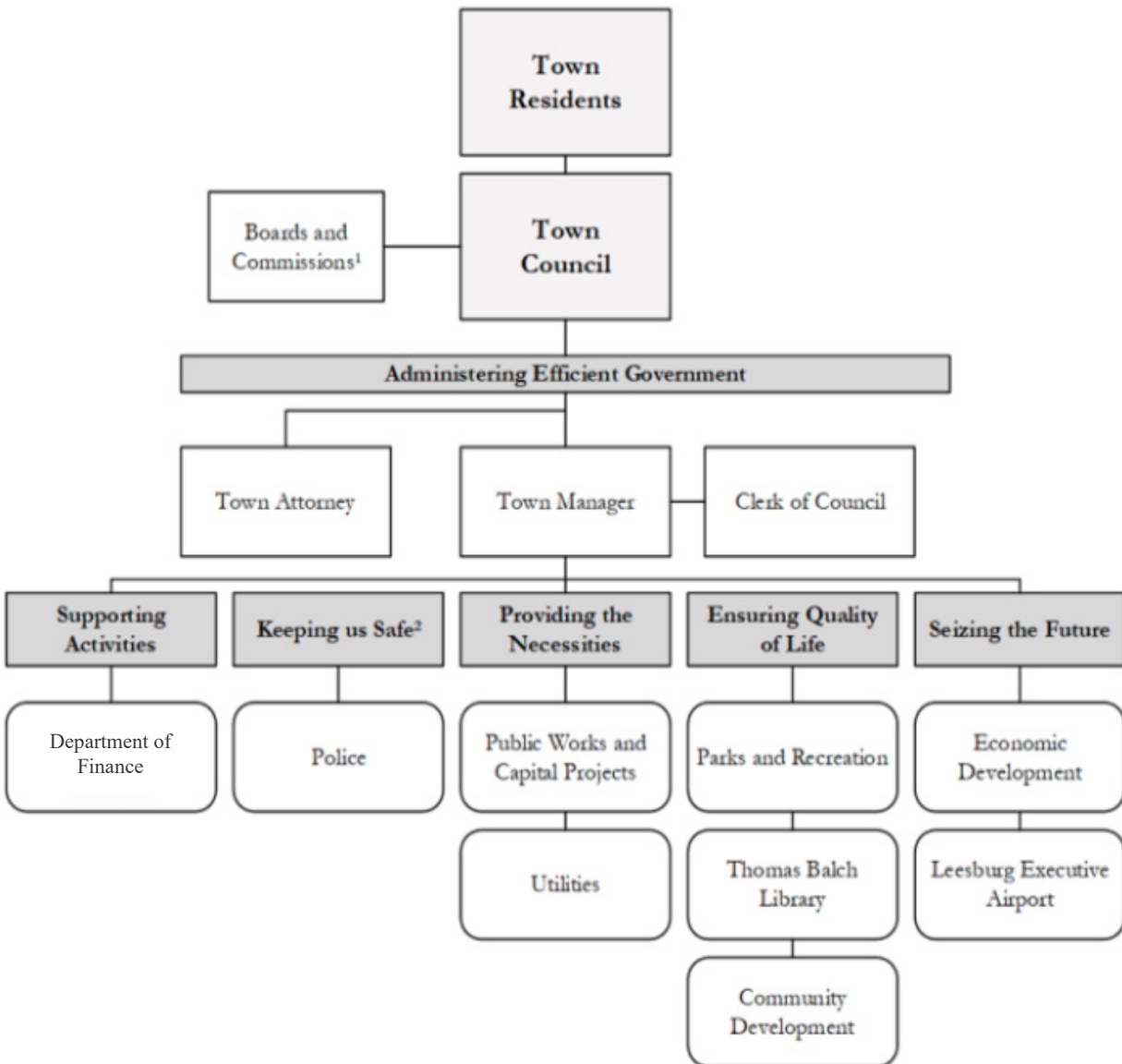
Christopher P. Morill

Executive Director/CEO

Town of Leesburg, Virginia

Organizational Chart

June 30, 2024



Town of Leesburg, Virginia

Directory of Principal Officials

June 30, 2024

Town Council

Kelly Burk, Mayor
Neil Steinberg, Vice Mayor
Ara Bagdasarian
Todd Cimino-Johnson
Zach Cummings
Kari Nancy
Patrick Wilt

Town Officials

Kaj Dentler Town Manager
Keith Markel..... Deputy Town Manager
Katherine Trask Assistant Town Manager
Owen Snyder Assistant Town Manager/CFO
Chris Spera Town Attorney
Eileen Boeing..... Clerk of Council
Thea Pirnat..... Police Chief
Renee LaFollette Director of Public Works and Capital Projects
Amy Wyks Director of Utilities
Rich Williams..... Director of Parks and Recreation
James David Director of Community Development
Scott Coffman Director of Airport
Russell Seymour Director of Economic Development
Laura Christiansen..... Director of Balch Library
Scott Varner Director of Information Technology
Joshua Didawick..... Director of Human Resources
Kara Rodriguez Public Information Officer



Financial Section

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2024, 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 accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024 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 2, 2024

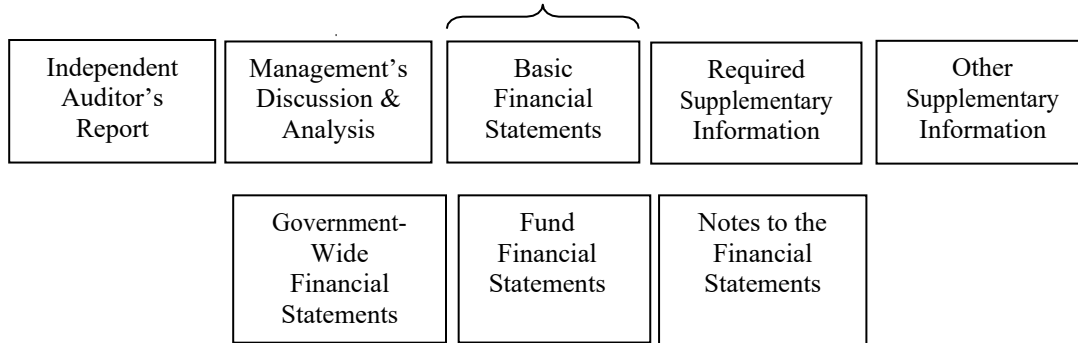
TOWN OF LEESBURG
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024

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, 2024. Readers are encouraged to read this discussion and analysis and the letter of transmittal from the Town Manager and the Assistant Town Manager/CFO in conjunction with the Town’s basic financial statements and related notes, which are also contained in this Annual Comprehensive Financial Report (ACFR).

USING THE FINANCIAL SECTION OF THIS ACFR

This ACFR 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*.

COMPONENTS OF THE FINANCIAL SECTION



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 resources 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 entire Town using accounting methods like 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.

GOVERNMENT-WIDE STATEMENTS (CONTINUED)

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, 2024. 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 ACFR'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 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; townwide council; airport, and public works. Capital improvement projects are accounted for in the Capital Projects Fund. 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 most or all 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 ACFR 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 ACFR are based upon each type of fund.

The Town has three types of funds:

Governmental Funds – The Town has two major governmental funds: the General Fund and the Capital Projects 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 provides control over the resources that have been segregated for those projects.

The Other Governmental Special Revenue Fund is a non-major governmental fund established for the purchase of collecting contributions and providing support to 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 expenses. Consequently, the governmental fund statements provide a detailed short-term view that assists the reader in understanding the financial resources available to be spent soon to support the Town's operations.

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Continued)

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 2024 comprised of one enterprise fund, the Utilities Fund to account for water and sewer services, and one internal service fund, Self-Insurance Fund. Both the enterprise fund and the internal service fund operate in a manner like 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). These financial statements are prepared on 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 activities column on the Statement of Net Position (Exhibit 1), and the proprietary fund revenues and expenses 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 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 proprietary funds, fiduciary funds are not required to report a statement of cash flows.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024

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 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 \$646.4 million as of June 30, 2024, of which \$419.6 million is attributable to the Town's governmental activities and \$226.8 million to business type activities (Exhibit 1). The government-wide total net position that is unrestricted is \$114.5 million, of which \$40.1 million is unrestricted for governmental activities and \$74.4 million is unrestricted for business-type activities. The Statement of Activities (Exhibit 2) presents all the factors attributed to the \$43.3 million or 7.2 percent increase in the Town's beginning net position from \$603.1 million in fiscal year 2023 to \$646.4 million in fiscal year 2024.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024 (CONTINUED)

The total increase in net position is \$43.3 million, composed of an increase of \$15.6 million in governmental activities and an increase of \$27.7 million in business-type activities. The increases in governmental net position were largely due to achieving revenue goals in General Property Tax revenue of \$24.1 million, Other Local Tax revenue of \$19.1 million, Parks and Recreation Fee revenue of \$5.3 million and Interest revenue of \$2.8 million. In addition, several departments were significantly under budget, including Finance and Administration Services of \$1.3 million, Public Safety of \$988 thousand and Public Works of \$3.1 million.

Total fund balance of the Town's governmental funds is \$86.8 million as of June 30, 2024, of which \$53.6 million is attributable to the Town's General Fund; \$31.9 million is attributable to the Town's Capital Projects and \$1.3 million is attributable to Other Governmental Funds (Exhibit 3). During fiscal year 2023, the Town merged the Northern Virginia Transportation Authority (NVTa) Special Revenue Fund into the Capital Projects Fund, thus eliminating the NVTa Special Revenue Fund. The NVTa Special Revenue Fund was created when it was believed that a separate fund was required to be maintained to account for revenue and expenses; however, it was determined that a separate fund was not required, and all capital projects could be accounted for in a singular capital projects fund. NVTa revenue is shown separately within the Capital Projects Fund to be compliant with NVTa grant agreements.

The General Fund's unassigned fund balance is \$27.7 million (Exhibit 3) a decrease of \$.6 million from fiscal year 2023. Operating expenses exceeded operating revenue in 2024 by \$3.5 million. The Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit 5) presents all the factors attributed to the \$20.0 million increase in the total Governmental Funds fund balance from \$66.8 million to \$86.8 million. This increase of \$20.0 million is due to an increase of \$.6 million in the fund balance of the General Fund, an increase of \$19.3 million in the Capital Projects Fund and an increase of \$.1 million in Other Government Funds. As noted above, during fiscal year 2023, the NVTa fund balance was transferred into the Capital Projects fund thus eliminating the NVTa fund. Additionally, in 2024, the Town issued long-term debt for the purpose of funding future governmental capital projects in the net amount of \$30 million.

The total net position of the Town's enterprise funds is \$227.6 million of which \$226.8 million is attributable to the Town's Utilities Fund and \$.8 million is attributable to the Town's Internal Service Fund on June 30, 2024 (Exhibit 8). The Utilities Fund's unrestricted net position is \$74.4 million, and the Internal Service Fund's unrestricted net position is \$.8 million. The Statement of Revenue, Expenses, and Changes in Net Position (Exhibit 9) presents all the factors attributed to the Utilities Fund's \$27.8 million or 14.0 percent increase from net beginning balance of \$199.1 million in fiscal year 2023 to \$226.8 million in fiscal year 2024. This increase in net position was mainly due to a \$15.4 million increase in installation and connection charges and an increase in net operations of \$1.6 million. Included in the \$15.4 million increase for installation and collection charges are \$13.0 million receipts from Microsoft for data center fees. In fiscal year 2024, the Internal Service Fund net position decreased by \$.3 million, due to an excess of expenses over revenue or income.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024 (CONTINUED)

Statement of Net Position

Table 1 below summarizes and compares the Statement of Net Position (Exhibit 1) for the Town as of June 30, 2024 and 2023.

Table 1
Summary Statement of Net Position
Comparison as of June 30, 2024 and 2023 (\$ in Thousands)

The total net position for the Town's governmental activities increased approximately \$15.6 million or 3.8 percent, to \$419.6 million. This net increase is comprised predominantly of an increase in Net Investment in Capital Assets of \$21.7 million and an increase in Unrestricted Net Position of \$1.7 million. In comparison, net position for business-type activities increased approximately \$27.8 million to \$226.8 million, when compared to the opening balance of \$199.0 million. This increase is comprised predominantly of an increase in Unrestricted Net Position of \$21.7 million largely resulting from net operating income of \$4.1 million and the collection of available fees in the amount of \$17.5 million.

	Governmental Activities		Business-type Activities		Total Reporting Entity	
	2024	2023	2024	2023	2024	2023
<u>Assets and Deferred Outflows of Resources</u>						
Current and Other Assets	\$ 135,031	\$ 114,713	\$ 84,705	\$ 63,865	\$ 219,736	\$ 178,578
Capital Assets, net	432,020	414,982	209,279	199,838	641,299	614,820
Total Assets	567,051	529,695	293,984	263,703	861,035	793,398
Deferred Outflows of Resources	8,074	9,711	3,426	3,937	11,500	13,648
Total Assets and Deferred Outflow of Resources	575,125	539,406	297,410	267,640	872,535	807,046
<u>Liabilities and Deferred Inflows of Resources</u>						
Current Liabilities	16,299	16,825	5,600	4,193	21,899	21,018
Long-term Liabilities	102,658	79,347	60,663	58,838	163,321	138,185
Total Liabilities	118,957	96,172	66,263	63,031	185,220	159,203
Deferred Inflows of Resources	36,591	39,206	4,322	5,551	40,913	44,757
Total Liabilities and Deferred Inflows of Resources	155,548	135,378	70,585	68,582	226,133	203,960
<u>Net Position</u>						
Net Investment in Capital Assets	369,078	354,835	152,474	146,393	521,552	501,228
Restricted	10,393	10,748	-	-	10,393	10,748
Unrestricted	40,107	38,445	74,351	52,664	114,458	91,109
Total Net Position	\$ 419,578	\$ 404,028	\$ 226,825	\$ 199,057	\$ 646,403	\$ 603,085

The General Fund is the main operating fund of the Town; its total fund balance increased to \$53.6 million in fiscal year 2024 from \$53.0 million in fiscal year 2023 (Exhibit A-1). Of this total, the unassigned fund balance was \$27.7 million, a decrease of \$.68 million or -1.3 percent from fiscal year 2023. At the end of fiscal year 2024, the unassigned fund balance of \$27.7 million was 36.3 percent of General Fund expenses of \$76.3 million. In comparison, at the end of fiscal year 2023, the unassigned fund balance was \$28.3 million, equal to 42.7 percent of total General Fund expenses of \$66.3 million. The Assigned Fund Balance Designated for Future Years Expenditures increased \$1.2 million, due to an increase in the amount of open purchase orders and contractual expenses carried over to fiscal year 2025.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024 (CONTINUED)

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, 2024, the Capital Projects fund balance was \$31.9 million (Exhibit 3) compared to \$12.6 million in 2023. 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 2024 was a deficit of \$20.6 million, due to contract commitments on capital projects that were not yet fully funded, since all funding was fully committed to future projects and the Town has moved to the use of a line of credit for funding projects and capital is only borrowed when needed to reimburse for actual spending.

Statement of Activities

Table 2 summarizes and compares the Statement of Activities (Exhibit 2) for the Town for the fiscal years ended June 30, 2024 and 2023.

Table 2
Summary of Statement of Activities
Comparison for the years ended June 30, 2024 and 2023 (\$ in Thousands)

	Governmental Activities		Business-type Activities		Total Reporting Entity	
	2024	2023	2024	2023	2024	2023
REVENUES						
General Revenues:						
Property Taxes	\$ 24,164	\$ 22,171	\$ -	\$ -	\$ 24,164	\$ 22,171
Other Local Taxes	27,189	26,746	-	-	27,189	26,746
Other	8,113	6,209	4,562	2,738	12,675	8,947
					-	-
Program Revenues:						
Charges for Services	7,173	6,911	47,549	29,578	54,722	36,489
Operating Grants and Contributions	9,557	14,647	-	-	9,557	14,647
Capital Grants and Contributions	10,040	12,355	5,507	7,058	15,547	19,413
Total Revenues	86,236	89,039	57,618	39,374	143,854	128,413
EXPENSES						
Legislative	472	320	-	-	472	320
Executive	3,229	3,115	-	-	3,229	3,115
Legal	1,769	1,802	-	-	1,769	1,802
Parks and Recreation	8,693	8,730	-	-	8,693	8,730
Department of Finance	8,106	7,994	-	-	8,106	7,994
Balch Library	732	651	-	-	732	651
Community Development	4,859	3,869	-	-	16,755	3,869
Public Works	24,349	23,529	-	-	1,656	23,529
Public Safety	16,755	13,623	-	-	-	13,623
Airport	1,656	1,977	-	-	2,293	1,977
Interest	2,293	1,590	-	-	72,913	1,590
Water and Sewer	-	-	27,624	26,616	27,624	26,616
Total Expenses	72,913	67,200	27,624	26,616	144,242	93,816
Change in Net Position before transfers	13,323	21,839	29,994	12,758	43,317	34,597
Transfers In (Out)	2,227	1,893	(2,227)	(1,893)	-	-
Increase in Net Position	15,550	23,732	27,767	10,865	43,317	34,597
Net Position, Beginning of Year	404,028	380,296	199,057	188,192	603,085	568,488
Net Position, End of Year	\$ 419,578	\$ 404,028	\$ 226,824	\$ 199,057	\$ 646,402	\$ 603,085

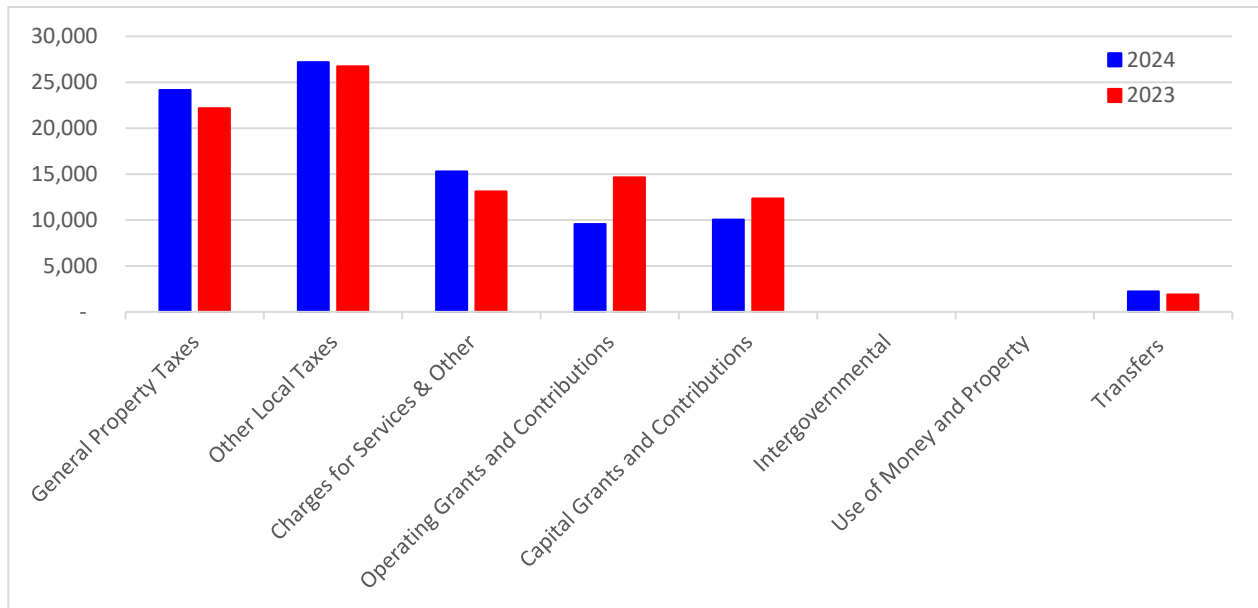
FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024 (CONTINUED)

Governmental Activities

As shown in Table 2 above, total revenue for the Town's governmental activities was \$86.2 million for fiscal year 2024 compared to \$89.0 million for fiscal year 2023. Table 2 also shows total expenses for governmental activities for fiscal year 2024 were \$72.9 million, compared to \$67.2 million in fiscal year 2023.

Chart 1 below shows the sources of all governmental revenue for fiscal years 2024 and 2023:

Chart 1
Governmental Activities – Revenues by Source
Comparison for the years ended June 30, 2024 and 2023 (\$ in Thousands)

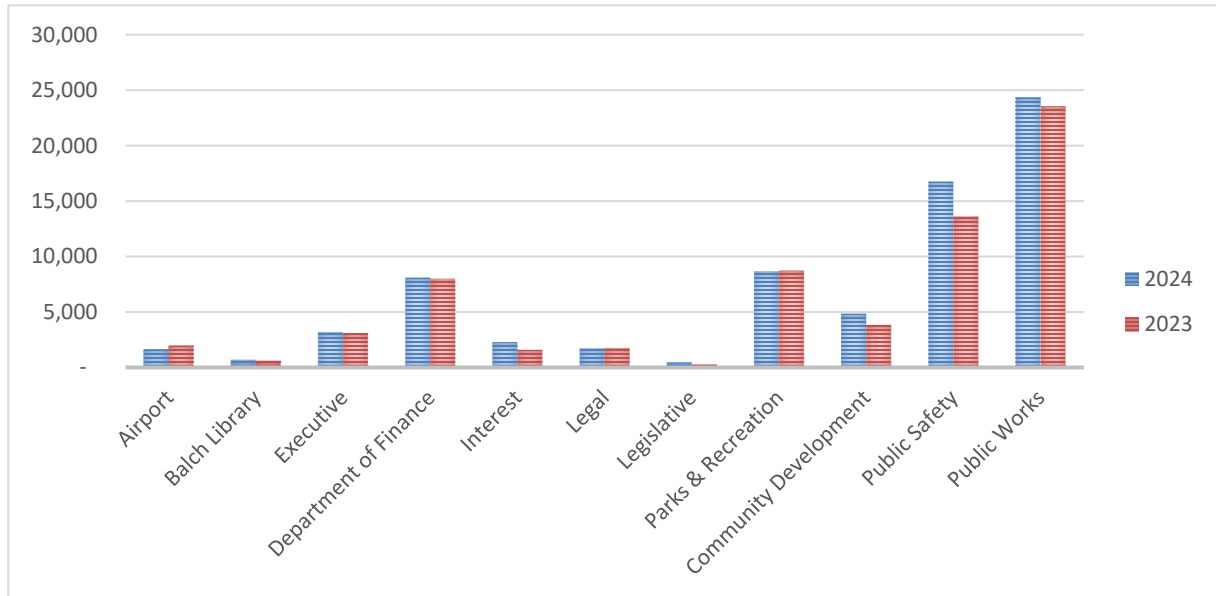


Taxes constitute one the largest sources of Town revenue totaling approximately \$51.4 million, with general property taxes of \$24.2 million in 2024 and \$22.2 million in 2023 (Table 2). As of fiscal year 2020, Loudoun County began billing and collecting local property taxes including real estate and personal property. As a result of aligning practices with Loudoun County, the Town began to concentrate more specifically on collection procedures for older tax balances and commercial taxes. Other local taxes, \$27.2 million in 2024 and \$26.7 million in 2023, are generated through business and occupational licenses and consumption-based taxes such as taxes on meals, sales and use, cigarettes and utilities. The Town saw an increase of \$.3 million in the Charges for Services from \$6.9 million in 2023 to \$7.2 million in 2024 largely due to inflation and a return to more normal levels of activity post-COVID-19.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Chart 2 below illustrates total expenses by function.

Chart 2
Governmental Activities – Expenses by Function Comparison
for the years ended June 30, 2024 and 2023 (\$ in Thousands)



Overall, expenses for fiscal year 2024 were comparable to those for fiscal year 2023, except for Public Safety. Although Public Safety was under budget for fiscal year 2024 by \$988 thousand, compared to fiscal year 2023, due to an increase in capital outlay expenses and personnel cost.

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 fines, and zoning fees and permits. The Town utilizes grants and contributions primarily for public safety, airport, and public works as much as possible. After recognizing the total revenue from these fees, grants, and contributions of \$26.7 million in 2024, the net cost of governmental activities was \$46.1 million. In comparison, in fiscal year 2023, total costs were \$67.2 million, and the Town recognized revenue from fees, grants, and contributions of \$33.9 million, resulting in a net cost of governmental activities of \$33.3 million.

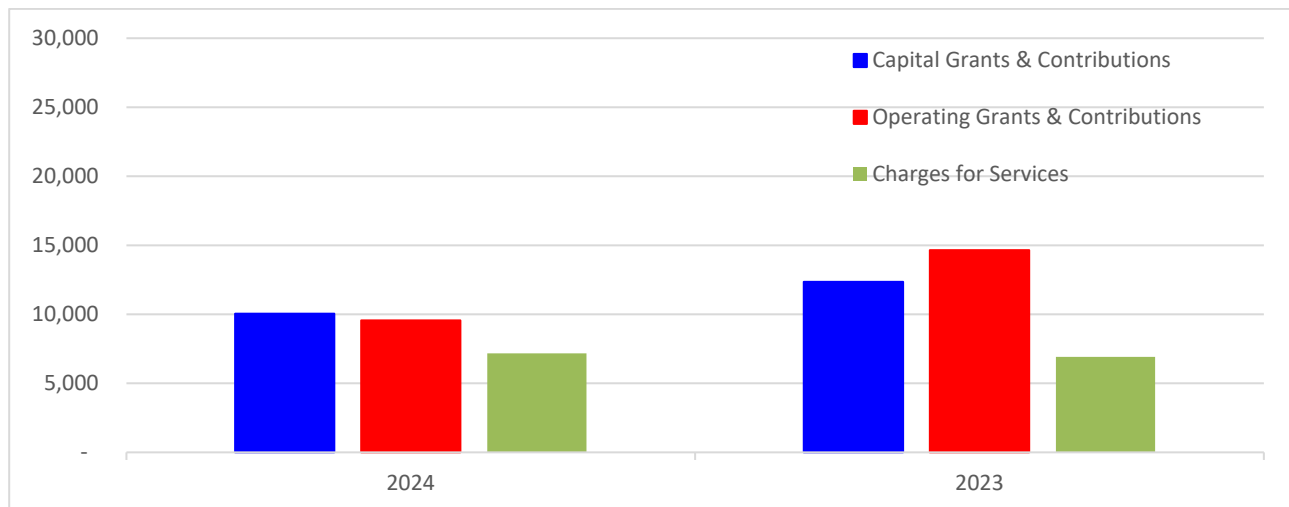
ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES (CONTINUED)

Table 3
Net Cost of Governmental Activities
Comparison for the years ended June 30, 2024 and 2023 (\$ in Thousands)

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Function:				
Legislative	\$ 472	\$ 320	\$ 473	\$ 320
Executive	3,229	3,115	2,540	2,551
Legal	1,769	1,802	1,768	1,802
Parks & Recreation	8,693	8,730	3,099	3,447
Department of Finance	8,106	7,994	8,106	7,994
Balch Library	732	651	732	651
Community Development	4,859	3,869	4,081	2,873
Public Works	24,349	23,529	9,016	6,359
Public Safety	16,755	13,623	15,018	11,960
Airport	1,656	1,977	(883)	(3,253)
Townwide	-	-	(102)	(3,005)
Interest	2,293	1,590	2,293	1,590
Totals	\$ 72,913	\$ 67,200	\$ 46,141	\$ 33,289

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 increased by \$.3 million, program revenue for Operating Grants and Contributions decreased by \$5.1 million and Capital Grants and Contributions decreased by \$2.3 million. The decreases in Operating Grants and Contributions and in Capital Grants and Contributions was due to fewer grants received from FAA and other agencies in 2024 as some capital projects were delayed.

Chart 3
Governmental Activities – Program Revenue
Comparison for the years ended June 30, 2024 and 2023 (\$ in Thousands)



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

Business-type Activities

Table 2 summarizes the business-type activities for fiscal year 2024 and indicates the Utilities Fund's Net Position increased by \$27.8 million of which \$2.4 million was generated by net income from operations, \$5.5 million from capital contributions; and \$17.5 million was availability fee revenue. The Statement of Revenue, Expense, 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 2024 for both the Utilities Fund and the Internal Service 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 Fund. In fiscal year 2024, the Utilities Fund's total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources were \$294.0 million, \$3.4 million, \$66.3 million, and \$4.3 million, respectively. Total Net Position for fiscal year 2024 was \$226.8 million of which \$74.4 million is unrestricted. In fiscal year 2024, the Internal Service Fund's total assets and liabilities were \$1.8 million and \$1.0 million, respectively. Total net position for fiscal year 2024 was \$.8 million, all of which was unrestricted.

Utilities operating revenues 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 2023 was \$27.4 million compared to \$29.9 million for fiscal year 2024.

Total operating expenses increased by \$.9 million to \$25.8 million in the fiscal year 2024. In 2024, the utility billed for more water usage, and yearly rate increases based on a rate study that evaluated water and wastewater revenue needs for FY2020 through FY2024 are effective on July 1 of each year. The Utilities Fund recognized operating income of \$4.1 million for fiscal year 2024. Non-operating revenues and expenses provided a net increase of \$20.4 million. The \$27.8 million increase in net position is due to non-operating revenues of \$20.4 million and Capital contributions of \$5.5 million.

Government Funds

The Town uses fund accounting on a current financial resource 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 two major governmental funds; the General Fund and the Capital Projects Fund, with fund balances of \$53.6 million and \$31.9 million, respectively. With a fund balance of \$1.3 million for the non-major fund, the governmental funds total fund balance of \$86.8 million for fiscal year 2024 (Exhibit 3). This represents an increase of fiscal year 2023 of \$20.0 million.

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, 2024, and 2023.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

Table 4
Governmental Fund Balances
Comparison for the years ended June 30, 2024 and 2023 (\$ in Thousands)

	2024	2023	Change
Non-Spendable			
Lease deposit	\$ -	\$ 117	\$ (117)
Inventory	3	3	-
Prepaid Expenses	715	463	252
Restricted			
Balch Library	1,305	1,198	107
Parks and Recreation	51	51	-
Police	147	147	-
Bond Proceeds	23,978	4,318	19,660
Proffers	6,528	6,012	516
Gas Tax	2,018	2,443	(425)
Parking-in-lieu	553	517	36
Esummons	216	380	(164)
Committed			
Capital Projects - Road	2,012	6,459	(4,447)
Capital Projects - Storm Drainage	2	-	2
Capital Projects - General Governmental	14,299	20,407	(6,108)
Capital Projects - Airport	5,119	222	4,897
Capital Projects - Parks and Recreation	592	53	539
Assigned			
Debt Service Reserve	9,754	9,754	-
Other Reserves	8,226	7,327	899
Designated for Future Years	4,680	3,464	1,216
Unassigned	6,648	3,464	3,184
Total Fund Balances	\$ 86,846	\$ 66,799	\$ 20,047

The fiscal year 2024 governmental fund balances of \$86.8 million represents an increase of \$20.0 million from fiscal year 2023. The General Fund is the main operating fund of the Town. Its total fund balance increased during fiscal year 2024 by .01 percent or \$.6 million to \$53.6 million (Exhibit 5). Of this total, the unassigned fund balance was \$27.6 million (Exhibit 3) or 51.6 percent of the total fund balance of the General Fund. In comparison, at the end of fiscal year 2023, the unassigned fund balance was \$28.3 million or 53.5 percent of the total fund balance of the General Fund. The relative increase in unassigned fund balance brings enhanced financial resilience to the Town. The assigned fund balance designated for future years increased by \$1.2 million.

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, 2024, the Capital Projects fund balance was \$31.9 million (Exhibit 3) compared to \$12.6 million in 2023. 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 2023 had a deficit balance of \$24.9 million and unassigned fund balance for fiscal year 2024 had a deficit of \$20.6 million, due to the Town's use of a line of credit to just-in-time finance capital construction, so project commitments open at fiscal year end are not fully funded until payment is ready to be made.

BUDGETARY HIGHLIGHTS

General Fund

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

Table 5
Condensed Budgetary Comparison Year ended June 30, 2024
(\$ in Thousands)

	Fiscal Year 2024		
	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$ 41,930	\$ 41,930	\$ 43,204
Intergovernmental	17,704	18,338	17,253
Other	9,522	9,698	12,301
Total Revenues	69,156	69,966	72,758
Expenditures:			
Expenditures	76,158	82,443	76,254
Deficiency of Revenue under Expenditures	(7,002)	(12,477)	(3,496)
Other Financing Sources:			
Transfers, net	2,196	1,363	1,013
Issuance of note payable	-	-	1,584
Issuance of lease	-	-	1,493
Use of fund balance	4,806	8,325	-
Total Other Financing Sources	7,002	9,688	4,090
Change in Fund Balance	\$ -	\$ (2,789)	\$ 594

General Fund revenues were higher than the amended budget by \$2.8 million. Revenues collected exceeded budget projections for General Property Taxes, along with Other Local Taxes and Use of Money and Property by \$1.2 million and \$2.3 million, respectively (Exhibit 7). Use of Money and Property, includes interest revenue, commercial tenant lease revenue, and hanger tenants lease revenue. Budgeted intergovernmental revenue exceed actual revenue by \$1.1 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 for projects that were incomplete in the prior fiscal year and subsequently re-appropriated in the new fiscal year.
- Amendments for supplemental appropriations for new projects, and/or change orders for prior approved projects and contracts.

The original budgeted expenses increased by \$6.3 million for fiscal year 2024 (Exhibit 7). This increase is mainly a result of supplemental appropriation approved by the Town Council throughout the fiscal year and from encumbrance carryovers related to purchase orders not completed during the prior fiscal year. Actual expenses nearly matched the original budget of \$76.2 million.

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, 2024 and 2023.

Table 6
Capital Assets
Comparison as of June 30, 2024 and 2023 (\$ in Thousands)

	Governmental Activities			Business-Type Activities		
	2024	2023	Change	2024	2023	Change
Land	\$ 66,942	\$ 65,746	\$ 1,196	\$ 1,577	\$ 1,577	\$ -
Buildings and improvements	92,347	91,617	730	-	-	-
Water and sewer plant	-	-	-	133,170	129,239	3,931
Water and sewer lines	-	-	-	173,915	167,461	6,454
Equipment and software	12,369	13,109	(740)	9,098	7,157	1,941
Vehicles	9,729	8,357	1,372	4,435	3,806	629
Infrastructure and streets	373,436	363,727	9,709	-	-	-
Hangars	15,987	6,057	9,930	-	-	-
Terminals	6,678	16,414	(9,736)	-	-	-
Runway	16,570	16,570	-	-	-	-
Subscription assets	2,706	2,807	(101)	-	-	-
Lease assets	1,540	-	1,540	-	-	-
Construction in progress	31,494	18,010	13,484	9,834	6,597	3,237
Total Capital Assets	629,798	602,414	27,384	332,029	315,837	16,192
Accumulated depreciation and amortization	(197,778)	(187,432)	(10,346)	(122,751)	(116,000)	(6,751)
Total Capital Assets, Net	\$ 432,020	\$ 414,982	\$ 17,038	\$ 209,278	\$ 199,837	\$ 9,441

The Town's Governmental Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2024, and 2023 amounted to approximately \$432.0 million and \$415.0 million, respectively. The net increase in capital assets (including additions, retirements, depreciation, and amortization) was \$17.0 million for governmental activities with the largest increases in infrastructures and streets at \$9.7 million and construction in progress at \$13.5 million.

The Business-type Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2024, amounted to approximately \$209.3 million for the Utilities Fund compared to \$199.8 million in 2023. The largest impact regarding the fiscal year 2024 increase of \$9.4 million were with construction in progress at \$3.2 million: water and sewer lines at \$6.5 million and water and sewer plant at \$3.9 million before accumulated depreciation.

During budget workshops and public meetings in 2024, the Town Council approved Fiscal Year 2025 – 2030 Capital Improvement Program (CIP) in a six-year, \$308 million program of public improvements for the Town including \$80.2 million in streets and highways improvements, \$30.6 million in general government improvements, \$30.6 million in storm drainage improvements, \$57.3 million in airport improvements, \$14.9 million in parks improvements, \$80.6 million in water and sewer improvements, and \$14.3 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

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

The Town's legal limit for outstanding general obligation debt is 10.0 percent of total assessed real property within the Town, which was \$11.5 billion in fiscal year 2024, compared with \$11.4 billion in fiscal year 2023 (See Table 22).

The Town's total long-term obligations for governmental activities was \$84.7 million as of June 30, 2024, and \$61.4 million as of June 30, 2023, which is well within the limits set by the Constitution of the Commonwealth of Virginia. Revenue bonds are not included in calculating the legal limit (See Table 13).

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

Table 7
Outstanding Long-Term Bonded Debt
Comparison as of June 30, 2024 and 2023 (\$ in Thousands)

	Governmental Activities			Business-Type Activities		
	2024	2023	Change	2024	2023	Change
General Obligation Bonds	\$ 78,355	\$ 54,305	\$ 24,050	\$ 55,928	\$ 54,031	\$ 1,897
Totals	\$ 78,355	\$ 54,305	\$ 24,050	\$ 55,928	\$ 54,031	\$ 1,897

Outstanding long-term debt for governmental activities as of June 30, 2024, is \$84.7 million representing an increase of \$23.3 million from 2023 when long-term debt outstanding was \$61.4 million. Outstanding long-term debt for business activities increased from \$54.0 million as of June 30, 2023, to \$55.9 million as of June 30, 2024 (See Table 13). The Town issued new debt to refund 2019 lines of credit as permanent debt at a lower interest rate and secure 2024 lines of credit for future capital projects affecting governmental activities and business-type activities.

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 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 (more than proffers) from non-debt resources.
- The Town will, when financing capital improvements or other projects or equipment by issuing bonds or entering 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 predominant 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 67.8 percent of debt within 10 years.
- The Town will annually calculate target debt ratios. The Town's debt capacity will be maintained within the following predominately goals:
 - Debt service expenses as a percentage of general fund expenses will not exceed 15.0 percent. For fiscal year 2024, this percentage was 12.6 percent. For fiscal year 2023 this percentage was 13.7 percent due to a refinancing of the General Fund debt service.
 - 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 2024, this percentage was 1.0 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 7 of the notes to the financial statements, Table 13 and Table 14.

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

Economic Factors

- Unemployment rates are not maintained on a town basis. The unemployment rate for the County of Loudoun on June 30, 2024, was 2.8 percent. The rate on June 30, 2023, was 2.4 percent. This rate compares to Virginia's rate of 2.7 percent and the national rate of 4.1 percent as of June 30, 2023. Loudoun County's unemployment rate peaked in April 2020 at 9.9 percent due to the COVID-19 pandemic and has steadily declined since then. The Town's population was estimated by the US Census Bureau in 2023 to be 49,312. This is a 2.2 percent increase from the 2020 census population of 48,250. Population estimates for the last ten years are provided in the statistical section of this report in Table 17. The current population estimate is 50,487.
- Per capita personal income is not kept on a town basis. However, estimated by the County of Loudoun's per capita personal income as of 2024 was \$103,005 (See Table 17). Based on household income, Loudoun County is ranked the wealthiest counties in the nation with a median household income of \$170,463.
- The Town government's full-time equivalency (FTE) employment increased in fiscal year 2024 by 17.5 FTE positions to a total of 417.0. Workforce numbers by department for the last ten years are provided in the statistical section of this report in Table 19.

Fiscal Year 2025 Budget and Rates

- For fiscal year 2025, the adopted budget for the General Fund is \$82.5 million, an increase of \$4.2 million or 5.3 percent, over fiscal year 2024. Revenues are comprised predominately of general taxes at 53.9 percent, intergovernmental assistance at 19.7 percent, other financing sources at 12.0 percent, charges for services at 6.9 percent, use of money and property at 4.9 percent, and other miscellaneous revenue at 2.6 percent.
- In fiscal year 2025, the Town continues to prioritize its services. In the General Fund, the public works department accounts for \$20.7 million and public safety accounts for \$18.5 million or 25.1 and 22.4 percent of the budgeted expenses respectively.
- Tax rate for real property for tax year 2024 is 17.74¢ 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.



Basic Financial Statements

Town of Leesburg, Virginia

Exhibit 1

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents (Note 2)	\$ 78,422,992	\$ 73,517,565	\$ 151,940,557
Receivables, net (Note 3)			
Property taxes	12,469,497	-	12,469,497
Utility taxes	133,655	-	133,655
Local taxes	1,196,846	-	1,196,846
Trade and other accounts	501,109	7,009,540	7,510,649
Due from other governments (Note 5)	11,189,790	-	11,189,790
Inventories	2,972	1,054,552	1,057,524
Prepaid items and deposit	714,899	23,710	738,609
Restricted cash (Note 2)	26,787,302	-	26,787,302
Leases receivable (Note 4)	3,612,270	3,099,861	6,712,131
Capital assets (Note 6)			
Nondepreciable	98,436,598	11,411,599	109,848,197
Depreciable and amortizable, net	333,583,411	197,866,797	531,450,208
Total assets	567,051,341	293,983,624	861,034,965
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 12 and 13)	4,285,900	1,139,290	5,425,190
Deferred outflows related to other postemployment benefits (Notes 10, 11, and 13)	3,053,661	811,733	3,865,394
Deferred loss on refunding of debt	735,141	1,474,907	2,210,048
Total deferred outflows of resources	8,074,702	3,425,930	11,500,632
LIABILITIES			
Accounts payable	5,257,694	2,464,577	7,722,271
Due to other governments	147,555	-	147,555
Accrued payroll and other expenses	1,574,669	476,060	2,050,729
Accrued liabilities – other	851,069	-	851,069
Accrued interest	796,968	737,918	1,534,886
Retainage payable	478,265	404,006	882,271
Performance bonds	2,709,135	9,000	2,718,135
Reserve for proffers	3,225,939	-	3,225,939
Unearned revenue (Note 3)	74,112	-	74,112
Customer deposits	127,526	1,508,433	1,635,959
Insurance and benefit claims	1,055,375	-	1,055,375
Noncurrent liabilities			
Due within one year (Note 7)			
Compensated absences	2,568,629	650,680	3,219,309
Note payable	1,355,455	3,022	1,358,477
Bonds payable	4,715,531	3,538,469	8,254,000
Subscription liability	677,808	-	677,808
Lease liability	289,158	-	289,158

Town of Leesburg, Virginia

Exhibit 1

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Totals
Due in more than one year (Notes 7)			
Compensated absences	954,185	236,610	1,190,795
Note payable	2,304,130	1,910	2,306,040
Bonds payable, net	73,640,396	52,389,286	126,029,682
Subscription liability	649,091	-	649,091
Lease liability	1,046,862	-	1,046,862
Net pension liability (Notes 12 and 13)	10,150,861	2,698,330	12,849,191
Net other postemployment benefits liability (Notes 10, 11, and 13)	4,306,122	1,144,666	5,450,788
Total liabilities	118,956,535	66,262,967	185,219,502
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension plan (Notes 12 and 13)	1,611,458	428,362	2,039,820
Deferred inflows related to other postemployment benefits (Notes 10, 11, and 13)	3,370,188	895,873	4,266,061
Deferred inflows related to leases (Note 4)	3,468,170	2,942,734	6,410,904
Deferred gain on refunding of debt	100,908	54,787	155,695
Grants (Note 3)	15,494,133	-	15,494,133
Property taxes (Note 3)	12,546,606	-	12,546,606
Total deferred inflows of resources	36,591,463	4,321,756	40,913,219
NET POSITION			
Net investment in capital assets	369,077,599	152,473,899	521,551,498
Restricted			
Restricted for capital projects	9,513,097	-	9,513,097
Restricted for Balch Library	1,305,311	-	1,305,311
Unrestricted	39,682,038	74,350,932	114,032,970
Total net position	\$ 419,578,045	\$ 226,824,831	\$ 646,402,876

Town of Leesburg, Virginia

Exhibit 2

Statement of Activities

Year Ended June 30, 2024

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	\$ 472,768	\$ -	\$ -	\$ -	\$ (472,768)		\$ (472,768)
Executive	3,228,633	-	688,368	-	(2,540,265)		(2,540,265)
Legal	1,768,536	-	-	-	(1,768,536)		(1,768,536)
Parks and recreation	8,692,554	5,588,630	4,500	-	(3,099,424)		(3,099,424)
Department of finance	8,105,600	-	-	-	(8,105,600)		(8,105,600)
Balch Library	732,256	-	-	-	(732,256)		(732,256)
Public works	24,348,678	195,631	5,098,015	10,040,197	(9,014,835)		(9,014,835)
Public safety	16,754,491	436,973	1,300,141	-	(15,017,377)		(15,017,377)
Community development	4,859,129	777,856	-	-	(4,081,273)		(4,081,273)
Airport	1,655,875	173,769	2,364,665	-	882,559		882,559
Townwide	-	-	101,713	-	101,713		101,713
Interest	2,293,336	-	-	-	(2,293,336)		(2,293,336)
Total governmental activities	72,911,856	7,172,859	9,557,402	10,040,197	(46,141,398)		(46,141,398)
Business-type activities:							
Utilities	27,624,390	47,549,709	-	5,507,095		\$ 25,432,414	25,432,414
Total business-type activities	27,624,390	47,549,709	-	5,507,095		25,432,414	25,432,414
Total government	\$ 100,536,246	\$ 54,722,568	\$ 9,557,402	\$ 15,547,292	(46,141,398)	25,432,414	(20,708,984)
General Revenues:							
Taxes:							
General property taxes, including penalties					24,163,922	-	24,163,922
Other local taxes:							
Communication sales and use					8,121,751	-	8,121,751
Meals					8,125,216	-	8,125,216
Business and occupational licenses					4,935,576	-	4,935,576
Utility					1,590,911	-	1,590,911
Cigarette					564,112	-	564,112
Other local taxes					3,851,144	-	3,851,144
Intergovernmental, non-categorical aid					1,878,479	-	1,878,479
Use of money and property					5,807,856	3,735,310	9,543,166
Gain on sale of assets					132,933	244,639	377,572
Miscellaneous					293,306	581,949	875,255
Transfers					2,226,674	(2,226,674)	-
Total general revenues and transfers, net					61,691,880	2,335,224	64,027,104
Change in net position					15,550,482	27,767,638	43,318,120
Net position, beginning					404,027,563	199,057,193	603,084,756
Net position, ending					\$ 419,578,045	\$ 226,824,831	\$ 646,402,876

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

Town of Leesburg, Virginia

Exhibit 3

Balance Sheet – Governmental Funds June 30, 2024

	General	Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	\$ 47,841,900	\$ 27,461,596	\$ 1,308,906	\$ 76,612,402
Receivables (net of allowance for doubtful accounts)				
Property taxes, including penalties	12,469,497	-	-	12,469,497
Utility taxes	133,655	-	-	133,655
Local taxes	1,196,846	-	-	1,196,846
Accounts	444,427	-	-	444,427
Miscellaneous	-	27,068	-	27,068
Leases	3,612,270	-	-	3,612,270
Due from other governments	8,909,889	2,279,901	-	11,189,790
Inventory	2,972	-	-	2,972
Prepaid items	714,149	750	-	714,899
Restricted cash	2,809,575	23,977,727	-	26,787,302
Total assets	<u><u>\$ 78,135,180</u></u>	<u><u>\$ 53,747,042</u></u>	<u><u>\$ 1,308,906</u></u>	<u><u>\$ 133,191,128</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,807,702	\$ 2,447,613	\$ -	\$ 5,255,315
Due to other governments	147,555	-	-	147,555
Retainage payable	-	478,265	-	478,265
Accrued payroll	1,574,669	-	-	1,574,669
Accrued liabilities – other	578,952	268,522	3,595	851,069
Customer deposits	127,526	-	-	127,526
Performance bonds	2,709,135	-	-	2,709,135
Reserve for proffers	110,078	3,115,861	-	3,225,939
Unearned revenue	74,112	-	-	74,112
Total liabilities	<u>8,129,729</u>	<u>6,310,261</u>	<u>3,595</u>	<u>14,443,585</u>
DEFERRED INFLOWS OF RESOURCES				
Grants	-	15,494,133	-	15,494,133
Leases	3,468,170	-	-	3,468,170
Property taxes	12,939,751	-	-	12,939,751
Total deferred inflows of resources	<u>16,407,921</u>	<u>15,494,133</u>	<u>-</u>	<u>31,902,054</u>

Town of Leesburg, Virginia

Exhibit 3

Balance Sheet – Governmental Funds June 30, 2024

	General	Capital Projects	Other Governmental Fund	Total Governmental Funds
FUND BALANCES				
Nonspendable				
Deposit	-	-	-	-
Inventory	2,972	-	-	2,972
Prepaid costs	714,149	750	-	714,899
Restricted				
Thomas Balch Library Endowment Fund	-	-	1,305,311	1,305,311
Parks and recreation (Symmington)	50,521	-	-	50,521
Police	147,340	-	-	147,340
Bond proceeds	-	23,977,727	-	23,977,727
Proffers	-	6,528,665	-	6,528,665
Gas tax	2,018,083	-	-	2,018,083
Parking in lieu	552,932	-	-	552,932
Esummons	215,556	-	-	215,556
Committed				
Capital Projects – general government	-	14,298,635	-	14,298,635
Capital Projects – parks and recreation	-	591,740	-	591,740
Capital Projects – streets and highways	-	2,012,377	-	2,012,377
Capital Projects – storm drainage	-	2,092	-	2,092
Capital Projects – airport	-	5,118,605	-	5,118,605
Assigned				
Debt service reserve	9,753,620	-	-	9,753,620
Other reserves	8,226,400	-	-	8,226,400
Expenditures designated for future years	4,680,191	-	-	4,680,191
Unassigned	27,235,766	(20,587,943)	-	6,647,823
 Total fund balances	 53,597,530	 31,942,648	 1,305,311	 86,845,489
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 78,135,180</u>	 <u>\$ 53,747,042</u>	 <u>\$ 1,308,906</u>	 <u>\$ 133,191,128</u>

Town of Leesburg, Virginia

Exhibit 4

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position June 30, 2024

Total fund balances – governmental funds		\$ 86,845,489
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	\$ 629,798,305	
Less accumulated depreciation and amortization	<u>(197,778,296)</u>	
Net capital assets		432,020,009
Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		
		393,145
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	4,285,900	
Other postemployment benefits	3,053,661	
Deferred inflows related to:		
Pensions	(1,611,458)	
Other postemployment benefits	(3,370,188)	
Net pension liability	(10,150,861)	
Other postemployment benefit liability	<u>(4,306,122)</u>	
		(12,099,068)
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	735,141	
Deferred gain on refunding of debt	<u>(100,908)</u>	
		634,233
Internal service funds are used by management to charge the costs of services provided to other departments or funds.		
		782,450
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	(78,355,927)	
Notes payable	(3,659,585)	
Subscription liability	(1,326,899)	
Lease liability	(1,336,020)	
Compensated absences	(3,522,814)	
Interest payable	<u>(796,968)</u>	
		(88,998,213)
Net position of governmental activities		<u><u>\$ 419,578,045</u></u>

Town of Leesburg, Virginia

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds Year Ended June 30, 2024

	General	Capital Projects	Other Governmental Fund	Total Governmental Funds
REVENUES				
General property taxes	\$ 24,136,710	\$ -	\$ -	\$ 24,136,710
Other local taxes	19,066,959	-	-	19,066,959
Permits, fees, and licenses	951,625	-	-	951,625
Fines and forfeitures	428,805	-	-	428,805
Use of money and property	5,000,386	807,470	-	5,807,856
Charges for services	5,792,429	-	-	5,792,429
Contributions and proffers	67,442	1,391,059	20,469	1,478,970
Miscellaneous	60,502	-	144,893	205,395
Intergovernmental	17,252,654	7,728,328	-	24,980,982
Total revenues	<u>72,757,512</u>	<u>9,926,857</u>	<u>165,362</u>	<u>82,849,731</u>
EXPENDITURES				
Current				
Legislative	289,628	-	-	289,628
Executive	3,348,327	-	-	3,348,327
Legal	1,798,608	-	-	1,798,608
Department of finance	7,930,064	-	-	7,930,064
Public safety	17,040,733	-	-	17,040,733
Public works	20,738,669	-	-	20,738,669
Parks and recreation	8,474,765	-	-	8,474,765
Balch Library	710,213	-	10,330	720,543
Community development	5,077,688	-	-	5,077,688
Airport	1,179,403	-	-	1,179,403
Capital projects	-	19,712,799	47,361	19,760,160
Debt service				
Principal	7,722,604	-	-	7,722,604
Interest and fiscal charges	1,943,450	242,281	-	2,185,731
Debt issuance costs	-	369,130	-	369,130
Total expenditures	<u>76,254,152</u>	<u>20,324,210</u>	<u>57,691</u>	<u>96,636,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,496,640)</u>	<u>(10,397,353)</u>	<u>107,671</u>	<u>(13,786,322)</u>
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	-	153,305	-	153,305
Issuance of note payable	1,584,261	4,438,558	-	6,022,819
Issuance of long-term debt	-	30,740,000	-	30,740,000
Premium on bonds	-	3,911,665	-	3,911,665
Payments to refunding escrow agent	-	(10,673,536)	-	(10,673,536)
Issuance of leases	1,493,122	-	-	1,493,122
Transfers in	4,426,552	3,413,331	-	7,839,883
Transfers out	<u>(3,413,331)</u>	<u>(2,240,829)</u>	<u>-</u>	<u>(5,654,160)</u>
Total other financing sources, net	<u>4,090,604</u>	<u>29,742,494</u>	<u>-</u>	<u>33,833,098</u>
Net change in fund balances	593,964	19,345,141	107,671	20,046,776
Fund balances, beginning	<u>53,003,566</u>	<u>12,597,507</u>	<u>1,197,640</u>	<u>66,798,713</u>
Fund balances, ending	<u><u>\$ 53,597,530</u></u>	<u><u>\$ 31,942,648</u></u>	<u><u>\$ 1,305,311</u></u>	<u><u>\$ 86,845,489</u></u>

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

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024**

Net change in fund balances – total governmental funds	\$ 20,046,776	
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	\$ 26,231,904	
Book value of assets disposed	(20,372)	
Less depreciation and amortization expense	(12,439,993)	
Excess of depreciation and amortization over capital outlay		13,771,539
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		3,225,788
The transfer of capital assets to governmental activities from an enterprise fund is reported as transfers in on the government-wide statement of activities.		
		40,951
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		27,212
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 debt, notes payable, and lease proceeds	(38,255,941)	
Bond premiums	(3,911,665)	
Payments to escrow for refunding	10,673,536	
Principal retired on:		
General obligation debt, notes payable, and subscription liability	7,722,604	
		(23,771,466)
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 expense.		
Employer pension contributions	3,291,702	
Pension expense	(2,308,629)	
		983,073
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	156,503	
Other postemployment benefits income	1,408,163	
		1,564,666
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	(105,097)	
Compensated absences	(335,172)	
Amortization of premiums and deferred charges on refundings	366,622	
		(73,647)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue(expense) of the internal service funds are reported with governmental activities and business-type activities in the Statement of Activities.		
Net revenue (expense) of internal service funds	(264,410)	
		(264,410)
Change in net position of governmental activities	\$ 15,550,482	

Town of Leesburg, Virginia

Exhibit 7

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 23,721,650	\$ 23,721,650	\$ 24,136,710	\$ 415,060
Other local taxes	18,208,396	18,208,396	19,066,959	858,563
Permits, fees, and licenses	781,100	781,100	951,625	170,525
Fines and forfeitures	374,000	444,000	428,805	(15,195)
Use of money and property	2,693,476	2,693,476	5,000,386	2,306,910
Charges for services	5,275,915	5,275,915	5,792,429	516,514
Proffers	320,000	418,527	-	(418,527)
Contributions	51,000	51,000	67,442	16,442
Miscellaneous	26,300	33,640	60,502	26,862
Intergovernmental	17,703,861	18,338,191	17,252,654	(1,085,537)
Total revenues	69,155,698	69,965,895	72,757,512	2,791,617
EXPENDITURES				
Current				
Legislative	310,585	378,692	289,628	89,064
Executive	3,166,272	3,536,278	3,348,327	187,951
Legal	1,248,260	1,862,180	1,798,608	63,572
Department of finance	8,961,374	9,191,989	7,930,064	1,261,925
Public safety	18,126,877	18,028,449	17,040,733	987,716
Public works	19,034,991	23,822,258	20,738,669	3,083,589
Parks and recreation	9,141,126	9,034,335	8,474,765	559,570
Balch Library	728,410	731,959	710,213	21,746
Community development	4,804,246	5,690,556	5,077,688	612,868
Airport	1,117,978	1,263,192	1,179,403	83,789
Townwide expenditures	272,378	(290,512)	-	(290,512)
Debt service				
Principal	7,187,754	7,146,731	7,722,604	(575,873)
Interest and fiscal charges	2,057,295	2,045,981	1,943,450	102,531
Total expenditures	76,157,546	82,442,088	76,254,152	6,187,936
Deficiency of revenues over expenditures	(7,001,848)	(12,476,193)	(3,496,640)	8,979,553
OTHER FINANCING SOURCES (USES)				
Transfers in	4,431,687	4,431,687	4,426,552	(5,135)
Transfers out	(2,235,964)	(3,068,964)	(3,413,331)	(344,367)
Issuance of note payable	-	-	1,584,261	1,584,261
Issuance of lease	-	-	1,493,122	1,493,122
Use of fund balance	4,806,125	8,324,952	-	(8,324,952)
Total other financing sources, net	7,001,848	9,687,675	4,090,604	(5,597,071)
Net change in fund balance	\$ -	\$ (2,788,518)	\$ 593,964	\$ 3,382,482

Town of Leesburg, Virginia

Exhibit 8

Statement of Net Position – Proprietary Funds June 30, 2024

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self-Insurance Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 73,517,565	\$ 1,810,590
Receivables (net of allowance for doubtful accounts):		
Trade and other accounts	7,009,540	29,614
Leases	3,099,861	-
Prepaid expenses	23,710	-
Inventories	1,054,552	-
	<hr/>	<hr/>
Total current assets	84,705,228	1,840,204
	<hr/>	<hr/>
NONCURRENT ASSETS		
Nondepreciable assets	11,411,599	-
Depreciable assets, net	197,866,797	-
	<hr/>	<hr/>
Total noncurrent assets	209,278,396	-
	<hr/>	<hr/>
Total assets	293,983,624	1,840,204
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	1,139,290	-
Deferred outflows related to other postemployment benefits	811,733	-
Deferred loss on refunding	1,474,907	-
	<hr/>	<hr/>
Total deferred outflows of resources	3,425,930	-
	<hr/>	<hr/>
Total assets and deferred outflows of resources	297,409,554	1,840,204
	<hr/>	<hr/>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,464,577	2,379
Accrued expenses	476,060	-
Accrued interest	737,918	-
Compensated absences	650,680	-
Retainage payable	404,006	-
Note payable, due in one year	3,022	-
Bonds payable, due in one year	3,538,469	-
Performance bonds payable	9,000	-
Customer deposits and contingent charges	1,508,433	-
Insurance and benefit claims	-	1,055,375
	<hr/>	<hr/>
Total current liabilities	9,792,165	1,057,754
	<hr/>	<hr/>

Town of Leesburg, Virginia

Exhibit 8

Statement of Net Position – Proprietary Funds

June 30, 2024

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self-Insurance Fund
NONCURRENT LIABILITIES		
Compensated absences	236,610	-
Net pension liability	2,698,330	-
Net other postemployment benefit liability	1,144,666	-
Note payable	1,910	-
Bonds payable, net	52,389,286	-
Total noncurrent liabilities	56,470,802	-
Total liabilities	66,262,967	1,057,754
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	2,942,734	-
Deferred inflows related pension plan	428,362	-
Deferred inflows related to other postemployment benefits	895,873	-
Deferred gain on refunding	54,787	-
Total deferred inflows of resources	4,321,756	-
Total liabilities and deferred inflows of resources	70,584,723	1,057,754
NET POSITION		
Net investment in capital assets	152,473,899	-
Unrestricted	74,350,932	782,450
Total net position	\$ 226,824,831	\$ 782,450

**Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended June 30, 2024**

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self-Insurance Fund
OPERATING REVENUES		
Charges for services	\$ 29,821,199	\$ 5,004,438
Other	76,387	52
Total operating revenues	<u>29,897,586</u>	<u>5,004,490</u>
OPERATING EXPENSES		
Personnel service	11,669,724	-
Contractual services	1,885,602	-
Depreciation and amortization	7,475,223	-
Materials and supplies	2,419,424	-
Continuous charges	1,784,070	-
Internal and other	575,477	-
Risk financing and benefit payments	-	5,300,380
Total operating expenses	<u>25,809,520</u>	<u>5,300,380</u>
Operating income (loss)	<u>4,088,066</u>	<u>(295,890)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	3,735,310	31,480
Gain on sale and disposal of assets	203,688	-
Rental, lease, and other charges	505,562	-
Installation and connection charges	17,728,510	-
Interest and fiscal charges	(1,814,870)	-
Total nonoperating revenues, net	<u>20,358,200</u>	<u>31,480</u>
Income (loss) before contributions and transfers	<u>24,446,266</u>	<u>(264,410)</u>
TRANSFERS		
Transfers out	(2,185,723)	-
Total transfers	<u>(2,185,723)</u>	<u>-</u>
Capital contributions	<u>5,507,095</u>	<u>-</u>
Change in net position	27,767,638	(264,410)
Total net position, beginning	<u>199,057,193</u>	<u>1,046,860</u>
Total net position, ending	<u><u>\$ 226,824,831</u></u>	<u><u>\$ 782,450</u></u>

Town of Leesburg, Virginia

Exhibit 10

Statement of Cash Flows – Proprietary Funds Year Ended June 30, 2024

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self-Insurance Fund
OPERATING ACTIVITIES		
Receipts from customers	\$ 29,269,420	\$ -
Receipts from interfund services provided	-	5,000,485
Claims and benefits paid	-	(5,192,861)
Payments to suppliers for goods and services	(7,087,850)	-
Payments to employees for services	(12,266,286)	-
Net cash provided by (used in) operating activities	<u>9,915,284</u>	<u>(192,376)</u>
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers out	<u>(2,185,723)</u>	-
Net cash used in noncapital and related financing activities	<u>(2,185,723)</u>	-
CAPITAL AND RELATED FINANCING ACTIVITIES		
Installation and connection charges	17,728,510	-
Acquisition and construction of capital assets	(10,085,900)	-
Proceeds from sale of capital assets	237,465	-
Payment to escrow agent for debt refunding	(11,760,173)	-
Proceeds from bond anticipation note	5,567,031	-
Premiums from bond issuance	671,204	-
Principal paid on debt	(3,465,773)	-
Proceeds from bond issuance	11,190,000	-
Principal collected on leases	182,477	-
Interest collected on leases	20,899	-
Interest and fiscal charges	(2,010,293)	-
Net cash provided by capital and related financing activities	<u>8,275,447</u>	-
INVESTING ACTIVITIES		
Investment income	3,731,741	31,480
Rental, lease, and other charges	277,096	-
Net cash provided by investing activities	<u>4,008,837</u>	<u>31,480</u>
Net increase (decrease) in cash and cash equivalents	20,013,845	(160,896)
CASH AND CASH EQUIVALENTS		
Beginning	53,503,720	1,971,486
Ending	<u><u>\$ 73,517,565</u></u>	<u><u>\$ 1,810,590</u></u>
RECONCILIATION TO EXHIBIT 8		
Cash and cash equivalents	<u><u>\$ 73,517,565</u></u>	<u><u>\$ 1,810,590</u></u>

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self-Insurance Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 4,088,066	\$ (295,890)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,475,223	-
Pension expense, net of contributions	(261,323)	-
Other postemployment benefit expense, net of contributions	(415,924)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(763,896)	(4,005)
Prepaid expenses	(11,178)	-
Inventories	(251,251)	-
Increase (decrease) in:		
Accounts payable	(160,849)	(7,753)
Accrued liabilities	80,685	-
Insurance and benefit claims	-	115,272
Customer deposits and contingent charges	135,731	-
Net cash provided by (used in) operating activities	<u><u>\$ 9,915,284</u></u>	<u><u>\$ (192,376)</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	<u><u>\$ 5,507,095</u></u>	<u><u>\$ -</u></u>
Capital assets included in accounts payable	<u><u>\$ 1,887,924</u></u>	<u><u>\$ -</u></u>
Capital assets transferred to governmental activities	<u><u>\$ 40,951</u></u>	<u><u>\$ -</u></u>

Town of Leesburg, Virginia

Exhibit 11

Statement of Fiduciary Net Position – Fiduciary Fund June 30, 2024

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 34,183
Investments	
Mutual funds-equity	11,183,037
Mutual funds-fixed income	7,182,102
Total investments	18,365,139
Total assets	18,399,322
NET POSITION	
Net position restricted for other postemployment benefits (OPEB)	\$ 18,399,322

Town of Leesburg, Virginia

Exhibit 12

Statement of Changes in Fiduciary Net Position – Fiduciary Fund Year Ended June 30, 2024

	OPEB Trust Fund
ADDITIONS	
Employer contributions	<u>\$ 555,774</u>
Total contributions	555,774
INVESTMENT INCOME (LOSS)	
Realized gain on sale of investments	3,398,737
Interest and dividends earned on investments	482,412
Net decrease in fair value of investments	<u>(1,780,989)</u>
Total additions, net	<u>2,655,934</u>
DEDUCTIONS	
Administrative fees	54,604
Benefit payments	<u>555,774</u>
Total deductions	<u>610,378</u>
Change in net position	2,045,556
Net position, beginning	<u>16,353,766</u>
Net position, ending	<u><u>\$ 18,399,322</u></u>

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

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.

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

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

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 Fund – The Special Revenue Fund 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 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.

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 custodial 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.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

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 and fiduciary fund 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.

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.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

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.

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 the authority to amend or transfer appropriations within the department level. During the year ended June 30, 2024, General Fund supplemental appropriations totaling \$4,143,500 were authorized by Town Council. The total change in planned funding for the General Fund also authorized by Town Council was \$6,284,542.

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 is comprised of bond proceeds, 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.

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. The taxable values for Personal Property Tax Revenue is the 95% of assessed value.

Town of Leesburg, Virginia

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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, 2024, estimated unbilled services included in accounts receivable and revenue amounted to approximately \$5.3 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.

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 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

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or useful life of the underlying asset.

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Intangible right-of-use lease assets are amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset, but if the lease contains a purchase option the Town is reasonably certain to exercise, the lease assets are amortized over the useful life of the underlying asset. In that circumstance, if the underlying asset is non-depreciable, the lease asset is not amortized.

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.

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

Town of Leesburg, Virginia

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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 7, 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 prevents the contractor/developer from completing the project. Upon completion of the work and satisfactory inspection, the performance bond is refunded to the contractor/developer.

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 report a separate section for deferred outflows of resources. These items represent a consumption of net assets 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 report a separate section for deferred inflows of resources. These items represent an acquisition of net assets 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 qualify 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. These differences 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.
- 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.

Town of Leesburg, Virginia

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- 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.
- Lease-related amounts are recognized at the inception of leases in which the Town is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

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.

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 is 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

Town of Leesburg, Virginia

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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 \$4.7 million have been classified as assigned fund balance. Capital Projects Fund encumbrances totaling approximately \$22 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 refunding. 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.

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), the Virginia State Non-Arbitrage Program (SNAP), and the VML/VACO Investment Pool.

Town of Leesburg, Virginia

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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 Assistant Town Manager/CFO 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.

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 with at least two of the following ratings: (i) at least P-1 or higher by Moody's; (ii) A-1 or higher by Standard & Poor's; or, (iii) at least F-1 by Fitch Ratings provided that the issuing corporation has a net worth of at least \$50 million and its long-term debt has received at least two of the following ratings: (i) at least A by Moody's; (ii) at least A by Standard & Poor's; or (iii) at least F-1 by Fitch Ratings.

4. Certificates of Deposit

Certificates of deposit maturing within one year and issued by domestic banks that have received at least two of the following ratings: (i) at least rated P-1 by Moody's; (ii) at least A-1 by Standard & Poor's; or (iii) at least F-1 by Fitch Ratings.

At year end, the Town has \$50 million in certificates of deposit.

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.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

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.

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 \$18,399,322. The Trust is used for funding the Other Postemployment Benefit (OPEB). Additional details concerning this Trust are discussed further in Note 10.

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 "AAA" 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, M&T Bank, and U.S. Bank, N.A. to provide professional services and regulating oversight to the SNAP Program.

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;

Town of Leesburg, Virginia

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- 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.

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, 2024, 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 S&P Global 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.

	Fair Value	Less Than 1 Year
LGIP	\$ 35,208,885	\$ 35,208,885
SNAP	23,977,727	23,977,727
U.S. Bank OPEB Trust	18,399,322	18,399,322
VML/VACo Investment Pool	44,121,618	44,121,618
	\$ 121,707,552	\$ 121,707,552

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. Mutual funds in the amount of \$18,365,139 are valued using quoted market prices (Level 1 inputs).

Town of Leesburg, Virginia

Notes to Financial Statements

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Deposits and investments are reflected in the financial statements as follows:

Investments	\$ 121,707,552
Deposits	75,419,629
Total deposits and investments	<u><u>\$ 197,127,181</u></u>
Reconciliation of deposits and investments	
Exhibit 1	
Cash and cash equivalents	\$ 151,940,557
Cash and cash equivalents, restricted	26,787,302
Total Exhibit 1 deposits and investments	<u>178,727,859</u>
Exhibit 11	
Cash and cash equivalents	34,183
Investments	18,365,139
Total Exhibit 11 deposits and investments	<u>18,399,322</u>
Total Exhibits deposits and investments	<u><u>\$ 197,127,181</u></u>

Restricted cash and cash equivalents consist of bond proceeds and grant funds received in advance for capital projects.

Note 3 – Receivables

Receivables, other than leases, at June 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects	Internal Service Fund	Utilities Fund	Totals
Property taxes, including penalties	\$ 12,719,497	\$ -	\$ -	\$ -	\$ 12,719,497
Utility taxes	133,655	-	-	-	133,655
Local taxes	1,196,846	-	-	-	1,196,846
Accounts	543,357	27,068	29,614	7,084,540	7,684,579
Gross receivables	14,593,355	27,068	29,614	7,084,540	21,734,577
Less allowance for uncollectable accounts	348,930	-	-	75,000	423,930
Net receivables	<u><u>\$ 14,244,425</u></u>	<u><u>\$ 27,068</u></u>	<u><u>\$ 29,614</u></u>	<u><u>\$ 7,009,540</u></u>	<u><u>\$ 21,310,647</u></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	\$ 9,900,763	\$ 9,900,763
Second half personal property billed in advance	1,982,706	1,982,706
Delinquent property taxes receivable	393,145	-
Prepaid property taxes	663,137	663,137
Other	-	74,112
	<u><u>\$ 12,939,751</u></u>	<u><u>\$ 12,620,718</u></u>

The Capital Projects Fund reported unearned revenue of \$15,494,133 in connection with funding from Loudoun County for various projects the Town has ongoing. The General Fund also reported unearned revenue of \$15,408 associated with

Town of Leesburg, Virginia

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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. The remaining balance consists of \$58,704 in grants.

Note 4 – Leases Receivable

The Town, as lessor, has entered into several non-cancellable lease agreements involving land and infrastructure, several of which are with global telecommunication providers. The Town uses an implicit interest rate or rate stated in the lease as a discount rate for each, ranging from 0.435% to 0.980%. The Town has leases receivable of \$3,099,861 and deferred inflows of resources of \$2,942,734 as of June 30, 2024 related to these leases in the Utilities Fund. The Town has leases receivable of \$97,020 and deferred inflows of resources of \$77,125 as of June 30, 2024 related to these leases in the General Fund. The total amount of inflows of resources, including lease revenue and interest revenue related to these leases, recognized during the fiscal year was \$228,465 for the Utilities Fund. The total amount of inflows of resources, including lease revenue and interest revenue related to these leases, recognized during the fiscal year was \$140,098 for the General Fund. The significant telecommunication-related leases are as follows:

Lease*	Fund	Contract Date	Maturity Date
AT&T Carr 2 Tank	Utilities	05/31/2013	06/30/2038
New Cingular Hogback Tank	Utilities	07/21/2014	07/15/2039
T-Mobile Carr 2 Tank	Utilities	04/12/2010	04/11/2035
T-Mobile Hospital Tank	Utilities	08/26/2010	08/23/2035
SummitIG	General	01/21/2020	01/20/2025

* Maturity date includes option years, if applicable.

The Town, as lessor, has entered into several non-cancellable lease agreements involving land, hangars, and buildings related to the airport. The leases provide for annual rental increases and pass-through of certain maintenance costs. The Town uses an implicit interest rate or rate stated in the lease as a discount rate for each, ranging from 0.648% to 2.323%. The Town has leases receivable of \$3,503,122 and deferred inflows of resources of \$3,380,298 as of June 30, 2024 related to these leases in the General Fund. The total amount of inflows of resources, including lease revenue and interest revenue related to these leases recognized during the fiscal year was \$365,544 for the General Fund. The significant leases related to the airport are as follows:

Lease*	Contract Date	Maturity Date
Federal Aviation – Building	04/11/2018	04/30/2038
Hangar Pad – Site B – Land	07/01/2019	06/30/2049
Office Extension – Building	08/26/2015	01/31/2026
Aviation Fuel Tank	05/24/2021	06/30/2041

* Maturity date includes option years, if applicable.

The Town, as lessor, has entered into several non-cancellable lease agreements involving right-of-way land access. The Town uses an implicit interest rate or rate stated in the lease as a discount rate for each, ranging from 0.648% to 0.980%. The Town has leases receivable of \$12,128 and deferred inflows of resources of \$10,747 as of June 30, 2024 related to these leases in the General Fund. The total amount of inflows of resources, including lease revenue and interest revenue, related to these leases recognized during the fiscal year was \$4,462 for the General Fund.

Town of Leesburg, Virginia

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The significant right-of-way related leases are as follows:

Lease*	Fund	Contract Date	Maturity Date
AT&T Third Renewal	General	11/08/2021	11/27/2026

* Maturity date includes option years, if applicable.

Below is a summary of leases receivable and deferred inflows of resources related to leases as of June 30, 2024:

	Governmental Activities	Business-Type Activities	Total Primary Government
Leases receivable			
Telecommunications land and infrastructure	\$ 97,020	\$ 3,099,861	\$ 3,196,881
Airport related	3,503,122	-	3,503,122
Right of way easements	12,128	-	12,128
Total leases receivable	\$ 3,612,270	\$ 3,099,861	\$ 6,712,131
Deferred inflows of resources			
Telecommunications land and infrastructure	\$ 77,125	\$ 2,942,734	\$ 3,019,859
Airport related	3,380,298	-	3,380,298
Right of way easements	10,747	-	10,747
Total deferred inflows of resources	\$ 3,468,170	\$ 2,942,734	\$ 6,410,904

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

Note 5 – Due from Other Governments

At June 30, 2024, amounts due from other governments were as follows:

General Fund

County of Loudoun	
Real estate taxes	\$ 6,995,060
Local sales taxes	1,255,186
Personal property taxes	205,350
Public service corporations	72,101
Traffic fines	18,099
Other	4,784
	<u>8,550,580</u>
Commonwealth of Virginia	
Other taxes and grants	10,344
Car rental tax	33,275
Communication sales and use	221,893
Virginia Department of Aviation	29,150
	<u>294,662</u>
Federal Government	
Department of Justice	17,828
Other	
Cigarette tax	46,819
Total general fund	<u>8,909,889</u>

Capital Projects Fund

Commonwealth of Virginia	
Virginia Department of Transportation	51,684
Virginia Department of Aviation	136,381
	<u>188,065</u>
Federal Government	
Department of Aviation	1,286,356
	<u>1,286,356</u>
Northern Virginia Transportation Authority (NVTA)	805,480
Total capital projects fund	<u>2,279,901</u>
Total governmental activities	<u><u>\$ 11,189,790</u></u>

NVTA Funding

The Town is awarded funding for various transportation projects by the NVTA. Funding is appropriated by the NVTA and the Town is eligible to draw down such funds as expenditures are incurred. The Town is also awarded Local Distribution Funds from the NVTA based on 30% of NVTA monthly revenue. These funds are distributed to Loudoun County to be distributed to the Town. Revenue related to NVTA funding amounted to \$4,253,152 during 2024 and is included in intergovernmental revenue in the capital projects fund.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2024 for governmental activities is as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 65,745,963	\$ 1,196,320	\$ -	\$ -	\$ 66,942,283
Construction in progress	18,010,003	14,398,057	-	(913,745)	31,494,315
Total capital assets, not being depreciated	83,755,966	15,594,377	-	(913,745)	98,436,598
Capital assets, being depreciated					
Buildings and improvements	91,616,937	746,931	-	(16,806)	92,347,062
Furniture and equipment	9,052,392	832,853	-	(530,453)	9,354,792
Computer equipment and software	4,056,493	73,895	-	(1,116,139)	3,014,249
Vehicles	8,357,438	1,679,621	337,815	(645,857)	9,729,017
Infrastructure	92,229,652	3,421,774	-	-	95,651,426
Streets	271,496,636	6,287,971	-	-	277,784,607
Hangars*	15,793,331	193,655	-	-	15,986,986
Runways	16,569,753	-	-	-	16,569,753
Terminals*	6,677,993	-	-	-	6,677,993
Total capital assets being depreciated	515,850,625	13,236,700	337,815	(2,309,255)	527,115,885
Less accumulated depreciation and for:					
Buildings and improvements	(44,287,902)	(1,859,606)	-	16,806	(46,130,702)
Furniture and equipment	(6,953,224)	(651,560)	-	530,453	(7,074,331)
Computer equipment and software	(3,566,980)	(217,681)	-	1,116,139	(2,668,522)
Vehicles	(4,773,131)	(942,406)	(296,864)	625,485	(5,386,916)
Infrastructure	(33,767,906)	(1,919,442)	-	-	(35,687,348)
Streets	(70,530,869)	(5,210,111)	-	-	(75,740,980)
Hangars	(3,539,025)	(377,177)	-	-	(3,916,202)
Runway	(15,699,792)	(207,244)	-	-	(15,907,036)
Terminals	(3,607,460)	(120,161)	-	-	(3,727,621)
Total accumulated depreciation	(186,726,289)	(11,505,388)	(296,864)	2,288,883	(196,239,658)
Total capital assets being depreciated, net	329,124,336	1,731,312	40,951	(20,372)	330,876,227
Subscription assets, being amortized					
Software – general administration	2,806,774	-	-	(101,312)	2,705,462
Less accumulated amortization for:					
Software	(705,345)	(705,344)	-	101,312	(1,309,377)
Total subscription assets being amortized, net	2,101,429	(705,344)	-	-	1,396,085
Lease assets:					
Building	-	1,102,125	-	-	1,102,125
Equipment	-	385,649	-	-	385,649
Infrastructure	-	52,586	-	-	52,586
Total lease assets	-	1,540,360	-	-	1,540,360

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Less accumulated amortization					
Building	-	(117,464)	-	-	(117,464)
Equipment	-	(100,324)	-	-	(100,324)
Infrastructure	-	(11,473)	-	-	(11,473)
Total accumulated amortization	-	(229,261)	-	-	(229,261)
Total lease assets being amortized, net	-	1,311,099	-	-	1,311,099
Total capital assets being depreciated and amortized, net	331,225,765	2,337,067	40,951	(20,372)	333,583,411
Governmental activities capital assets, net	<u>\$ 414,981,731</u>	<u>\$ 17,931,444</u>	<u>\$ 40,951</u>	<u>\$ (934,117)</u>	<u>\$ 432,020,009</u>

* Beginning balance revised to reclassify prior year asset additions between terminals and hangars.

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

Governmental activities	
Legislative	\$ 274,781
Executive	329,219
Department of finance	817,689
Public safety	590,971
Parks and recreation	998,167
Community Development	22,252
Balch Library	15,359
Public works	8,352,492
Airport	1,039,063
Total depreciation and amortization expense – governmental activities	<u>\$ 12,439,993</u>

Capital asset activity for the year ended June 30, 2024 for business-type activities is as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 1,577,329	\$ -	\$ -	\$ -	\$ 1,577,329
Construction in progress	6,597,430	6,093,900	-	(2,857,060)	9,834,270
Total capital assets, not being depreciated	8,174,759	6,093,900	-	(2,857,060)	11,411,599
Capital assets, being depreciated					
Water and sewer plant	129,238,876	3,931,351	-	-	133,170,227
Water and sewer lines	167,461,195	6,453,070	-	-	173,914,265
Furniture, equipment, and software	7,156,853	1,990,607	-	(49,039)	9,098,421
Vehicles	3,805,658	1,378,838	(337,815)	(411,846)	4,434,835
Total capital assets being depreciated	307,662,582	13,753,866	(337,815)	(460,885)	320,617,748
Less accumulated depreciation for:					
Water and sewer plant	(50,878,987)	(2,817,872)	-	-	(53,696,859)
Water and sewer lines	(59,318,223)	(3,217,565)	-	-	(62,535,788)
Furniture, equipment, and software	(3,697,780)	(968,554)	-	44,314	(4,622,020)
Vehicles	(2,104,706)	(471,232)	296,864	382,790	(1,896,284)
Total accumulated depreciation	(115,999,696)	(7,475,223)	296,864	427,104	(122,750,951)
Total capital assets being depreciated, net	191,662,886	6,278,643	(40,951)	(33,781)	197,866,797
Business-type activities capital assets, net	<u>\$ 199,837,645</u>	<u>\$ 12,372,543</u>	<u>\$ (40,951)</u>	<u>\$ (2,890,841)</u>	<u>\$ 209,278,396</u>

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

Note 7 – 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, 2024 includes the following bond issues:

General Obligation Bonds

\$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%.	\$ 17,035,000
\$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%.	29,025,000
\$11,185,000 2016 VRA Refunding Bonds, due in annual installments of \$180,000 to \$1,085,000 through November 2040, plus interest at 2.71% to 5.13%.	8,890,000
\$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%.	8,665,000
\$13,250,000 2020 Series General Obligation Refunding Bonds, due in semi-annual installments of \$55,000 to \$3,015,000 through June 2035, plus interest at 1.25% to 5.00%.	4,095,000
\$10,879,000 2021 Series General Obligation Refunding Bonds, due in semi-annual installments of \$442,000 to \$630,000 through January 2042, plus interest at 1.54%.	9,960,000
\$41,930,000 2024 Series General Obligation Public Improvement Bonds, due in semi-annual installments of \$180,000 to \$2,910,000 through June 2054, plus interest at 4.00% to 5.00%.	41,930,000
\$53,000,000 maximum drawdown 2024 Series B General Obligation Bond Anticipation Note, due June 30, 2027, plus interest at 5.29% due monthly.	2,409,016
\$35,600,000 maximum drawdown 2024 Series C General Obligation Bond Anticipation Note, due June 30, 2027, plus interest at 5.29% due monthly.	60,153
	122,069,169
Plus unamortized premiums, net	12,214,513
Total bonded debt	\$ 134,283,682

Notes Payable from Financing Leases and Direct Borrowings

\$1,750,000 Capital Asset Replacement, due in semi-annual installments of \$343,000 to \$359,000 through January 2026, including interest at 1.46%.	\$ 712,000
\$1,036,390 Equipment Financing, due in semi-annual installments of \$109,220 through January 2025, including interest at 1.93%.	217,858
\$960,597 Equipment Financing, due in semi-annual installments of \$99,068 through January 2026, including interest at 1.13%.	373,911
\$1,725,373 Capital Asset Replacement, due in semi-annual installments of \$345,075 through January 2027, including interest at 3.39%.	1,035,223
\$1,325,525 Capital Asset Replacement, due in annual installments of \$265,105 through July 2028, including interest at 5.22%.	1,325,525
Total notes payable	\$ 3,664,517

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

Current Year Refunding of Debt

In April 2024, the Town issued general obligation and refunding bonds totaling \$41,930,000, which included conversions of 2019A Bond Anticipation Note and 2019B Bond Anticipation Note. The refinancing was undertaken to pay off Bond Anticipation Notes restructuring the line of credit short-term financing to long-term General Obligation Bonds.

Subscription-Based Information Technology Arrangements

The Town has entered into several non-cancellable subscription liability agreements that convey controls of the right to use another party's information technology software, along or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction. At the commencement of the subscription, the Town initially measured the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The Town used its estimated incremental borrowing rate as the rate for subscriptions, which ranged from 2.02% to 2.27%. The significant contracts are as follows:

Subscription Contract*	Contract Date	Maturity Date
GovernmentJobs	11/01/2021	10/31/2026
Eventeny	06/01/2022	05/31/2025
Grancicus	07/01/2020	06/30/2024
Lumos Networks	03/01/2021	03/31/2025

* Maturity date includes option years, if applicable.

Lease Arrangements

The Town has entered into several non-cancellable lease agreements that convey controls of the right to use another party's asset, along or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction. At the commencement of the lease, the Town initially measured the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The Town used its estimated incremental borrowing rate as the rate for leases, which ranged from 2.28% to 3.59%. The significant contracts are as follows:

Lease Contract*	Contract Date	Maturity Date
10 th Street 552	02/08/2024	02/28/2029
Summer Leesburg LP	11/01/2023	10/31/2028
Robinson Aviation	10/01/2023	10/31/2026

* Maturity date includes option years, if applicable.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

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

Description	Business-Type Activities	Governmental Activities	Total
Bonded long-term debt			
2014 General obligation & refunding	\$ 10,690,000	\$ 6,345,000	\$ 17,035,000
2015 General obligation & refunding	21,170,000	7,855,000	29,025,000
2016 VRA refunding	3,345,221	5,544,779	8,890,000
2019 General obligation & refunding	2,875,000	5,790,000	8,665,000
2020 Restructuring	1,990,000	2,105,000	4,095,000
2021 General obligation & refunding	-	9,960,000	9,960,000
2024 General obligation & refunding	11,190,000	30,740,000	41,930,000
2024 Series B General obligation	-	2,409,016	2,409,016
2024 Series C General obligation	60,153	-	60,153
Total bonds payable	51,320,374	70,748,795	122,069,169
Plus			
Unamortized premiums	4,607,381	7,607,132	12,214,513
Notes payable from financed purchases and direct borrowings			
Equipment financing	4,932	1,912,362	1,917,294
Capital asset replacement	-	1,747,223	1,747,223
Total notes payable	4,932	3,659,585	3,664,517
Subscription liability	-	1,326,899	1,326,899
Lease liability	-	1,336,020	1,336,020
	\$ 55,932,687	\$ 84,678,431	\$ 140,611,118

The following is a summary of long-term liability activity of the Town for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable	\$ 50,108,716	\$ 36,762,819	\$ (16,122,740)	\$ 70,748,795	\$ 4,715,531
Unamortized premiums	4,196,528	3,911,665	(501,061)	7,607,132	-
Notes payable from financing and direct borrowings	5,031,796	-	(1,372,211)	3,659,585	1,355,455
Subscription liability	2,070,986	-	(744,087)	1,326,899	677,808
Lease liability	-	1,493,122	(157,102)	1,336,020	289,158
Compensated absences	3,187,642	2,659,414	(2,324,242)	3,522,814	2,568,629
Governmental activities long-term liabilities	\$ 64,595,668	\$ 44,827,020	\$ (21,221,443)	\$ 88,201,245	\$ 9,606,581

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

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

Year Ending June 30,	Bonded Obligations		Notes Payable from Financing and Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	\$ 4,715,531	\$ 2,408,642	\$ 1,355,455	\$ 114,642
2026	4,328,732	2,500,956	1,163,741	78,685
2027	6,904,750	2,329,159	610,180	46,273
2028	4,656,158	2,129,931	265,105	20,751
2029	4,857,538	1,933,508	265,104	6,917
2030-2034	19,209,086	7,174,590	-	-
2035-2039	12,745,000	4,155,353	-	-
2040-2044	13,332,000	1,530,422	-	-
	<u><u>\$ 70,748,795</u></u>	<u><u>\$ 24,162,561</u></u>	<u><u>\$ 3,659,585</u></u>	<u><u>\$ 267,268</u></u>

Year Ending June 30,	Subscription Liability		Lease Liability	
	Principal	Interest	Principal	Interest
2025	\$ 677,808	\$ 29,353	\$ 289,158	\$ 47,964
2026	649,091	14,767	357,424	26,458
2027	-	-	291,021	15,867
2028	-	-	266,957	7,938
2029	-	-	131,460	1,055
	<u><u>\$ 1,326,899</u></u>	<u><u>\$ 44,120</u></u>	<u><u>\$ 1,336,020</u></u>	<u><u>\$ 99,282</u></u>

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable	\$ 49,786,310	\$ 16,757,031	\$ (15,222,967)	\$ 51,320,374	\$ 3,538,469
Unamortized premiums	4,244,729	671,204	(308,552)	4,607,381	-
Notes payable from financing and direct borrowings	7,911	-	(2,979)	4,932	3,022
Compensated absences	877,825	653,204	(643,739)	887,290	650,680
Business-type activities long-term liabilities	<u><u>\$ 54,916,775</u></u>	<u><u>\$ 18,081,439</u></u>	<u><u>\$ (16,178,237)</u></u>	<u><u>\$ 56,819,977</u></u>	<u><u>\$ 4,192,171</u></u>

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, 2024

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

Year Ending June 30,	Bonded Obligations		Notes Payable from Financing Leases and Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	\$ 3,538,469	\$ 1,873,733	\$ 3,022	\$ 38
2026	3,538,268	1,802,081	1,910	16
2027	3,663,419	1,642,793	-	-
2028	3,395,842	1,479,999	-	-
2029	3,327,462	1,352,922	-	-
2030-2034	15,556,914	5,106,153	-	-
2035-2039	9,895,000	2,598,804	-	-
2040-2044	3,015,000	1,408,606	-	-
2045-2049	2,430,000	891,200	-	-
2050-2054	2,960,000	364,600	-	-
	\$ 51,320,374	\$ 18,520,891	\$ 4,932	\$ 54

The legal debt margin for the Town mandated by the Commonwealth of Virginia is \$1.069 million, which is computed based upon 10% of the assessed value on real estate subject to taxation.

Note 8 – Interfund Transfers and Balances

	Transfer In		
	General	Capital Projects	Total
Transfer out			
General	\$ -	\$ 3,413,331	\$ 3,413,331
Capital projects	2,240,829	-	2,240,829
Utility	2,185,723	-	2,185,723
	\$ 4,426,552	\$ 3,413,331	\$ 7,839,883

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, (3) close the residual balances of certain funds into other funds.

Note 9 – 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.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

Construction Commitments

At June 30, 2024, the Town was contractually obligated, except for milling and paving street maintenance, for \$22,023,449 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 funding, 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.

Note 10 – 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 1, 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.

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 1, 2016 pay 100% of their retiree health insurance premium.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

Employees Covered by Benefit Terms

As of the July 1, 2023 valuation date, the following employees were covered by the benefit terms of the Plan:

	Number
Inactive employees or beneficiaries	
Retired/beneficiaries	83
Total inactive employees	83
Active Plan members	369
Total covered employees	452

Net OPEB Liability

The Town's total net OPEB liability of \$3,821,281 was measured as of June 30, 2024 and was determined by an actuarial valuation performed as of July 1, 2023.

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	2.50%
Salary increases, including inflation	3.00%
Healthcare cost trend rates	7.5% initially, grading down to 3.94%
Investment rate of return	7.00%
Retirees' share of benefit-related costs	10%, 50% or 75%

Mortality rates used are based on the mortality improvement (MP2021) scale.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2022 through June 30, 2023.

Changes in assumptions and other inputs reflect 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.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

Rate of return: For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense was 7.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Rate of Return	Weighted Long-Term Expected Rate of Return
Domestic Equity	39.00%	8.83%	2.47%
International	21.00	8.77	1.32
Fixed Income – U.S.	40.00	4.82	0.93
Total	100.00%		4.72
Inflation			2.50
			7.22%

Discount Rate: The discount rate used to measure the total OPEB liability is 6.50%. 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 2051, at which time the trust will be depleted.

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, 2022	\$ 21,161,993	\$ 16,353,766	\$ 4,808,227
Changes for the year			
Service cost	214,624	-	214,624
Interest	1,351,901	-	1,351,901
Experience gains (losses)	(474,735)	-	(474,735)
Contributions – employer	-	555,774	(555,774)
Net investment income	-	2,045,556	(2,045,556)
Assumption changes	522,594	-	522,594
Benefit payments	(555,774)	(555,774)	-
Net changes	1,058,610	2,045,556	(986,946)
Balances at June 30, 2023	\$ 22,220,603	\$ 18,399,322	\$ 3,821,281

The Plan's fiduciary net position as a percent of Total OPEB Liability 82.80%

Town of Leesburg, Virginia

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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 was calculated using a discount rate that is one percentage point lower, 5.50%, or one percentage point higher, 7.50%, than the current discount rate:

	1.00% Decrease (5.50)%	Current Discount Rate (6.50)%	1.00% Increase (7.50)%
Net OPEB liability	<u>\$ 6,965,164</u>	<u>\$ 3,821,281</u>	<u>\$ 1,242,247</u>

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 was calculated using healthcare cost trend rates that are one percentage point lower, 2.90%, or one percentage point higher, 4.90%, than the current healthcare cost trend rates:

	1.00% Decrease (2.90)%	Current Healthcare Cost Trend Rates (3.90)%	1.00% Increase (4.90)%
Net OPEB liability	<u>\$ 1,119,203</u>	<u>\$ 3,821,281</u>	<u>\$ 7,126,767</u>

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$(1,312,673). At June 30, 2024, 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	\$ -	\$ 2,915,886
Changes of assumptions	3,286,845	1,121,893
Net difference between projected and actual earnings on OPEB plan investments	106,850	-
	<u>\$ 3,393,695</u>	<u>\$ 4,037,779</u>

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 (Decrease) to OPEB Expense
2025	\$ (1,826,730)
2026	681,906
2027	255,314
2028	245,426
2029	-
Thereafter	-

Town of Leesburg, Virginia

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Note 11 – 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 various cost-sharing and agent multi-employer other postemployment benefit plans, 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. This Plan is considered a multiple-employer, cost-sharing plan.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. 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 program are as follows:

Group Life Insurance Program

	<i>Code of Virginia 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.</i>
Governed by:	
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	\$198,105
June 30, 2023 Contribution	\$172,825

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In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session.

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

The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2024 proportionate share of liability	\$	1,629,507
June 30, 2023 proportion		0.13587%
June 30, 2022 proportion		0.13244%
June 30, 2024 expense	\$	99,740

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.

At June 30, 2024, 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	\$ 162,748	\$ 49,464
Changes of assumptions	34,831	112,899
Net difference between projected and actual earnings on OPEB plan investments	-	65,483
Changes in proportion	76,015	436
Employer contributions subsequent to the measurement date	198,105	-
	<u>\$ 471,699</u>	<u>\$ 228,282</u>

The \$198,105 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 Fiscal Year ending June 30, 2025.

Town of Leesburg, Virginia

Notes to Financial Statements

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ending June 30,	Increase (Decrease) to OPEB Expense
2025	\$ 17,373
2026	(47,566)
2027	39,853
2028	12,424
2029	23,228

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service-related. Public Safety Employees – 45% to 70% of deaths are assumed to be service-related. Mortality is projected using the applicable Pub-2010 Mortality Table with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

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Net OPEB Liability

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 the measurement date of June 30, 2023, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,907,052
Plan fiduciary net position	2,707,739
Employers' net OPEB liability	1,199,313
Plan fiduciary net position as a percentage of total OPEB liability	69.30%

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%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75
		Inflation	2.50
		*Expected arithmetic nominal return	8.25%

* The above allocation provides for a one-year return of 8.25%. 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

Town of Leesburg, Virginia

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economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including inflation of 2.50%.

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, 2023, 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 which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2023 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 eligible 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 was 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	<u>\$ 2,415,439</u>	<u>\$ 1,629,507</u>	<u>\$ 994,076</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12 – 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.

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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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	228
Inactive members	
Vested inactive members	113
Non-vested inactive members	132
LTD	1
Inactive members active elsewhere in VRS	115
Total inactive members	361
Active members	356
Total covered employees	945

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 Political Subdivision's contractually required contribution rate for the year ended June 30, 2024 was 12.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$4,166,711 and \$3,664,402 for the years ended June 30, 2024 and 2023, 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, 2023. The total pension liability used to calculate the

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net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

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

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 for the VRS pension plans are the same as those used for the various VRS OPEB plans and are summarized in the table in Note 11.

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, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 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.

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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, 2022	\$ 135,474,125	\$ 123,205,061	\$ 12,269,064
Changes for the year			
Service cost	3,356,162	-	3,356,162
Interest	9,169,728	-	9,169,728
Differences between expected and actual experience	1,152,508	-	1,152,508
Contributions – employer	-	3,667,240	(3,667,240)
Contributions – employee	-	1,502,296	(1,502,296)
Net investment income	-	8,004,087	(8,004,087)
Benefit payments, including refunds of employee contributions	(5,964,922)	(5,964,922)	-
Administrative expenses	-	(78,579)	78,579
Other changes	-	3,227	(3,227)
Net changes	7,713,476	7,133,349	580,127
Balances at June 30, 2023	<u>\$ 143,187,601</u>	<u>\$ 130,338,410</u>	<u>\$ 12,849,191</u>

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 was calculated using a discount rate that is one percentage point lower (5.75)% or one percentage point higher (7.75)% than the current rate:

	1.00% Decrease (5.75)%	Current Discount Rate (6.75)%	1.00% Increase (7.75)%
Political Subdivision's net pension liability (asset)	<u>\$ 33,259,893</u>	<u>\$ 12,849,191</u>	<u>\$ (3,538,638)</u>

Town of Leesburg, Virginia

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

For the year ended June 30, 2024, the Political Subdivision recognized pension expense of \$2,925,154. At June 30, 2024, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 789,734	\$ 175,668
Change in assumptions	468,745	-
Net difference between projected and actual earnings on pension plan investments	-	1,864,152
Employer contributions subsequent to the measurement date	4,166,711	-
	<u>\$ 5,425,190</u>	<u>\$ 2,039,820</u>

The \$4,166,711 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 Fiscal Year ending June 30, 2025. 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,	Effect on Pension Expense
2025	\$ (679,685)
2026	(1,920,489)
2027	1,762,260
2028	56,573
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-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, 2024, \$361,216 was payable to the VRS for the legally required contributions related to June 2024 payroll.

Town of Leesburg, Virginia

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Note 13 – Summary of Pension and Other Postemployment Benefits Elements

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 623,890	\$ 165,844	\$ 789,734
Changes in assumptions			
VRS	370,308	98,437	468,745
Employer contributions subsequent to the measurement date			
VRS	3,291,702	875,009	4,166,711
Total deferred outflows of resources – pensions	<u>\$ 4,285,900</u>	<u>\$ 1,139,290</u>	<u>\$ 5,425,190</u>
Deferred outflows of resources – OPEB			
Difference between expected and actual experience			
VRS GLI	\$ 128,571	\$ 34,177	\$ 162,748
Change in assumptions			
Local plan	2,596,607	690,238	3,286,845
VRS GLI	27,516	7,315	34,831
Net difference between projected and actual investment earnings on OPEB plan investments			
Local plan	84,412	22,438	106,850
Change in proportionate share			
VRS GLI	60,052	15,963	76,015
Employer contributions subsequent to the measurement date			
VRS GLI	156,503	41,602	198,105
Total deferred outflows of resources – OPEB	<u>\$ 3,053,661</u>	<u>\$ 811,733</u>	<u>\$ 3,865,394</u>
Net pension liability			
VRS	\$ 10,150,861	\$ 2,698,330	\$ 12,849,191
Total net pension liability	<u>\$ 10,150,861</u>	<u>\$ 2,698,330</u>	<u>\$ 12,849,191</u>
Net OPEB liability			
Local plan	\$ 3,018,812	\$ 802,469	\$ 3,821,281
VRS GLI	1,287,310	342,197	1,629,507
Total net OPEB liability	<u>\$ 4,306,122</u>	<u>\$ 1,144,666</u>	<u>\$ 5,450,788</u>
Deferred inflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 138,778	\$ 36,890	\$ 175,668
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS	1,472,680	391,472	1,864,152
Total deferred inflows of resources – pensions	<u>\$ 1,611,458</u>	<u>\$ 428,362</u>	<u>\$ 2,039,820</u>

Town of Leesburg, Virginia

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	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 2,303,550	\$ 612,336	\$ 2,915,886
VRS GLI	39,077	10,387	49,464
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS GLI	51,732	13,751	65,483
Change in assumptions			
Local plan	886,295	235,598	1,121,893
VRS GLI	89,190	23,709	112,899
Change in proportionate share			
VRS GLI	344	92	436
Total deferred inflow of resources – OPEB	<u>\$ 3,370,188</u>	<u>\$ 895,873</u>	<u>\$ 4,266,061</u>
Pension expense			
VRS	\$ 2,310,872	\$ 614,282	\$ 2,925,154
Total pension expense	<u>\$ 2,310,872</u>	<u>\$ 614,282</u>	<u>\$ 2,925,154</u>
OPEB expense (benefit)			
Local plan	\$ (1,037,012)	\$ (275,661)	\$ (1,312,673)
VRS GLI	78,795	20,945	99,740
Total OPEB expense (benefit)	<u>\$ (958,217)</u>	<u>\$ (254,716)</u>	<u>\$ (1,212,933)</u>

Note 14 – Risk Management

The Town is insured for workers' compensation, general liability, health, and other risks. The risk of management programs are as follows:

Worker's Compensation

Worker's compensation insurance is provided through the Virginia Risk Sharing Association (VRSA). During 2023-2024, total premiums paid were approximately \$354,246. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

General Liability

The Town provided general liability, automobile, property, and other insurance through policies with Virginia Risk Sharing Association (VRSA). During 2023-2024, total premiums paid were approximately \$351,849. General liability and business automobile have a \$1,000,000 limit per occurrence. Boiler and machinery coverage and property insurance have a \$100,000,000 blanket policy. The Town maintains an addition \$10,000,000 per occurrence umbrella policy over all forms of liability insurance. Police professional liability and public officials' liability insurance with \$1,000,000 limit are included in the Town's general liability policy with VRSA. Line of Duty Act (LODA) coverages and benefits are stipulated under the *Code of Virginia* statute. During 2023-2024, the premiums paid for LODA was approximately \$28,658.

Town of Leesburg, Virginia

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There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage.

Cyber Security

The Town is insured for cyber liability expenses through a policy with Cowbell Insurance Agency. The aggregate coverage limit for the cyber liability insurance is \$5,000,000. During 2023-2024, the total premium paid for the Town's cyber security liability insurance was approximately \$35,000.

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 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 2024.

<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, 2023	\$ -	\$ 5,676,742	\$ 4,736,639	\$ 940,103
June 30, 2024	940,103	5,300,380	5,185,108	1,055,375

Note 15 – Subsequent Events

Annexation

On November 8, 2024 a three-judge panel appointed by the Supreme Court of Virginia validated and affirmed a voluntary settlement agreement between the Town of Leesburg and Loudoun County that will bring approximately 401 additional acres into Town limits. The agreement involves the annexation of the 401-acre Compass Creek development into Town corporate limits. The annexed area includes two data centers, one that has started operation and another that is under construction. Both the Leesburg Town Council and Loudoun County Board of Supervisors adopted ordinances in 2024 stating their shared intentions to enter into the voluntary settlement agreement once validated by the three-judge panel. The validation of the agreements means that effective January 1, 2025, the 401 acres will be located within the Town of Leesburg and therefore subject to real property, personal property and other applicable taxes. The Town of Leesburg is anticipated to increase revenues by approximately \$2 to \$3 million in 2025 with the possibility of receiving an estimated \$10 to \$15 million annually in the next three to five years, depending on timing of development within the 401 acres.

Bond Refunding

The Town of Leesburg has closed on the sale for the refunding of \$23,920,000 worth of 2015 Series General Obligation Bonds. The sale closed on October 31 with the winning bid going to TD Securities.

The Town will achieve a Net Present Value savings of 4.02%, more than 1% over the Town's policy of 3% NPV savings. This will translate to a total debt savings of more than \$1.27 million over the remaining 12 years of the bonds averaging an annual savings of more than \$100,000.

Town of Leesburg, Virginia

Notes to Financial Statements

June 30, 2024

The affirmation of the Town's Triple-A credit ratings encouraged 18 bids, the most ever received by the Town for a competitive sale. The Town of Leesburg has maintained a Triple-A credit rating from all three major rating agencies (Standard & Poor's, Moody's and Fitch) since 2015.

Note 16 – New Accounting Standards

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

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Required Supplementary information

Town of Leesburg, Virginia

Exhibit 13

Required Supplementary Information Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan June 30, 2024

	Plan Year							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 214,624	\$ 186,051	\$ 325,183	\$ 519,132	\$ 289,793	\$ 412,508	\$ 400,493	\$ 349,000
Interest	1,351,901	1,354,404	1,406,787	1,525,699	1,372,800	1,288,983	1,362,031	648,747
Benefit payments, including refunds of employee contributions	(555,774)	(508,034)	(395,192)	(385,904)	(394,478)	(590,275)	(500,009)	(350,446)
Difference between actual and expected experience	(474,735)	(408,976)	(3,283,081)	(3,986,589)	(789,486)	-	(1,325,151)	-
Changes in assumptions	522,594	833,919	1,205,836	(3,526,395)	4,043,398	642,914	(1,874,770)	-
Net change in total OPEB liability	1,058,610	1,457,364	(740,467)	(5,854,057)	4,522,027	1,754,130	(1,937,406)	647,301
Total OPEB liability – beginning	<u>21,161,993</u>	<u>19,704,629</u>	<u>20,445,096</u>	<u>26,299,153</u>	<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>22,220,603</u>	<u>21,161,993</u>	<u>19,704,629</u>	<u>20,445,096</u>	<u>26,299,153</u>	<u>21,777,126</u>	<u>20,022,996</u>	<u>21,960,402</u>
Plan Fiduciary Net Position								
Contributions – employer	555,774	508,034	619,147	601,045	569,478	765,275	825,009	675,446
Net investment income (loss)	2,045,556	1,287,072	(2,676,486)	3,413,497	853,811	781,063	871,303	1,106,629
Benefit payments	(555,774)	(508,034)	(395,192)	(385,904)	(394,478)	(590,275)	(500,009)	(350,446)
Administrative expenses	-	-	-	-	-	(55,703)	(53,108)	(32,007)
Net change in plan fiduciary net position	2,045,556	1,287,072	(2,452,531)	3,628,638	1,028,811	900,360	1,143,195	1,399,622
Plan fiduciary net position – beginning	<u>16,353,766</u>	<u>15,066,694</u>	<u>17,519,225</u>	<u>13,890,587</u>	<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>18,399,322</u>	<u>16,353,766</u>	<u>15,066,694</u>	<u>17,519,225</u>	<u>13,890,587</u>	<u>12,861,776</u>	<u>11,961,416</u>	<u>10,818,221</u>
Net OPEB liability – ending	<u>\$ 3,821,281</u>	<u>\$ 4,808,227</u>	<u>\$ 4,637,935</u>	<u>\$ 2,925,871</u>	<u>\$ 12,408,566</u>	<u>\$ 8,915,350</u>	<u>\$ 8,061,580</u>	<u>\$ 11,142,181</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>82.80%</u>	<u>77.28%</u>	<u>76.46%</u>	<u>85.69%</u>	<u>52.82%</u>	<u>59.06%</u>	<u>59.74%</u>	<u>49.26%</u>
Covered-employee payroll	<u>\$ 18,862,303</u>	<u>\$ 19,244,246</u>	<u>\$ 18,817,696</u>	<u>\$ 19,151,423</u>	<u>\$ 17,651,501</u>	<u>\$ 18,430,633</u>	<u>\$ 23,652,124</u>	<u>\$ 20,250,454</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>20.26%</u>	<u>24.99%</u>	<u>24.65%</u>	<u>15.28%</u>	<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.

Town of Leesburg, Virginia

Exhibit 14

Required Supplementary Information Schedules of OPEB Contributions – Local Plan June 30, 2024

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- Employee Payroll
2024	\$ 370,000	\$ 555,774	\$ (185,774)	\$ 18,862,303	2.95 %
2023	438,000	508,034	(70,034)	19,244,246	2.64
2022	468,000	619,147	(151,147)	18,817,696	3.29
2021	825,000	601,045	223,955	19,151,423	3.14
2020	550,092	569,478	(19,386)	17,651,501	3.23
2019	550,092	765,275	(215,183)	18,430,633	4.15
2018	983,426	825,009	158,417	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 2017 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-employee 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

Exhibit 15

Required Supplementary Information Schedule of Investment Returns – Local OPEB Trust Fund June 30, 2024

Entity Fiscal Year Ended June 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	7.22 %
2023	7.16
2022	6.98
2021	7.26
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.

Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability – VRS GLI
 June 30, 2024

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					
2024	0.13587 %	\$ 1,629,507	\$ 32,004,702	5.09 %	69.30 %
2023	0.13244	1,594,705	28,757,188	5.55	67.21
2022	0.13181	1,534,626	27,117,559	5.66	67.45
2021	0.13086	2,184,000	26,958,776	8.10	52.64
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 current fiscal year.

**Required Supplementary Information
Schedule of OPEB Contributions – VRS GLI
June 30, 2024**

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					
2024	\$ 198,105	\$ 198,105	\$ -	\$ 36,686,054	0.54 %
2023	172,825	172,825	-	32,004,702	0.54
2022	155,587	155,587	-	28,757,188	0.54
2021	146,962	146,962	-	27,117,559	0.54
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

Exhibit 18

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios – Virginia Retirement System June 30, 2024

	Plan Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 3,356,162	\$ 3,053,217	\$ 3,001,969	\$ 2,926,714	\$ 2,568,975	\$ 2,482,892	\$ 2,528,010	\$ 2,707,578	\$ 2,756,117	\$ 2,694,218
Interest	9,169,728	8,734,431	7,919,257	7,503,239	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	(5,964,922)	(5,432,665)	(4,810,559)	(4,402,784)	(4,398,201)	(3,880,198)	(3,432,679)	(3,117,573)	(2,632,670)	(2,011,985)
Difference between actual and expected experience	1,152,508	57,051	(1,932,360)	339,942	1,912,417	(2,265,073)	(809,317)	1,329,813	(536,148)	-
Changes in assumptions	-	-	5,156,184	-	3,474,412	-	(915,005)	-	-	-
Net change in total pension liability	7,713,476	6,412,034	9,334,491	6,367,111	10,597,103	3,173,132	3,945,965	7,014,769	5,326,376	6,021,527
Total pension liability – beginning	135,474,125	129,062,091	119,727,600	113,360,489	102,763,386	99,590,254	95,644,289	88,629,520	83,303,144	77,281,617
Total pension liability – ending	143,187,601	135,474,125	129,062,091	119,727,600	113,360,489	102,763,386	99,590,254	95,644,289	88,629,520	83,303,144
Plan Fiduciary Net Position										
Contributions – employer	3,667,240	3,091,539	2,937,379	2,409,743	2,290,800	2,147,461	2,071,096	1,918,622	1,945,907	1,897,869
Contributions – employee	1,502,296	1,390,152	1,337,124	1,287,395	1,223,924	1,183,157	1,131,997	1,126,655	1,146,789	1,173,237
Net investment income (loss)	8,004,087	(166,263)	26,950,250	1,851,717	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	(5,964,922)	(5,432,665)	(4,810,559)	(4,402,784)	(4,398,201)	(3,880,198)	(3,432,679)	(3,117,573)	(2,632,670)	(2,011,985)
Administrative expenses	(78,579)	(76,939)	(65,767)	(62,277)	(59,974)	(54,244)	(53,518)	(46,512)	(44,184)	(51,182)
Other	3,227	2,895	2,760	(2,211)	(3,870)	(5,697)	(8,408)	(563)	(706)	514
Net change in plan fiduciary net position	7,133,349	(1,191,281)	26,351,187	1,081,583	5,178,748	5,750,797	9,119,071	1,209,276	3,721,976	10,759,897
Plan fiduciary net position – beginning	123,205,061	124,396,342	98,045,155	96,963,572	91,784,824	86,034,027	76,914,956	75,705,680	71,983,704	61,223,807
Plan fiduciary net position – ending	130,338,410	123,205,061	124,396,342	98,045,155	96,963,572	91,784,824	86,034,027	76,914,956	75,705,680	71,983,704
Net pension liability – ending	\$ 12,849,191	\$ 12,269,064	\$ 4,665,749	\$ 21,682,445	\$ 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	91.03%	90.94%	96.38%	81.89%	85.54%	89.32%	86.39%	80.42%	85.42%	86.41%
Covered payroll	\$ 32,000,035	\$ 28,757,188	\$ 27,117,559	\$ 26,958,776	\$ 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	40.15%	42.66%	17.21%	80.43%	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.

The amounts above are for the measurement period, which is the twelve months prior to the entity's current fiscal year.

Town of Leesburg, Virginia

Exhibit 19

Required Supplementary Information Schedule of Pension Contributions – Virginia Retirement System June 30, 2024

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					
2024	\$ 4,166,711	\$ 4,166,711	\$ -	\$ 36,676,183	11.36 %
2023	3,664,402	3,664,402	-	32,000,035	11.45
2022	3,091,539	3,091,539	-	28,757,188	10.75
2021	2,937,586	2,937,586	-	27,117,559	10.83
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

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, 2024

Note 1 – Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (the “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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale
- No change to line of duty rates.
- No change to discount rates.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No changes to salary scale
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.

Town of Leesburg, Virginia
Notes to Required Supplementary Information
June 30, 2024

- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality tables to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rates.



Other Supplementary Information

Town of Leesburg, Virginia

Exhibit A-1

General Fund – Comparative Balance Sheets

June 30, 2024

(With Comparative Amounts for 2023)

	2024	2023
ASSETS		
Cash, cash equivalents, and temporary cash investments	\$ 47,841,900	\$ 48,136,878
Receivables (net of allowance for doubtful accounts)		
Property taxes, including penalties	12,469,497	11,716,103
Utility taxes	133,655	166,670
Local taxes	1,196,846	1,079,019
Accounts	444,427	393,990
Leases	3,612,270	3,987,804
Due from other governments	8,909,889	7,810,611
Due from other funds	-	19,381
Lease deposit	-	117,294
Inventory	2,972	2,972
Prepaid items	714,149	458,692
Restricted cash	2,809,575	2,782,286
Total assets	<u><u>\$ 78,135,180</u></u>	<u><u>\$ 76,671,700</u></u>
LIABILITIES		
Accounts payable	\$ 2,807,702	\$ 2,401,644
Due to other governments	147,555	284,228
Retainage payable	-	219,627
Accrued payroll	1,574,669	1,144,594
Accrued liabilities – other	578,952	545,764
Customer deposits	127,526	125,405
Performance bonds	2,709,135	2,610,720
Reserve for proffers	110,078	104,404
Unearned revenues	74,112	97,165
Total liabilities	<u><u>8,129,729</u></u>	<u><u>7,533,551</u></u>
DEFERRED INFLOWS OF RESOURCES		
Leases	3,468,170	3,824,104
Property taxes	12,939,751	12,310,479
Total deferred inflows of resources	<u><u>16,407,921</u></u>	<u><u>16,134,583</u></u>
FUND BALANCE		
Nonspendable		
Lease deposit	-	117,294
Inventory	2,972	2,972
Prepaid items	714,149	458,692
Restricted		
Parks and recreation (Symmington)	50,521	50,521
Police	147,340	147,340
Gas tax	2,018,083	2,443,083
Parking in Lieu	552,932	517,130
Esummons	215,556	379,804
Assigned		
Debt service reserve	9,753,620	9,753,620
Other reserves	8,226,400	7,327,396
Expenditures designated for future years	4,680,191	3,463,611
Unassigned	27,235,766	28,342,103
Total fund balances	<u><u>53,597,530</u></u>	<u><u>53,003,566</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 78,135,180</u></u>	<u><u>\$ 76,671,700</u></u>

Town of Leesburg, Virginia

Exhibit A-2

General Fund – Schedule of Revenues and Other Financial Sources – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenue from local sources:				
General property taxes:				
Real estate taxes:				
Current	\$ 9,784,809	\$ 9,784,809	\$ 9,738,900	\$ (45,909)
Deferred	9,592,950	9,592,950	9,509,250	(83,700)
Personal property taxes:				
Current	1,961,270	1,961,270	1,780,206	(181,064)
Deferred	1,928,190	1,928,190	2,579,376	651,186
Public service corporation taxes	263,900	263,900	266,772	2,872
Penalties and interest	190,531	190,531	262,206	71,675
Total general property taxes	23,721,650	23,721,650	24,136,710	415,060
Other local taxes:				
Utility	1,496,000	1,496,000	1,590,911	94,911
Daily rental	205,800	205,800	139,464	(66,336)
Meals	7,988,881	7,988,881	8,125,216	136,335
Bank franchise	1,678,800	1,678,800	1,688,027	9,227
Cigarette	618,500	618,500	564,112	(54,388)
Business and occupational licenses	4,492,551	4,492,551	4,935,576	443,025
Motor vehicle licenses	900,000	900,000	916,242	16,242
Transient occupancy	827,864	827,864	1,107,411	279,547
Total other local taxes	18,208,396	18,208,396	19,066,959	858,563
Permits, fees, and licenses:				
Zoning, subdivision, and development fees	620,000	620,000	719,249	99,249
Permits	6,600	6,600	12,286	5,686
Airport				
Fuel flow fees	17,500	17,500	47,306	29,806
Annual user fees	34,000	34,000	46,108	12,108
Annual FBO license fees	65,000	65,000	80,355	15,355
Other	38,000	38,000	46,321	8,321
Total permits, fees, and licenses	781,100	781,100	951,625	170,525
Fines and forfeitures:				
Police forfeitures	10,000	80,000	-	(80,000)
Traffic fines	250,000	250,000	196,302	(53,698)
Parking fines	114,000	114,000	208,593	94,593
Parking ticket penalties	-	-	23,410	23,410
Claims and settlements	-	-	500	500
Total fines and forfeitures	374,000	444,000	428,805	(15,195)
Use of money and property:				
Interest/investment loss	451,000	451,000	2,923,255	2,472,255
Parking meters	49,500	49,500	62,322	12,822
Parking facility revenues	154,400	154,400	151,731	(2,669)
Insurance recoveries	110,000	110,000	194,814	84,814
Airport				
Hangar rentals	1,185,480	1,185,480	1,054,604	(130,876)
Tie-downs	165,600	165,600	188,034	22,434
Commercial tenant leases	503,496	503,496	358,821	(144,675)
Recreational facility rental	3,000	3,000	2,180	(820)
Other	71,000	71,000	64,625	(6,375)
Total use of money and property	2,693,476	2,693,476	5,000,386	2,306,910

Town of Leesburg, Virginia

Exhibit A-2

General Fund – Schedule of Revenues and Other Financial Sources – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Charges for services:				
False alarm	100,000	100,000	(100)	(100,100)
Fingerprinting	1,300	1,300	1,126	(174)
Extradition	10,000	10,000	7,142	(2,858)
Special events				
Recreation	225,000	225,000	237,780	12,780
Other	214,800	214,800	195,631	(19,169)
Parks and recreation user fees	4,724,815	4,724,815	5,350,850	626,035
Total charges for services	5,275,915	5,275,915	5,792,429	516,514
Proffers and Gas Tax	320,000	418,527	-	(418,527)
Contributions	51,000	51,000	67,442	16,442
Miscellaneous	26,300	33,640	60,502	26,862
Total revenues from local sources	51,451,837	51,627,704	55,504,858	3,877,154
Intergovernmental:				
Revenue from local sources:				
Local aid:				
Loudoun County	667,903	667,903	680,852	12,949
Total local aid	667,903	667,903	680,852	12,949
Revenue from the Commonwealth:				
Non-categorical:				
Motor vehicles carrier tax	100	100	52	(48)
Mobile home titling tax	600	600	315	(285)
Rental car tax	177,000	177,000	185,942	8,942
Cable TV franchise	256,000	256,000	186,840	(69,160)
Miscellaneous	-	32,500	36,389	3,889
Personal property tax relief	1,468,941	1,468,941	1,468,941	-
Sales and use	7,849,107	7,849,107	6,711,078	(1,138,029)
Communication sales and use	1,518,000	1,518,000	1,410,673	(107,327)
Total non-categorical aid	11,269,748	11,302,248	10,000,230	(1,302,018)
Categorical:				
VA Commission for the Arts	4,500	4,500	4,500	-
State fire programs funds	160,000	217,244	217,244	-
Miscellaneous state revenue	-	50,000	80,062	30,062
Law enforcement assistance	1,014,010	1,014,010	1,066,519	52,509
Highway maintenance	4,395,000	4,395,000	5,098,014	703,014
VDOT funding	-	416,252	-	(416,252)
Department of Aviation	100,000	100,000	59,688	(40,312)
Total categorical aid	5,673,510	6,197,006	6,526,027	329,021
Total revenue from the Commonwealth	16,943,258	17,499,254	16,526,257	(972,997)
Revenue from the federal government:				
Categorical aid:				
E-Summons	43,700	43,700	16,378	(27,322)
Gang Officer	10,000	10,000	-	(10,000)
Byrne Coronavirus Emergency Supplemental Relief Fund	-	15,574	7,516	(8,058)
Miscellaneous	-	62,760	21,651	(41,109)
Safe Streets Task Force	39,000	39,000	-	(39,000)
Total categorical aid	92,700	171,034	45,545	(125,489)
Total revenue from the federal government	92,700	171,034	45,545	(125,489)
Total intergovernmental	17,703,861	18,338,191	17,252,654	(1,085,537)
Total revenues	69,155,698	69,965,895	72,757,512	2,791,617

Town of Leesburg, Virginia

Exhibit A-2

General Fund – Schedule of Revenues and Other Financial Sources – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources:				
Transfers in	4,431,687	4,431,687	4,426,552	(5,135)
Use of fund balance	4,806,125	8,324,952	-	(8,324,952)
Issuance of note payable	-	-	1,584,261	1,584,261
Issuance of lease	-	-	1,493,122	1,493,122
Total other financing sources	9,237,812	12,756,639	7,503,935	(5,252,704)
Total General Fund revenues and other financing sources	<u>\$ 78,393,510</u>	<u>\$ 82,722,534</u>	<u>\$ 80,261,447</u>	<u>\$ (2,461,087)</u>

Town of Leesburg, Virginia

Exhibit A-3

General Fund – Schedule of Expenditures and Other Financial Uses – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Legislative:				
Town council:				
Personnel services	\$ 146,585	\$ 146,585	\$ 146,923	\$ (338)
Contractual services	154,400	225,285	139,178	86,107
Materials and supplies	9,600	6,822	3,527	3,295
Total town council	310,585	378,692	289,628	89,064
Total legislative	310,585	378,692	289,628	89,064
Executive:				
Town manager:				
Personnel services	1,181,476	1,399,886	1,440,290	(40,404)
Contractual services	147,381	254,372	150,039	104,333
Materials and supplies	33,075	8,075	1,784	6,291
Transfer payments	50,000	27,228	-	27,228
Continuous charges	5,835	9,729	9,729	-
Capital outlay	1,000	1,000	-	1,000
Total town manager	1,418,767	1,700,290	1,601,842	98,448
Public arts commission:				
Personnel services	9,205	9,205	7,169	2,036
Contractual services	12,250	12,250	8,899	3,351
Materials and supplies	150	150	-	150
Transfer payments	10,000	10,000	10,000	-
Total public arts commission	31,605	31,605	26,068	5,537
Economic development operations:				
Personnel services	511,721	509,857	560,595	(50,738)
Contractual services	63,927	130,662	109,632	21,030
Materials and supplies	17,800	18,250	13,383	4,867
Grants and contributions	100,000	100,000	95,000	5,000
Continuous charges	78,125	83,135	83,133	2
Capital outlay	1,000	733	583	150
Total economic development operations	772,573	842,637	862,326	(19,689)
Economic development commission:				
Personnel services	9,205	9,205	2,742	6,463
Contractual services	1,200	1,200	-	1,200
Total economic development commission	10,405	10,405	2,742	7,663
Diversity commission:				
Personnel services	9,205	9,205	3,522	5,683
Contractual services	3,850	3,850	1,181	2,669
Total diversity commission	13,055	13,055	4,703	8,352
Public Information:				
Personnel services	353,924	352,448	341,099	11,349
Contractual services	58,140	62,676	44,167	18,509
Materials and supplies	700	1,168	1,095	73
Total public information	412,764	416,292	386,361	29,931
Emergency Management:				
Personnel services	414,853	414,112	414,547	(435)
Contractual services	24,500	15,137	9,072	6,065
Materials and supplies	2,750	9,745	7,773	1,972
Total emergency management	442,103	438,994	431,392	7,602
ADA Compliance:				
Contractual services	49,000	77,000	26,960	50,040
Materials and supplies	16,000	6,000	5,933	67
Total ADA compliance	65,000	83,000	32,893	50,107
Total executive	3,166,272	3,536,278	3,348,327	187,951

Town of Leesburg, Virginia

Exhibit A-3

General Fund – Schedule of Expenditures and Other Financial Uses – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Legal:				
Town attorney:				
Personnel services	721,604	717,619	737,119	(19,500)
Contractual services	57,880	673,715	603,180	70,535
Materials and supplies	3,400	2,126	2,125	1
Transfer payments	-	583	583	-
Continuous charges	142	237	237	-
Capital outlay	-	-	21	(21)
Total town attorney	783,026	1,394,280	1,343,265	51,015
Clerk of council:				
Personnel services	411,509	410,290	408,202	2,088
Contractual services	50,825	54,710	44,877	9,833
Materials and supplies	2,900	2,900	2,264	636
Total clerk of council	465,234	467,900	455,343	12,557
Total legal	1,248,260	1,862,180	1,798,608	63,572
Department of finance:				
Finance:				
Personnel services	3,033,191	3,009,838	3,156,476	(146,638)
Contractual services	611,321	578,805	594,805	(16,000)
Materials and supplies	16,800	13,272	8,082	5,190
Transfer payments	-	-	(64)	64
Continuous charges	13,475	18,197	16,933	1,264
Capital outlay	156,000	265,400	105,339	160,061
Total finance	3,830,787	3,885,512	3,881,571	3,941
Human Resources:				
Personnel services	736,045	732,379	709,336	23,043
Contractual services	295,610	304,436	238,160	66,276
Materials and supplies	6,650	6,743	1,423	5,320
Continuous charges	2,600	2,600	-	2,600
Capital outlay	3,500	2,286	1,831	455
Total human resources	1,044,405	1,048,444	950,750	97,694
Information technology operations:				
Personnel services	1,795,611	1,790,940	1,866,056	(75,116)
Contractual services	2,058,315	2,120,513	1,010,078	1,110,435
Materials and supplies	45,900	56,662	27,017	29,645
Continuous charges	72,151	68,099	62,781	5,318
Capital outlay	105,000	212,614	129,628	82,986
Total information technology operations	4,076,977	4,248,828	3,095,560	1,153,268
Information technology commission:				
Personnel services	9,205	9,205	2,183	7,022
Total information technology commission	9,205	9,205	2,183	7,022
Total department of finance	8,961,374	9,191,989	7,930,064	1,261,925
Public safety:				
Administrative support:				
Personnel services	2,220,230	2,243,591	2,251,241	(7,650)
Contractual services	790,841	651,671	633,947	17,724
Materials and supplies	157,360	122,505	111,166	11,339
Transfer payments	-	207	207	-
Continuous charges	398,725	288,947	276,968	11,979
Capital outlay	9,492	181,133	14,844	166,289
Total administrative support	3,576,648	3,488,054	3,288,373	199,681
Patrol operations:				
Personnel services	6,240,429	6,126,094	6,076,269	49,825
Contractual services	105,703	59,368	58,876	492
Materials and supplies	125,600	114,816	129,723	(14,907)
Capital outlay	395,300	455,866	455,767	99
Total patrol operations	6,867,032	6,756,144	6,720,635	35,509

**General Fund – Schedule of Expenditures and Other Financial Uses –
Budget and Actual
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Criminal investigations:				
Personnel services	2,060,610	2,048,739	1,952,373	96,366
Contractual services	29,648	23,020	18,003	5,017
Materials and supplies	23,020	11,883	7,459	4,424
Continuous charges	19,440	21,480	20,585	895
Total criminal investigations	2,132,718	2,105,122	1,998,420	106,702
Community services:				
Personnel services	2,514,905	2,505,073	2,095,339	409,734
Contractual services	24,205	3,072	3,072	-
Materials and supplies	33,251	7,393	6,687	706
Total community services	2,572,361	2,515,538	2,105,098	410,440
Information services:				
Personnel services	2,542,387	2,565,767	2,360,399	205,368
Contractual services	221,579	222,539	214,789	7,750
Materials and supplies	10,942	7,928	7,169	759
Continuous charges	6,000	-	-	-
Capital outlay	30,000	143,424	123,058	20,366
Total information services	2,810,908	2,939,658	2,705,415	234,243
Citizens support team:				
Materials and supplies	1,395	1,141	-	1,141
Continuous charges	5,815	5,548	5,548	-
Total citizens support team	7,210	6,689	5,548	1,141
Fire and rescue:				
Grants and contributions	160,000	217,244	217,244	-
Total fire and rescue	160,000	217,244	217,244	-
Total public safety	18,126,877	18,028,449	17,040,733	987,716
Public works:				
Public works administration:				
Personnel services	1,315,883	1,313,254	1,357,277	(44,023)
Contractual services	580,745	733,661	246,371	487,290
Materials and supplies	1,750	12,642	2,652	9,990
Continuous charges	98,240	76,888	(95,556)	172,444
Capital outlays	5,500	70,468	1,494,780	(1,424,312)
Total public works administration	2,002,118	2,206,913	3,005,524	(798,611)
Engineering and inspections:				
Personnel services	780,770	775,252	668,809	106,443
Contractual services	214,650	428,117	283,098	145,019
Materials and supplies	5,900	4,959	259	4,700
Capital outlay	5,000	7,864	6,151	1,713
Total engineering and inspections	1,006,320	1,216,192	958,317	257,875
Streets and grounds maintenance:				
Personnel services	3,131,394	3,105,047	3,088,873	16,174
Contractual services	651,700	807,740	535,992	271,748
Materials and supplies	266,800	231,382	163,440	67,942
Transfer payments	-	35	35	-
Continuous charges	51,600	42,896	37,241	5,655
Capital outlay	9,000	16,883	109,311	(92,428)
Total streets and grounds maintenance	4,110,494	4,203,983	3,934,892	269,091
Building maintenance:				
Personnel services	726,886	722,623	753,885	(31,262)
Contractual services	580,760	784,624	703,784	80,840
Materials and supplies	113,250	94,070	72,663	21,407
Continuous charges	161,220	165,264	152,464	12,800
Capital outlay	135,900	336,434	195,436	140,998
Total building maintenance	1,718,016	2,103,015	1,878,232	224,783

**General Fund – Schedule of Expenditures and Other Financial Uses –
Budget and Actual
Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Fleet maintenance:				
Personnel services	1,063,868	1,056,963	1,163,692	(106,729)
Contractual services	130,500	182,388	134,606	47,782
Materials and supplies	314,000	340,034	304,701	35,333
Grants and contributions	20,000	20,000	4,263	15,737
Continuous charges	458,000	381,995	369,225	12,770
Capital outlay	3,000	3,000	2,111	889
Total fleet maintenance	1,989,368	1,984,380	1,978,598	5,782
Refuse collection and recycling:				
Contractual services	3,914,875	4,356,319	3,996,128	360,191
Materials and supplies	13,500	9,606	-	9,606
Total refuse collection and recycling	3,928,375	4,365,925	3,996,128	369,797
Traffic management:				
Personnel services	475,784	470,891	477,176	(6,285)
Contractual services	237,200	507,651	371,124	136,527
Materials and supplies	55,500	25,027	24,455	572
Continuous charges	656,000	666,193	651,743	14,450
Capital outlay	72,700	127,407	(40,488)	167,895
Total traffic management	1,497,184	1,797,169	1,484,010	313,159
Emergency weather response				
Personnel services	190,151	97,151	31,325	65,826
Materials and supplies	93,700	150,189	136,514	13,675
Continuous charges	257,250	443,761	419,645	24,116
Total emergency weather response	541,101	691,101	587,484	103,617
Milling and paving				
Contractual services	775,000	1,629,259	853,649	775,610
Total milling and paving	775,000	1,629,259	853,649	775,610
Regional transportation:				
Transfer payments	320,000	457,576	425,000	32,576
Total regional transportation	320,000	457,576	425,000	32,576
Residential traffic commission:				
Personnel services	9,205	9,205	2,442	6,763
Total residential traffic commission	9,205	9,205	2,442	6,763
Storm management:				
Employee training courses	-	5,000	-	5,000
Management services	-	544,240	277,554	266,686
Architecture and engineering services	-	952,000	414,020	537,980
Computer software maintenance services	-	35,000	16,743	18,257
Field supplies	-	15,000	-	15,000
Computer equipment	-	25,000	10,910	14,090
Total storm management	-	1,576,240	719,227	857,013
Capital projects management:				
Personnel services	1,477,117	1,476,898	1,479,274	(2,376)
Contractual services	391,460	834,468	267,526	566,942
Materials and supplies	6,925	6,434	2,306	4,128
Transfer payments	(745,000)	(745,000)	(839,352)	94,352
Continuous charges	1,058	852	852	-
Capital outlay	6,250	7,648	4,560	3,088
Total capital projects management	1,137,810	1,581,300	915,166	666,134
Total public works	19,034,991	23,822,258	20,738,669	3,083,589
Parks and Recreation:				
Parks and recreation administration:				
Personnel services	604,310	407,860	408,718	(858)
Contractual services	10,000	28,713	22,032	6,681

Town of Leesburg, Virginia

Exhibit A-3

General Fund – Schedule of Expenditures and Other Financial Uses – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Materials and supplies	2,000	3,364	3,140	224
Continuous charges	30,491	30,120	29,644	476
Capital outlay	30,000	38,995	13,532	25,463
Total parks and recreation administration	676,801	509,052	477,066	31,986
Parks:				
Personnel services	1,204,564	1,198,518	1,150,496	48,022
Contractual services	149,105	141,741	101,925	39,816
Materials and supplies	218,670	208,766	177,839	30,927
Continuous charges	62,200	61,981	57,685	4,296
Capital outlay	591,018	635,477	229,090	406,387
Total parks	2,225,557	2,246,483	1,717,035	529,448
Recreation programs administration:				
Personnel services	268,723	266,833	261,131	5,702
Contractual services	20,060	14,668	11,658	3,010
Total recreation programs administration	288,783	281,501	272,789	8,712
Ida Lee recreation center:				
Personnel services	1,060,776	1,023,587	1,125,011	(101,424)
Contractual services	261,761	273,512	240,218	33,294
Materials and supplies	63,018	67,424	64,487	2,937
Grants and contributions	-	177	201	(24)
Continuous charges	230,130	242,161	231,920	10,241
Total Ida Lee recreation center	1,615,685	1,606,861	1,661,837	(54,976)
Fitness programs:				
Personnel services	501,602	500,940	471,333	29,607
Contractual services	35,170	20,170	16,908	3,262
Materials and supplies	8,100	6,445	4,771	1,674
Total fitness programs	544,872	527,555	493,012	34,543
Community outreach:				
Personnel services	139,992	139,359	141,660	(2,301)
Contractual services	14,590	10,656	7,693	2,963
Materials and supplies	6,300	8,250	7,014	1,236
Total community outreach	160,882	158,265	156,367	1,898
Aquatics:				
Personnel services	1,510,819	1,508,748	1,488,709	20,039
Contractual services	37,845	34,745	29,893	4,852
Continuous charges	124,210	190,010	174,938	15,072
Materials and supplies	20,000	39,500	35,656	3,844
Total aquatics	1,692,874	1,773,003	1,729,196	43,807
Sports programs:				
Personnel services	241,075	240,442	258,951	(18,509)
Contractual services	170	170	-	170
Materials and supplies	27,300	23,455	23,150	305
Total sports programs	268,545	264,067	282,101	(18,034)
Recreation classes:				
Personnel services	69,070	68,557	29,592	38,965
Contractual services	70	90	20	70
Materials and supplies	5,325	3,055	2,593	462
Total recreation classes	74,465	71,702	32,205	39,497
Special events:				
Personnel services	191,459	191,219	227,492	(36,273)
Contractual services	228,899	244,508	231,714	12,794
Materials and supplies	70,250	90,404	87,835	2,569
Total special events	490,608	526,131	547,041	(20,910)

Town of Leesburg, Virginia

Exhibit A-3

General Fund – Schedule of Expenditures and Other Financial Uses – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Tennis court complex:				
Personnel services	709,438	707,699	832,083	(124,384)
Contractual services	23,700	14,270	20,299	(6,029)
Materials and supplies	45,550	31,080	30,191	889
Grants and contributions	50,000	50,000	-	50,000
Continuous charges	88,000	79,798	73,036	6,762
Total tennis court complex	916,688	882,847	955,609	(72,762)
Camp programs:				
Personnel services	119,156	119,156	104,308	14,848
Contractual services	36,500	29,567	22,630	6,937
Materials and supplies	9,500	10,500	10,444	56
Total camp programs	165,156	159,223	137,382	21,841
Parks and recreation commission:				
Personnel services	9,205	9,205	3,388	5,817
Materials and supplies	-	7,435	3,040	4,395
Total parks and recreation commission	9,205	16,640	6,428	10,212
Tree commission:				
Personnel services	9,205	9,205	5,594	3,611
Contractual services	1,800	1,800	1,103	697
Total tree commission	11,005	11,005	6,697	4,308
Total parks and recreation	9,141,126	9,034,335	8,474,765	559,570
Balch Library:				
Library operations:				
Personnel services	580,819	583,102	601,695	(18,593)
Contractual services	49,815	51,581	34,926	16,655
Materials and supplies	62,416	57,116	40,009	17,107
Continuous charges	23,380	27,880	26,479	1,401
Capital outlay	-	300	300	-
Total library operations	716,430	719,979	703,409	16,570
Library advisory commission:				
Personnel services	9,205	9,205	6,417	2,788
Contractual services	2,675	2,675	295	2,380
Materials and supplies	100	100	92	8
Total library advisory commission	11,980	11,980	6,804	5,176
Total Balch Library	728,410	731,959	710,213	21,746
Community development:				
Personnel services	4,379,725	4,358,052	4,365,608	(7,556)
Contractual services	410,883	1,214,638	596,439	618,199
Materials and supplies	13,100	7,511	7,031	480
Continuous charges	538	97,955	97,083	872
Capital outlay	-	12,400	11,527	873
Total community development	4,804,246	5,690,556	5,077,688	612,868
Airport:				
Personnel services	608,026	604,753	609,272	(4,519)
Contractual services	299,434	328,947	287,897	41,050
Materials and supplies	29,950	29,782	23,917	5,865
Continuous charges	160,763	281,360	248,841	32,519
Capital outlay	10,600	9,145	5,690	3,455
Total airport	1,108,773	1,253,987	1,175,617	78,370
Airport commission:				
Personnel services	9,205	9,205	3,786	5,419
Total airport commission	9,205	9,205	3,786	5,419
Total airport	1,117,978	1,263,192	1,179,403	83,789

Town of Leesburg, Virginia

Exhibit A-3

General Fund – Schedule of Expenditures and Other Financial Uses – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Townwide expenditures:				
Salary savings	(1,231,622)	(1,231,622)	-	(1,231,622)
Budget hold back	1,504,000	941,110	-	941,110
Total townside expenditures	272,378	(290,512)	-	(290,512)
Debt service:				
GO bond retirement principal	6,519,932	6,467,595	6,142,280	325,315
GO bond retirement interest and other fiscal charges	1,683,609	1,683,609	1,585,371	98,238
BAN interest and fiscal charges	-	164,649	164,649	-
SBITA principal	-	-	744,087	(744,087)
SBITA interest	-	-	46,052	(46,052)
Lease principal	-	-	157,101	(157,101)
Lease interest	-	-	11,588	(11,588)
CARP principal	667,822	679,136	679,136	-
CARP interest and fiscal charges	373,686	120,876	58,943	61,933
Line of credit issuance fees	-	76,847	76,847	-
Total debt service	9,245,049	9,192,712	9,666,054	(473,342)
Total expenditures	76,157,546	82,442,088	76,254,152	6,187,936
Other financing uses:				
Transfers to capital projects	2,235,964	3,068,964	3,413,331	(344,367)
Total other financing uses	2,235,964	3,068,964	3,413,331	(344,367)
Total general fund expenditures and other financing uses	<u>\$ 78,393,510</u>	<u>\$ 85,511,052</u>	<u>\$ 79,667,483</u>	<u>\$ 5,843,569</u>

Town of Leesburg, Virginia

Exhibit B-1

Utilities Fund – Comparative Statements of Net Position

June 30, 2024
(With Comparative Amounts for 2023)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 73,517,565	\$ 53,503,720
Accounts receivable, net	7,009,540	6,245,644
Lease receivable	3,099,861	3,282,338
Prepaid expenses	23,710	12,532
Inventory	1,054,552	803,301
Accrued interest	-	17,330
Total current assets	<u>84,705,228</u>	<u>63,864,865</u>
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	11,411,599	8,174,759
Depreciable assets, net	<u>197,866,797</u>	<u>191,662,886</u>
Total noncurrent assets	<u>209,278,396</u>	<u>199,837,645</u>
Total assets	<u>293,983,624</u>	<u>263,702,510</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	1,139,290	1,216,051
Deferred outflows related to other post employment benefits	811,733	1,131,588
Deferred loss on refunding	<u>1,474,907</u>	<u>1,589,680</u>
Total deferred outflows of resources	<u>3,425,930</u>	<u>3,937,319</u>
Total assets and deferred outflows of resources	<u>297,409,554</u>	<u>267,639,829</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,464,577	1,498,720
Accrued expenses	476,060	404,840
Accrued interest	737,918	734,468
Compensated absences	650,680	643,739
Retainage payable	404,006	173,954
Notes payable	3,022	2,980
Bonds payable	3,538,469	9,716,089
Performance bonds payable	9,000	9,000
Customer deposits and contingent charges	<u>1,508,433</u>	<u>1,372,702</u>
Total current liabilities	<u>9,792,165</u>	<u>14,556,492</u>
NONCURRENT LIABILITIES		
Compensated absences	236,610	234,086
Net pension obligation liability	2,698,330	2,576,503
Net other postemployment benefit liability	1,144,666	1,344,616
Notes payable	1,910	4,931
Bonds payable, net	<u>52,389,286</u>	<u>44,314,950</u>
Total noncurrent liabilities	<u>56,470,802</u>	<u>48,475,086</u>
Total liabilities	66,262,967	63,031,578
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	2,942,734	3,171,200
Deferred inflows related to pension plan	428,362	888,273
Deferred inflows related to other postemployment benefits	895,873	1,431,702
Deferred gain on refunding	<u>54,787</u>	<u>59,883</u>
Total liabilities and deferred inflows of resources	<u>70,584,723</u>	<u>68,582,636</u>
NET POSITION		
Net investment in capital assets	152,473,899	146,393,320
Unrestricted	<u>74,350,932</u>	<u>52,663,873</u>
Total net position	<u><u>\$ 226,824,831</u></u>	<u><u>\$ 199,057,193</u></u>

Town of Leesburg, Virginia

Exhibit B-2

Utilities Fund – Comparative Statements of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2024 (With Comparative Amounts for 2023)

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Charges for services	\$ 29,821,199	\$ 27,319,139
Other	76,387	45,215
Total operating revenues	<u>29,897,586</u>	<u>27,364,354</u>
OPERATING EXPENSES		
Personnel service	11,669,724	10,784,126
Contractual services	1,885,602	1,845,938
Depreciation and amortization	7,475,223	6,895,240
Materials and supplies	2,419,424	2,347,802
Continuous charges	1,784,070	1,745,744
Internal and other	575,477	1,306,337
Total operating expenses	<u>25,809,520</u>	<u>24,925,187</u>
Operating income	<u>4,088,066</u>	<u>2,439,167</u>
NONOPERATING REVENUES (EXPENSES)		
Gain on investments	3,735,310	2,198,738
Gain on sale and disposal of assets	203,688	138,028
Rental and other charges	505,562	355,933
Installation and connection charges	17,728,510	2,259,286
Interest and fiscal charges	(1,814,870)	(1,690,875)
Total nonoperating revenues, net	<u>20,358,200</u>	<u>3,261,110</u>
Income before capital contributions and transfers	<u>24,446,266</u>	<u>5,700,277</u>
TRANSFERS		
Transfers out	(2,185,723)	(1,893,000)
Capital contributions	5,507,095	7,057,614
Total contributions and transfers, net	<u>3,321,372</u>	<u>5,164,614</u>
Change in net position	27,767,638	10,864,891
Total net position, beginning	<u>199,057,193</u>	<u>188,192,302</u>
Total net position, ending	<u><u>\$ 226,824,831</u></u>	<u><u>\$ 199,057,193</u></u>

Town of Leesburg, Virginia

Exhibit B-3

Utilities Fund – Comparative Statements of Cash Flows

Year Ended June 30, 2024
(With Comparative Amounts for 2023)

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Receipts from customers	\$ 29,269,420	\$ 26,842,265
Payments to suppliers for goods and services	(7,087,850)	(7,965,972)
Payments to employees for services	<u>(12,266,286)</u>	<u>(11,642,686)</u>
Net cash provided by operating activities	<u>9,915,284</u>	<u>7,233,607</u>
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Advance from other funds	-	305
Transfers out	<u>(2,185,723)</u>	<u>(1,893,000)</u>
Net cash used in noncapital and related financing activities	<u>(2,185,723)</u>	<u>(1,892,695)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Installation and connection charges	17,728,510	2,259,286
Acquisition and construction of capital assets	(10,085,900)	(7,393,431)
Proceeds from sale of capital assets	237,465	165,328
Payment to escrow agent for debt refunding	(11,760,173)	-
Proceeds from debt issuance	-	2,499,569
Proceeds from bond anticipation note	5,567,031	-
Premiums from bond issuance	671,204	-
Principal paid on debt	(3,465,773)	(3,548,953)
Proceeds from bond issuance	11,190,000	-
Principal collected on leases	182,477	175,356
Interest collected on leases	20,899	22,097
Interest and fiscal charges	<u>(2,010,293)</u>	<u>(1,964,062)</u>
Net cash provided by (used in) capital and related financing activities	<u>8,275,447</u>	<u>(7,784,810)</u>
INVESTING ACTIVITIES		
Investment gain	3,731,741	2,159,311
Rental, lease, and other charges	<u>277,096</u>	<u>127,469</u>
Net cash provided by investing activities	<u>4,008,837</u>	<u>2,286,780</u>
Net increase (decrease) in cash and cash equivalents	20,013,845	(157,118)
CASH AND CASH EQUIVALENTS		
Beginning	<u>53,503,720</u>	<u>53,660,838</u>
Ending	<u><u>\$ 73,517,565</u></u>	<u><u>\$ 53,503,720</u></u>

Town of Leesburg, Virginia

Exhibit B-3

Utilities Fund – Comparative Statements of Cash Flows

Year Ended June 30, 2024

(With Comparative Amounts for 2023)

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 4,088,066	\$ 2,439,167
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	7,475,223	6,895,240
Pension expense, net of contributions	(261,323)	(235,168)
Other postemployment benefits expense, net of contributions	(415,924)	(360,121)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(763,896)	(584,879)
Due from other funds	(11,178)	33,538
Inventory	(251,251)	(121,232)
Increase (decrease) in:		
Accounts payable	(160,849)	(632,457)
Accrued liabilities	80,685	(263,271)
Customer deposits and contingent charges	135,731	62,790
Net cash provided by operating activities	<u><u>\$ 9,915,284</u></u>	<u><u>\$ 7,233,607</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	<u><u>\$ 5,507,095</u></u>	<u><u>\$ 7,057,614</u></u>
Capital assets included in accounts payable	<u><u>\$ 1,887,924</u></u>	<u><u>\$ 761,218</u></u>
Capital assets transferred to governmental activities	<u><u>\$ 40,951</u></u>	<u><u>\$ -</u></u>

Town of Leesburg, Virginia

Exhibit B-4

Enterprise Fund – Utilities Operating Fund – Schedule of Operating Revenues and Expenses – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
UTILITIES OPERATIONS				
Use of money and property	\$ 511,436	\$ 511,436	\$ 4,084,467	\$ 3,573,031
Charges for services	28,983,786	28,983,786	30,036,434	1,052,648
Contributions – pro-rata	-	-	5,507,095	5,507,095
Other	9,000	9,000	14,797	5,797
Total operating revenue	29,504,222	29,504,222	39,642,793	10,138,571
UTILITIES EXPENSES				
Personnel services	12,623,964	12,623,964	11,669,724	(954,240)
Contractual services	4,448,923	4,294,256	2,650,047	(1,644,209)
Material and supplies	2,800,300	2,616,615	2,375,974	(240,641)
Project management cost	1,922,823	2,009,423	1,917,007	(92,416)
Continuous charges	1,539,503	1,907,787	1,784,070	(123,717)
Repairs and maintenance	883,400	745,530	483,121	(262,409)
Depreciation	-	-	7,475,223	7,475,223
Interest	5,285,309	5,285,309	1,814,870	(3,470,439)
Total operating expenses	29,504,222	29,482,884	30,170,036	687,152
Net operating income	-	21,338	9,472,757	9,451,419
TRANSFERS				
Transfers in from Utilities Replacement Fund	-	100,000	-	(100,000)
Transfers out to Utilities Replacement Fund	-	(1,110,965)	(11,382,215)	(10,271,250)
Total transfers	-	(1,010,965)	(11,382,215)	(10,371,250)
Change in operating net position	\$ -	\$ (989,627)	\$ (1,909,458)	\$ (919,831)

Town of Leesburg, Virginia

Exhibit C-1

Internal Service Fund – Comparative Statements of Net Position

Year Ended June 30, 2024
(With Comparative Amounts for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,810,590	\$ 1,971,486
Receivables (net of allowance for doubtful accounts):		
Trade and other accounts	<u>29,614</u>	<u>25,609</u>
Total assets	<u>1,840,204</u>	<u>1,997,095</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,379	10,132
Insurance and benefit claims	<u>1,055,375</u>	<u>940,103</u>
Total liabilities	<u>1,057,754</u>	<u>950,235</u>
NET POSITION		
Unrestricted	<u>782,450</u>	<u>1,046,860</u>
Total net position	<u><u>\$ 782,450</u></u>	<u><u>\$ 1,046,860</u></u>

Town of Leesburg, Virginia

Exhibit C-2

**Internal Service Fund – Comparative Statements of Revenues,
Expenses and Changes in Net Position**

Year Ended June 30, 2024

(With Comparative Amounts for 2023)

	2024	2023
OPERATING REVENUES		
Charges for services	\$ 5,004,438	\$ 5,122,323
Other	52	3,879
Total operating revenues	<u>5,004,490</u>	<u>5,126,202</u>
OPERATING EXPENSES		
Risk financing and benefit payments	<u>5,300,380</u>	<u>5,676,742</u>
Total operating expenses	<u>5,300,380</u>	<u>5,676,742</u>
Operating loss	<u>(295,890)</u>	<u>(550,540)</u>
NONOPERATING REVENUES		
Interest on investments	<u>31,480</u>	<u>11,123</u>
Total nonoperating revenues	<u>31,480</u>	<u>11,123</u>
Change in net position	(264,410)	(539,417)
Total net position, beginning as restated	<u>1,046,860</u>	<u>1,586,277</u>
Total net position, ending	<u><u>\$ 782,450</u></u>	<u><u>\$ 1,046,860</u></u>

Town of Leesburg, Virginia

Exhibit C-3

Internal Service Fund – Comparative Statements of Cash Flows

Year Ended June 30, 2024
(With Comparative Amounts for 2023)

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Receipts from interfund services provided	\$ 5,000,485	\$ 5,123,098
Claims and benefits paid	<u>(5,192,861)</u>	<u>(4,737,470)</u>
Net cash provided by (used in) operating activities	<u>(192,376)</u>	<u>385,628</u>
INVESTING ACTIVITIES		
Interest on investments	<u>31,480</u>	<u>11,123</u>
Net cash provided by investing activities	<u>31,480</u>	<u>11,123</u>
Net increase (decrease) in cash and cash equivalents	(160,896)	396,751
CASH AND CASH EQUIVALENTS		
Beginning	<u>1,971,486</u>	<u>1,574,735</u>
Ending	<u><u>\$ 1,810,590</u></u>	<u><u>\$ 1,971,486</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	\$ (295,890)	\$ (550,540)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(4,005)	(3,104)
Increase (decrease) in:		
Accounts payable	(7,753)	(831)
Insurance and benefit claims	<u>115,272</u>	<u>940,103</u>
Net cash provided (used in) by operating activities	<u><u>\$ (192,376)</u></u>	<u><u>\$ 385,628</u></u>

Town of Leesburg, Virginia
Special Revenue Fund – Balance Sheet
June 30, 2024

Exhibit D-1

**Thomas Balch
Library
Endowment
Fund**

ASSETS

CURRENT ASSETS

Cash, cash equivalents, and investments

\$ 1,308,906

Total assets

\$ 1,308,906

LIABILITIES

CURRENT LIABILITIES

Accrued liabilities - other

3,595

Total liabilities

3,595

FUND BALANCE

Restricted

1,305,311

Total fund balance

1,305,311

Total liabilities and fund balances

\$ 1,308,906

Town of Leesburg, Virginia

Exhibit D-2

Special Revenue Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance Year Ended June 30, 2024

	Thomas Balch Library Endowment Fund
REVENUES	
Contributions	\$ 20,469
Interest and investment gains	144,893
Total revenues	165,362
EXPENDITURES	
Capital projects	47,361
Contractual services	10,330
Total expenditures	57,691
Net change in fund balance	107,671
Fund balance, beginning	1,197,640
Fund balance, ending	<u><u>\$ 1,305,311</u></u>

Statistical Section

The statistical section of the Town’s annual comprehensive 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	1-6
These tables contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.	
Revenue Capacity.....	7-12
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.	
Debt Capacity.....	13-16
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.	
Demographic and Economic Information	17-18
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.	
Operating Information	19-22
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.	

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

Town of Leesburg, Virginia

Table 1

Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting) (Unaudited)

	Fiscal Year									
	2015	2016 (1)	2017	2018	2019	2020	2021	2022 (2)	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 253,108,079	\$ 260,418,011	\$ 283,018,215	\$ 294,700,876	\$ 305,543,608	\$ 316,442,063	\$ 309,533,766	\$ 341,585,240	\$ 354,834,574	\$ 369,077,599
Restricted	11,601,298	15,074,126	13,860,762	12,012,955	12,295,849	11,020,631	13,689,817	10,766,067	10,748,017	10,818,408
Unrestricted	9,767,484	12,371,943	12,634,883	10,367,657	11,415,206	11,181,903	24,115,067	27,945,118	38,444,972	39,682,038
Total governmental activities net position	<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>	<u>\$ 347,338,650</u>	<u>\$ 380,296,425</u>	<u>\$ 404,027,563</u>	<u>\$ 419,578,045</u>
Business-type activities:										
Net investment in capital assets	\$ 106,179,841	\$ 106,514,815	\$ 116,239,800	\$ 119,676,742	\$ 120,511,325	\$ 121,944,564	\$ 132,795,226	\$ 138,069,997	\$ 146,393,320	\$ 152,473,899
Unrestricted	16,970,074	17,627,323	22,415,979	22,418,522	29,606,252	42,030,504	31,640,666	50,122,305	52,663,873	74,350,932
Total business-type activities net position	<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>	<u>\$ 164,435,892</u>	<u>\$ 188,192,302</u>	<u>\$ 199,057,193</u>	<u>\$ 226,824,831</u>
Primary government:										
Net investment in capital assets	\$ 359,287,920	\$ 366,932,826	\$ 399,258,015	\$ 414,377,618	\$ 426,054,933	\$ 438,386,627	\$ 442,328,992	\$ 479,655,237	\$ 501,227,894	\$ 521,551,498
Restricted	11,601,298	15,074,126	13,860,762	12,012,955	12,295,849	11,020,631	13,689,817	10,766,067	10,748,017	10,818,408
Unrestricted	26,737,558	29,999,266	35,050,862	32,786,179	41,021,458	53,212,407	55,755,733	78,067,423	91,108,845	114,032,970
Total primary government net position	<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>	<u>\$ 511,774,542</u>	<u>\$ 568,488,727</u>	<u>\$ 603,084,756</u>	<u>\$ 646,402,876</u>

(1) Beginning net position was restated as of June 30, 2016.

(2) Beginning net position was restated as of June 30, 2022.

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

Town of Leesburg, Virginia

Table 2

Changes in Net Position Last Ten Fiscal Years (Accrual Basis of Accounting) (Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental activities:										
Legislative	\$ 358,882	\$ 252,822	\$ 258,238	\$ 275,494	\$ 266,921	\$ 306,311	\$ 284,782	\$ 392,862	\$ 320,120	\$ 472,768
Executive	2,072,643	2,502,210	2,162,353	2,011,487	2,250,835	2,638,713	3,476,734	2,594,181	3,115,470	3,228,633
Legal	812,884	730,310	764,127	850,797	1,449,665	1,281,417	1,094,510	1,616,223	1,802,306	1,768,536
Department of finance	4,427,627	4,623,142	4,906,502	5,574,621	5,577,072	6,754,364	6,375,565	6,497,089	7,993,864	8,105,600
Public safety	13,236,510	13,091,832	12,749,163	13,696,258	14,103,272	14,496,980	13,741,579	12,970,372	13,623,509	16,754,491
Public works	15,310,127	17,881,225	20,915,538	21,626,022	22,771,022	21,167,673	21,333,317	79,247,778	23,529,213	24,348,678
Parks and recreation	8,084,695	8,474,752	7,323,433	8,550,169	8,611,563	7,720,777	7,093,510	7,870,812	8,729,678	8,692,554
Balch Library	635,782	666,442	670,011	521,563	540,759	515,262	482,434	580,140	650,593	732,256
Planning and zoning	1,554,970	1,634,254	1,649,401	2,050,272	1,892,780	2,155,625	1,967,412	2,124,061	-	-
Plan review	1,251,101	1,346,812	1,329,164	1,351,632	1,460,785	1,446,718	1,493,857	1,535,305	-	-
Community development	-	-	-	-	-	-	-	-	3,869,045	4,859,129
Airport	1,737,100	1,887,605	1,949,301	2,145,464	2,313,619	1,703,631	1,667,720	2,170,564	1,977,343	1,655,875
Townwide	-	-	-	-	-	84,100	5,484,709	-	-	-
Interest	2,948,021	3,078,679	2,966,378	2,299,739	2,056,929	2,643,027	2,013,094	1,805,035	1,589,928	2,293,336
Total governmental activities	52,430,342	56,170,085	57,643,609	60,953,518	63,295,222	62,914,598	66,509,223	119,404,422	67,201,069	72,911,856
Business-type activities:										
Utilities	18,923,084	19,288,252	19,168,447	19,891,648	20,814,411	22,969,825	21,657,431	23,384,160	26,616,062	27,624,390
Total business-type activities	18,923,084	19,288,252	19,168,447	19,891,648	20,814,411	22,969,825	21,657,431	23,384,160	26,616,062	27,624,390
Total government	71,353,426	75,458,337	76,812,056	80,845,166	84,109,633	85,884,423	88,166,654	142,788,582	93,817,131	100,536,246
Program revenue:										
Governmental activities:										
Charges for services:										
Legislative	-	-	319,340	-	-	-	-	-	-	-
Public safety	582,487	441,899	398,197	431,632	700,562	490,334	293,768	317,789	300,418	436,973
Public works	390,712	265,239	115,470	177,044	159,506	169,809	72,114	162,634	134,906	195,631
Parks and recreation	4,921,047	4,990,892	4,938,988	5,076,884	5,121,409	3,323,120	3,172,606	4,421,423	5,278,435	5,588,630
Plan review	-	-	1,280,528	896,791	948,850	1,032,586	1,208,102	677,041	-	-
Planning and zoning	649,181	513,145	1,919,609	252,393	382,255	458,660	299,752	377,160	-	-
Community development	-	-	-	-	-	-	-	-	996,168	777,856
Airport	-	-	-	101,252	81,960	91,746	99,390	107,008	200,847	173,769
Operating grants and contributions:										
Executive	255,441	259,066	-	861,824	789,810	916,872	615,674	626,970	564,257	688,368
Public safety	1,018,162	1,562,618	1,216,964	1,104,541	1,119,632	1,172,277	1,196,462	1,298,482	1,363,490	1,300,141
Public works	3,462,282	3,848,932	4,529,490	4,295,620	4,086,213	5,611,524	3,928,356	4,031,336	4,679,808	5,098,015
Parks and recreation	-	-	586	5,000	4,500	-	4,500	4,500	4,500	4,500
Balch Library	12,379	13,500	8,872	-	-	-	-	-	-	-
Airport	99,197	125,775	113,578	82,780	218,889	950,083	223,137	438,780	5,030,013	2,364,665
Townwide	-	-	-	-	-	-	9,458,419	2,971,104	3,004,640	101,713

Town of Leesburg, Virginia

Table 2

Changes in Net Position Last Ten Fiscal Years (Accrual Basis of Accounting) (Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital grants and contributions:										
Executive	137,400	-	-	36,298	-	-	-	-	-	-
Public works	5,081,809	-	8,557,324	12,719,606	21,434,223	14,187,071	10,098,336	89,273,115	12,355,004	10,040,197
Parks and recreation	-	3,234,028	-	-	-	-	-	-	-	-
Airport	916,850	1,420,215	304,166	-	-	-	-	-	-	-
Total governmental activities program revenue	17,526,947	16,675,309	23,703,112	26,041,665	35,047,809	28,404,082	30,670,616	104,707,342	33,912,486	26,770,458
Business-type activities:										
Charges for services:										
Utilities	15,620,127	16,841,860	18,639,231	22,387,305	23,873,384	30,306,649	28,103,698	34,665,765	29,578,425	47,549,709
Operating grants and contributions:										
Utilities	2,176,412	1,592,787	571,739	-	-	-	-	-	-	-
Capital grants and contributions:										
Utilities	271,759	321,724	571,739	12,128,538	2,811,012	6,474,287	520,097	2,394,458	7,057,614	5,507,095
Total business-type activities program revenues	18,068,298	18,756,371	19,782,709	34,515,843	26,684,396	36,780,936	28,623,795	37,060,223	36,636,039	53,056,804
Total government program revenues	35,595,245	35,431,680	43,485,821	60,557,508	61,732,205	65,185,018	59,294,411	141,767,565	70,548,525	79,827,262
Net (expense) revenue:										
Governmental activities	(34,342,419)	(36,357,512)	(35,303,768)	(30,081,339)	(26,097,925)	(34,510,516)	(35,838,607)	(14,697,080)	(33,288,583)	(46,141,398)
Business-type activities	(1,352,905)	(166,713)	1,521,168	15,347,396	6,792,748	13,811,111	6,966,364	13,676,063	10,019,977	25,432,414
Total government net expense	(35,695,324)	(36,524,225)	(33,782,600)	(14,733,943)	(19,305,177)	(20,699,405)	(28,872,243)	(1,021,017)	(23,268,606)	(20,708,984)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
General property	13,665,498	13,907,905	14,184,837	14,811,321	15,635,984	17,554,757	19,155,387	18,834,777	22,171,204	24,163,922
Communication sales and use	6,343,455	6,767,712	7,234,856	7,426,112	7,230,196	7,882,027	7,993,969	8,681,551	8,884,029	8,121,751
Meals	4,827,853	5,021,455	5,247,114	5,275,413	5,841,127	5,175,671	5,540,382	7,545,383	7,378,289	8,125,216
Business and occupational licenses	3,292,385	3,326,739	3,152,175	3,482,857	3,620,884	3,793,027	4,031,292	4,361,698	4,752,232	4,935,576
Utility	1,564,500	1,559,559	1,525,755	1,521,738	1,544,206	1,494,085	1,488,711	1,495,254	1,555,313	1,590,911
Cigarette	980,759	934,508	905,450	872,841	821,296	675,880	616,040	618,476	623,539	564,112
Other	2,785,727	2,486,346	2,892,316	2,879,141	3,252,683	3,002,327	3,336,541	3,540,511	3,552,928	3,851,144
Intergovernmental, non-categorical aid	1,594,257	1,881,123	2,756,311	11,200,431	2,516,960	1,571,043	1,725,059	1,614,703	1,871,034	1,878,479
Use of money and property	1,796,693	1,785,866	2,185,769	2,581,923	2,410,130	2,719,823	2,039,440	2,067,931	3,967,153	5,807,856
Miscellaneous, lease, gains on asset sales	813,747	676,490	611,090	257,235	82,456	109,750	361,665	175,628	371,000	426,239
Transfers	1,492,850	1,501,662	1,723,931	1,422,107	1,324,800	1,421,440	(4,562,156)	1,503,330	1,893,000	2,226,674
Total governmental activities	39,157,724	39,849,365	42,419,604	51,731,119	44,280,722	45,399,830	41,726,330	50,439,242	57,019,721	61,691,880

Town of Leesburg, Virginia

Table 2

Changes in Net Position Last Ten Fiscal Years (Accrual Basis of Accounting) (Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities:										
Use of money and property	194,274	66,363	236,150	350,671	312,200	740,938	83,482	21,267	2,198,738	3,735,310
Miscellaneous and gains on asset sales	548,717	546,126	424,837	237,681	481,091	726,882	445,051	497,315	539,176	826,588
Transfers	(1,492,850)	(1,501,662)	(1,723,931)	(1,422,107)	(1,324,800)	(1,421,440)	4,562,156	4,990,692	(1,893,000)	(2,226,674)
Total business-type activities	(749,859)	(889,173)	(1,062,944)	(833,755)	(531,509)	46,380	5,090,689	5,509,274	844,914	2,335,224
Total primary government	38,407,865	38,960,192	41,356,660	50,897,364	43,749,213	45,446,210	46,817,019	55,948,516	57,864,635	64,027,104
Changes in net position:										
Governmental activities	4,815,305	3,491,853	7,115,836	21,649,780	18,182,797	10,889,314	5,887,723	35,742,162	23,731,138	15,550,482
Business-type activities	(2,102,764)	(1,055,886)	458,224	14,513,641	6,261,239	13,857,491	12,057,053	5,509,274	10,864,891	27,767,638
Total primary government	<u>\$ 2,712,541</u>	<u>\$ 2,435,967</u>	<u>\$ 7,574,060</u>	<u>\$ 36,163,421</u>	<u>\$ 24,444,036</u>	<u>\$ 24,746,805</u>	<u>\$ 17,944,776</u>	<u>\$ 41,251,436</u>	<u>\$ 34,596,029</u>	<u>\$ 43,318,120</u>

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 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.

Town of Leesburg, Virginia

Table 3

Program Revenues by Function/Program Last Ten Fiscal Years (Accrual Basis of Accounting) (Unaudited)

Function / Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Legislative	\$ -	\$ -	\$ 319,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Executive	255,441	259,066	36,298	861,824	789,810	916,872	615,674	626,970	564,257	688,368
Parks and recreation	4,921,047	4,991,478	4,943,988	5,081,384	5,125,909	3,323,120	3,177,106	4,425,923	5,282,935	5,593,130
Balch Library	16,500	8,872	-	-	-	-	-	-	-	-
Planning and zoning	649,181	513,145	1,919,609	252,393	382,255	458,660	299,752	377,160	-	-
Public works	7,087,022	12,671,495	17,364,566	25,906,887	20,040,816	19,968,404	14,098,806	93,467,085	17,169,718	15,333,843
Public safety	1,600,649	2,004,517	1,615,161	1,536,173	1,820,194	1,662,611	1,490,230	1,616,271	1,663,908	1,737,114
Plan review	-	-	1,280,528	896,791	948,850	1,032,586	1,208,102	677,041	-	-
Community development	-	-	-	-	-	-	-	-	996,168	777,856
Airport	1,545,990	417,744	82,780	320,141	341,033	1,041,829	322,527	545,788	5,230,860	2,538,434
Townwide	-	-	-	-	-	-	9,458,419	2,971,104	3,004,640	101,713
Total governmental activities	<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>	<u>30,670,616</u>	<u>104,707,342</u>	<u>33,912,486</u>	<u>26,770,458</u>
Business-type activities:										
Utilities	<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>	<u>28,623,795</u>	<u>37,060,223</u>	<u>36,636,039</u>	<u>53,056,804</u>
Total business-type activities	<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>	<u>28,623,795</u>	<u>37,060,223</u>	<u>36,636,039</u>	<u>53,056,804</u>
Total government	<u><u>\$ 34,832,201</u></u>	<u><u>\$ 41,675,737</u></u>	<u><u>\$ 62,078,113</u></u>	<u><u>\$ 61,539,989</u></u>	<u><u>\$ 58,095,016</u></u>	<u><u>\$ 65,185,018</u></u>	<u><u>\$ 59,294,411</u></u>	<u><u>\$ 141,767,565</u></u>	<u><u>\$ 70,548,525</u></u>	<u><u>\$ 79,827,262</u></u>

Town of Leesburg, Virginia

Table 4

Fund Balances – Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting) (Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Nonspendable	\$ 159,370	\$ 217,801	\$ 302,316	\$ 277,338	\$ 224,707	\$ -	\$ 394,248	\$ 469,157	\$ 578,958	\$ 717,121
Restricted	985,772	1,025,170	1,379,857	716,204	888,975	847,935	3,864,355	3,910,683	3,537,878	2,984,432
Assigned	11,349,940	12,940,397	14,145,306	14,010,719	13,744,579	10,892,207	11,796,983	19,765,448	20,544,627	22,660,211
Unassigned	10,286,067	11,521,249	12,288,356	14,494,275	11,610,081	14,695,778	23,299,386	22,336,003	28,342,103	27,235,766
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>	<u>\$ 39,354,972</u>	<u>\$ 46,481,291</u>	<u>\$ 53,003,566</u>	<u>\$ 53,597,530</u>
All Other Governmental Funds:										
Nonspendable, reported in:										
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,902	\$ 4,000	\$ 750
Restricted, reported in:										
Capital projects fund	10,615,526	12,595,634	12,480,905	14,277,505	14,487,721	9,052,617	8,493,436	9,932,743	10,330,619	30,506,392
NVTAFund	-	-	-	-	-	65,449	65,449	65,449	-	-
Other governmental funds	-	-	-	1,130,864	893,187	1,054,630	1,266,577	1,083,372	1,197,640	1,305,311
Committed, reported in:										
Capital projects fund	2,131,395	5,044,819	10,557,120	2,180,641	14,347,994	8,042,273	3,430,156	12,535,347	27,141,488	22,023,449
Assigned, reported in:										
Capital projects fund	-	-	-	1,271,396	4,680,191	-	3,451,472	-	-	-
Unassigned, reported in:										
Capital projects fund	(1,779,735)	(3,980,575)	(9,581,537)	-	(8,405,774)	(8,283,240)	-	(8,586,350)	(24,878,600)	(20,587,943)
Other governmental funds	-	-	-	-	-	(32,946)	-	-	-	-
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>\$ 26,003,319</u>	<u>\$ 9,898,783</u>	<u>\$ 16,707,090</u>	<u>\$ 15,069,463</u>	<u>\$ 13,795,147</u>	<u>\$ 33,247,959</u>

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

Town of Leesburg, Virginia

Table 5

Changes in Fund Balances – Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting) (Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
General property taxes	\$ 13,568,504	\$ 14,389,962	\$ 14,816,811	\$ 15,692,223	\$ 16,763,012	\$ 16,540,635	\$ 18,814,097	\$ 20,170,491	\$ 22,236,816	\$ 24,136,710
Other local taxes	17,939,057	18,864,268	14,031,990	15,080,196	15,419,538	14,140,990	15,012,966	17,561,322	17,862,301	19,066,959
Permits, privilege fees, and regulatory licenses	1,032,766	772,765	1,280,528	1,366,410	1,368,371	1,582,992	1,607,244	1,161,209	1,197,015	951,625
Fines and forfeitures	530,509	341,152	378,181	426,404	558,857	426,867	252,776	291,303	300,383	428,805
Use of money and property	1,785,866	2,185,769	2,574,671	2,403,511	3,181,950	2,719,823	2,039,440	2,079,350	3,967,153	5,807,856
Charges for services	4,980,152	5,097,258	5,075,406	5,263,363	5,422,620	3,556,396	3,285,712	4,610,543	5,413,376	5,792,429
Contributions and proffers	1,318,658	961,402	2,260,800	3,989,498	1,616,097	2,348,880	2,346,144	2,069,033	815,031	1,478,970
Grants	-	-	-	5,250	8,700	-	-	-	-	-
Miscellaneous	676,490	611,090	257,235	77,206	279,113	109,750	361,665	(202,008)	119,160	205,395
Intergovernmental	12,249,130	15,380,716	24,919,385	32,456,282	23,620,180	27,976,350	29,035,495	78,215,432	30,353,274	24,980,982
Total revenues	<u>54,081,132</u>	<u>58,604,382</u>	<u>65,595,007</u>	<u>76,760,343</u>	<u>68,238,438</u>	<u>69,402,683</u>	<u>72,755,539</u>	<u>125,956,675</u>	<u>82,264,509</u>	<u>82,849,731</u>
Expenditures:										
Legislative	395,084	249,418	247,809	280,712	255,452	280,031	266,202	347,356	295,327	289,628
Executive	1,919,530	2,251,468	1,887,672	1,689,964	1,886,653	2,368,301	3,087,773	2,323,690	2,731,957	3,348,327
Legal	854,433	738,157	761,453	835,408	1,449,337	1,283,155	1,073,543	1,597,631	1,785,037	1,798,608
Department of finance	4,459,503	4,921,814	4,795,874	5,417,654	5,540,062	5,806,893	6,158,087	6,865,230	7,746,091	7,930,064
Public safety	13,488,315	13,242,169	12,467,978	13,325,521	14,069,073	13,813,223	13,243,794	13,459,096	13,657,147	17,040,733
Public works	11,332,942	12,878,286	14,391,996	14,173,810	14,360,321	14,455,259	14,255,891	69,542,898	16,291,434	20,738,669
Parks and recreation	8,060,847	7,845,039	7,640,573	7,627,827	7,701,535	6,597,044	5,939,831	7,218,136	7,933,830	8,474,765
Balch Library	459,214	488,583	490,644	505,607	536,704	500,019	465,980	560,785	635,922	720,543
Planning and zoning	1,591,679	1,663,251	1,650,178	2,021,595	1,881,100	2,128,753	1,942,018	2,132,944	-	-
Plan review	1,314,564	1,388,654	1,333,740	1,334,333	1,464,977	1,426,408	1,490,510	1,526,324	-	-
Community development	-	-	-	-	-	-	-	-	4,007,520	5,077,688
Airport	660,000	716,544	771,312	743,773	750,389	705,488	737,823	851,403	1,073,301	1,179,403
Capital projects	8,317,589	8,880,704	10,341,003	15,936,356	13,470,015	18,205,678	9,427,928	17,044,248	19,495,841	19,760,160
Townwide	-	-	-	-	-	84,100	5,484,709	-	-	-
Debt service:										
Principal	2,300,000	2,505,000	5,020,000	5,377,001	5,582,241	5,871,208	2,469,961	6,658,834	8,075,637	7,722,604
Interest and fiscal charges	3,530,190	2,997,383	3,004,766	2,584,951	2,484,035	2,654,883	1,881,416	2,070,717	2,066,537	2,185,731
Debt issuance cost	-	-	226,075	-	-	159,864	507,390	92,826	-	369,130
Total expenditures	<u>58,683,890</u>	<u>60,766,470</u>	<u>65,031,073</u>	<u>71,854,512</u>	<u>71,431,894</u>	<u>76,340,307</u>	<u>68,432,856</u>	<u>132,292,118</u>	<u>85,795,581</u>	<u>96,636,053</u>
Excess (deficiency) of revenues over expenditures	<u>(4,602,758)</u>	<u>(2,162,088)</u>	<u>563,934</u>	<u>4,905,831</u>	<u>(3,193,456)</u>	<u>(6,937,624)</u>	<u>4,322,683</u>	<u>(6,335,443)</u>	<u>(3,531,072)</u>	<u>(13,786,322)</u>

Town of Leesburg, Virginia

Table 5

Changes in Fund Balances – Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting) (Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other financing sources (uses):										
Transfers in	2,350,030	6,930,644	5,164,734	3,982,397	9,660,299	5,121,963	7,557,703	6,748,714	5,625,669	7,839,883
Transfers out	(848,368)	(5,423,779)	(3,742,627)	(2,657,597)	(8,308,999)	(3,700,523)	(5,980,705)	(4,984,714)	(3,732,669)	(5,654,160)
Issuance of debt	17,830,000	-	-	555,988	1,342,833	9,940,933	6,944,301	16,274,716	6,716,307	36,762,819
Proceeds of refunding bonds	9,710,000	-	13,029,935	-	-	-	8,610,000	-	-	-
Payment to refunded bond escrow agent	(9,710,000)	-	(14,218,960)	-	-	(9,350,000)	(9,380,000)	(6,418,707)	-	(10,673,536)
Premium (discount) on issuance debt	3,239,954	-	1,410,812	-	-	1,378,914	1,174,178	-	-	3,911,665
Issuance of lease	-	-	-	-	-	-	-	-	-	1,493,122
Proceeds from sale of property	-	-	-	-	-	-	-	136,043	169,724	153,305
Total other financing sources, net	22,571,616	1,506,865	1,643,894	1,880,788	2,694,133	3,391,287	8,925,477	11,756,052	8,779,031	33,833,098
Net changes in fund balances	<u>\$ 17,968,858</u>	<u>\$ (655,223)</u>	<u>\$ 2,207,828</u>	<u>\$ 6,786,619</u>	<u>\$ (499,323)</u>	<u>\$ (3,546,337)</u>	<u>\$ 13,248,160</u>	<u>\$ 5,420,609</u>	<u>\$ 5,247,959</u>	<u>\$ 20,046,776</u>
Total debt service	<u>\$ 5,830,190</u>	<u>\$ 5,502,383</u>	<u>\$ 8,024,766</u>	<u>\$ 7,961,952</u>	<u>\$ 8,066,276</u>	<u>\$ 7,832,041</u>	<u>\$ 4,351,377</u>	<u>\$ 8,729,551</u>	<u>\$ 10,142,174</u>	<u>\$ 10,277,465</u>
Total expenditures	\$ 58,683,890	\$ 60,766,470	\$ 65,031,073	\$ 71,854,512	\$ 71,431,894	\$ 76,340,307	\$ 68,432,856	\$ 132,292,118	\$ 85,795,581	\$ 96,636,053
Less: capital outlay	<u>(11,091,705)</u>	<u>(10,812,959)</u>	<u>(10,341,003)</u>	<u>(14,369,653)</u>	<u>(10,284,912)</u>	<u>(18,886,882)</u>	<u>(9,531,634)</u>	<u>(13,204,709)</u>	<u>(20,208,635)</u>	<u>(26,231,904)</u>
Noncapital expenditures	<u>\$ 47,592,185</u>	<u>\$ 49,953,511</u>	<u>\$ 54,690,070</u>	<u>\$ 57,484,859</u>	<u>\$ 61,146,982</u>	<u>\$ 57,453,425</u>	<u>\$ 58,901,222</u>	<u>\$ 119,087,409</u>	<u>\$ 65,586,946</u>	<u>\$ 70,404,149</u>
Debt service as a percentage of noncapital expenditures	<u>12.25%</u>	<u>11.02%</u>	<u>14.67%</u>	<u>13.85%</u>	<u>13.19%</u>	<u>13.63%</u>	<u>7.39%</u>	<u>7.33%</u>	<u>15.46%</u>	<u>14.60%</u>

Town of Leesburg, Virginia

Table 6

Five-Year Summary of Revenues, Expenditures, and Changes in Fund Balance – General Fund (Unaudited)

	Fiscal Year				
	2020	2021	2022	2023	2024
Revenues					
General property taxes	\$ 16,540,635	\$ 18,814,097	\$ 20,170,491	\$ 22,236,816	\$ 24,136,710
Other local taxes	14,140,990	15,012,966	17,561,322	17,862,301	19,066,959
Permits, fees, and licenses	1,582,992	1,607,244	1,161,209	1,197,015	951,625
Fines and forfeitures	426,867	252,776	291,303	300,383	428,805
Use of money and property	2,684,433	2,050,266	2,067,931	3,560,212	5,000,386
Charges for services	3,556,396	3,285,712	4,610,543	5,413,376	5,792,429
Contributions and proffers	356,045	319,188	306,983	51,302	67,442
Miscellaneous	82,409	129,480	27,084	17,099	60,502
Intergovernmental	16,725,951	25,104,481	19,531,074	20,415,509	17,252,654
Loan proceeds	176,898	202,011	39,818	-	1,584,261
Issuance of leases	-	-	-	-	1,493,122
Transfer from other funds	3,044,383	6,093,703	4,126,022	3,659,253	4,426,552
Total revenues	59,317,999	72,871,924	69,893,780	74,713,266	80,261,447
Expenditures					
Legislative	280,031	266,202	347,356	295,327	289,628
Executive	2,368,301	3,087,773	2,323,690	2,731,957	3,348,327
Legal	1,283,155	1,073,543	1,597,631	1,785,037	1,798,608
Department of finance	5,806,893	6,158,087	6,865,230	7,746,091	7,930,064
Public safety	13,813,223	13,243,794	13,459,096	13,657,147	17,040,733
Public works	14,455,259	14,255,891	14,542,898	16,291,434	20,738,669
Parks and recreation	6,597,044	5,939,831	7,218,136	7,933,830	8,474,765
Balch library	492,145	457,314	550,510	626,206	710,213
Planning and zoning	2,128,753	1,942,018	2,132,944	131,517	-
Plan review	1,426,408	1,490,510	1,526,324	4,932	-
Community development	-	-	-	3,871,071	5,077,688
Airport	705,488	737,823	851,403	1,073,301	1,179,403
Townwide	84,100	5,484,709	-	-	-
Debt Service					
Principal retirement	5,871,208	2,469,961	6,658,834	8,075,637	7,722,604
Interest payments and other fiscal charges	1,960,833	1,881,416	2,070,717	2,066,537	1,943,450
Transfers to other funds	2,077,580	1,464,000	2,622,692	1,900,967	3,413,331
Total expenditures	59,350,421	59,952,872	62,767,461	68,190,991	79,667,483
Net change in fund balances	(32,422)	12,919,052	7,126,319	6,522,275	593,964
Fund balance, beginning of year	26,468,342	26,435,920	39,354,972	46,481,291	53,003,566
Fund balance, end of year	<u>\$ 26,435,920</u>	<u>\$ 39,354,972</u>	<u>\$ 46,481,291</u>	<u>\$ 53,003,566</u>	<u>\$ 53,597,530</u>

Town of Leesburg, Virginia

Table 7

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
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
2021	18,831,222	1,488,711	219,935	6,401,152	1,592,817	1,535,693	616,040	5,540,382	579,889	4,031,292	875,230	169,218	41,881,581
2022	19,637,291	1,495,254	213,396	7,135,552	1,545,999	1,629,903	618,476	7,545,383	803,751	4,361,698	898,095	208,762	46,093,560
2023	22,235,873	1,555,313	198,653	7,382,899	1,501,130	1,660,510	623,539	7,378,289	878,773	4,752,232	892,637	121,008	49,180,856
2024	24,136,710	1,590,911	186,840	6,711,078	1,410,673	1,688,027	564,112	8,125,216	1,107,411	4,935,576	916,242	325,772	51,698,568
Change 2015-2024	78%	2%	-29%	46%	-35%	85%	-40%	62%	72%	48%	9%	274%	52%

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	
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
2021	8,766,130,579	417,083,220	142,329,848	183,069	9,325,726,716
2022	9,946,385,010	526,527,939	147,413,050	156,589	10,620,482,588
2023	10,815,278,020	602,929,115	149,255,277	103,159	11,567,565,571
2024	11,380,757,780	636,094,717	149,150,848	103,159	12,166,106,504

Source: Department of Finance, 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) Beginning in 2022, personal property tax was assessed at 90% of market value. Beginning in 2023, the assessment was 95% of market value.

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

Town of Leesburg, Virginia

Table 9

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
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
2021	7,707,235,960	1,620,293,180	142,329,848	1,061,453,520	10,531,312,508	9,469,858,988	12.1	0.184	8,766,130,579	93
2022	8,747,978,270	1,671,230,960	147,413,050	1,198,406,740	11,765,029,020	10,566,622,280	11.6	0.177	9,946,385,010	94
2023	9,475,893,930	1,818,412,490	149,255,277	1,339,384,090	12,782,945,787	11,443,561,697	8.3	0.177	10,815,278,020	95
2024	9,447,447,020	1,935,160,560	154,465,164	-	11,537,072,744	11,537,072,744	0.8	0.177	11,380,757,780	99

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.

Town of Leesburg, Virginia

Table 10

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
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
2021	0.184	1.00	0.980	4.20	1.16	5.20
2022	0.177	1.00	0.890	4.20	1.07	5.20
2023	0.177	1.00	0.875	4.15	1.05	5.15
2024	0.177	1.00	0.865	4.15	1.04	5.15

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) 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.

Town of Leesburg, Virginia

Table 11

Principal Property Taxpayers Current Year and Nine Years Ago (Unaudited)

Taxpayer	2024			2015		
	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	\$ 200,550,820	1	1.65 %	\$ 183,284,330	1	2.71 %
CRP/TRC Leesburg Retail Owner LLC	133,957,750	2	1.10	-	-	-
KJ Met Leesburg Property LLC	89,474,710	3	0.74	-	-	-
GEP X Fieldstone LLC	85,635,800	4	0.70	-	-	-
CS1031 Bellemeade Farms Apartments DST	69,509,000	5	0.57	-	-	-
C H Realty III/Battlefield LLC	59,310,110	6	0.49	42,500,000	7	0.63
RPAI Leesburg Fort Evans LLC	57,732,550	7	0.47	-	-	-
Leesburg Plaza LLC	43,436,540	8	0.36	-	-	-
Fairfield Leesburg II LLC	43,419,650	9	0.36	-	-	-
Stanley Martin Companies LL	42,675,750	10	0.35	-	-	-
Carlyle/Cypress Leesburg LLC	-	-	-	180,812,520	2	2.68
Federal Realty Investment Trust	-	-	-	59,023,730	3	0.87
Battlefield FE LP	-	-	-	58,731,030	4	0.87
Windsor at Fieldstone Ltd Partnership	-	-	-	43,490,410	5	0.64
Potomac Station (E&A) LLC	-	-	-	43,238,970	6	0.64
Fund IX CB Leesburg LLC	-	-	-	38,688,510	8	0.57
Toll Road Investors Partnership II LP	-	-	-	32,145,700	9	0.48
NA Properties Inc	-	-	-	32,066,080	10	0.47
	<u>\$ 825,702,680</u>		<u>6.79 %</u>	<u>\$ 713,981,280</u>		<u>10.56 %</u>

Town of Leesburg, Virginia

Table 12

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 June 30, 2024	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 12,010,263	\$ 11,821,082	98.42 %	\$ 129,030	\$ 11,950,112	99.50 %
2016	12,377,675	12,121,029	97.93	176,987	12,298,016	99.36
2017	12,935,963	12,653,736	97.82	198,970	12,852,706	99.36
2018	13,654,178	13,428,080	98.34	199,490	13,627,570	99.81
2019	14,270,551	7,144,734	50.07	7,129,031	14,273,765	100.02
2020	15,008,089	7,500,786	49.98	7,509,957	15,010,743	100.02
2021	15,776,973	7,980,455	50.58	7,788,243	15,768,698	99.95
2022	17,246,390	8,678,825	50.32	8,543,631	17,222,456	99.86
2023	18,743,422	9,448,976	50.41	9,211,890	18,660,866	99.56
2024	19,795,543 (1)	9,955,320	50.29	-	-	-

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 June 30, 2024	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 2,854,269	\$ 2,679,717	93.88 %	\$ 208,739	\$ 2,888,456	101.20 %
2016	2,937,351	2,753,137	93.73	227,971	2,981,108	101.49
2017	3,195,029	2,746,748	85.97	481,235	3,227,983	101.03
2018	3,207,577	2,840,544	88.56	368,685	3,209,229	100.05
2019	3,265,622	2,911,200	89.15	324,025	3,235,225	99.07
2020	2,903,456	1,297,746	44.70	1,590,571	2,888,317	99.48
2021	3,187,981 (3)	1,485,260	46.59	2,028,216	3,513,476	110.21
2022	3,992,469	1,924,509	48.20	2,027,362	3,951,871	98.98
2023	4,486,760	2,093,851	46.67	2,288,597	4,382,448	97.68
2024	4,402,935 (1)	2,225,295	50.54	-	-	-

Note:
(1) The amounts for calendar year 2024 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) The Real Estate portion of Public Service Corporation is included under Personal Property Tax levied and collected.

(3) Beginning with calendar year 2021, collections are through 6/30 of that year. Prior years have been through 9/30 of that year.

Town of Leesburg, Virginia

Table 13

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	Subscription Liability	Lease Liability	Revenue Bonds	General Obligation Bonds	Notes Payable				General Obligation Bonds		Debt Per Capita
2015	\$ 70,620,000	\$ -	\$ -	\$ -	\$ 3,886,950	\$ 61,375,000	\$ -	\$ 135,881,950	4.30 %	\$ 3,071	\$ 131,995,000	1.99 %	\$ 2,983
2016	72,747,433	-	-	-	3,234,264	64,682,401	-	140,664,098	4.25	3,159	137,429,834	2.05	3,087
2017	68,240,268	-	-	-	2,558,534	63,572,170	-	134,370,972	3.94	2,997	131,812,438	1.86	2,940
2018	62,453,834	555,988	-	-	1,858,946	61,892,273	-	126,761,041	3.55	2,808	124,346,107	1.65	2,754
2019	56,750,109	1,702,735	-	-	1,134,659	60,302,566	-	119,890,069	3.08	2,548	117,052,675	1.48	2,488
2020	51,508,052	2,387,586	-	-	384,800	59,883,210	5,460	114,169,108	2.77	2,366	111,391,262	1.34	2,309
2021	53,154,188	4,535,632	-	-	-	57,779,145	13,745	115,482,710	2.61	2,351	110,933,333	1.27	2,259
2022	55,272,803	5,161,834	-	-	-	55,380,491	10,849	115,825,977	2.44	2,339	110,653,294	1.11	2,235
2023	54,305,244	5,031,796	2,070,986	-	-	54,031,039	7,911	115,446,976	2.27	2,357	108,336,283	1.00	2,212
2024	78,355,927	3,659,585	1,326,899	1,336,020	-	55,927,755	4,932	140,611,118	2.70	2,785	134,283,682	1.18	2,660

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

Table 14

Direct and Overlapping Governmental Activities Debt June 30, 2024 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Loudoun County, Virginia	\$ 2,021,187,533	7.89 %	\$ 159,524,981
Town Direct Debt			84,678,431
Total direct and overlapping debt			<u><u>\$ 244,203,412</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.

Town of Leesburg, Virginia

Table 15

Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 664,310,587	\$ 671,886,518	\$ 708,120,024	\$ 719,751,563	\$ 801,015,032	\$ 844,962,584	\$ 946,985,899	\$ 1,056,662,228	\$ 1,144,356,170	\$ 1,153,707,274
Total net debt applicable to limit	70,620,000	68,115,000	68,240,268	62,453,834	58,452,844	53,895,638	57,689,820	60,434,637	61,408,026	84,678,431
Available legal debt margin	<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>	<u>\$ 889,296,079</u>	<u>\$ 996,227,591</u>	<u>\$ 1,082,948,144</u>	<u>\$ 1,069,028,843</u>
Total net debt applicable to the limit as a percentage of debt limit	10.63%	10.14%	9.64%	8.68%	7.30%	6.38%	6.09%	5.72%	5.37%	7.34%
Legal debt margin calculation for fiscal year 2024			Summary of outstanding debt:							
Assessed value of real estate	<u>\$ 11,537,072,744</u>		Gross bonded debt			\$ 140,611,118				
			Less: enterprise debt			<u>55,932,687</u>				
Debt limit (10% of assessed value)	\$ 1,153,707,274		General obligation debt:			<u>\$ 84,678,431</u>				
Debt applicable to limit:										
Net direct debt outstanding	<u>84,678,431</u>									
Available legal debt margin	<u>\$ 1,069,028,843</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.

Town of Leesburg, Virginia

Table 16

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	
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
2021	28,570,009	13,780,227	14,789,782	2,785,800	2,170,721	4,956,521	2.98
2022	35,217,940	15,056,673	20,161,267	3,583,232	2,033,843	5,617,075	3.59
2023	32,178,311	18,029,947	14,148,364	3,548,953	1,915,401	5,464,354	2.59
2024	51,866,967	18,334,297	33,532,670	3,465,773	1,748,573	5,214,346	6.43

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.

Town of Leesburg, Virginia

Table 17

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
2015	44,247	\$ 3,163,041,042	\$ 71,486	3.70 %
2016	44,522	3,312,525,844	74,402	3.30
2017	44,841	3,412,355,259	76,099	2.90
2018	45,149	3,572,143,731	79,119	2.60
2019	47,046	3,889,810,326	82,681	2.20
2020	48,250	4,128,656,000	85,568	8.70
2021	49,116	4,432,915,464	90,254	3.40
2022	49,516	4,755,516,640	96,040	2.40
2023	48,974	5,080,075,000	101,500	2.40
2024	50,487	5,200,423,189	103,005	2.80

Notes:

(1) 2020: U.S Census Bureau, 2020 Decennial Census.

2015-2017: Loudoun County Department of Planning and Zoning April 24, 2017 Estimates Series.

2018-19, 2021-24: Loudoun County Office of Management and Budget estimates.

(2) Per Capita and Total Personal Income information are not reported for towns in Virginia. The per-capita amounts used here are for the County of Loudoun, Virginia, within which the Town lies. Information for per capita personal income is sourced from the U.S. Bureau of Economic Analysis through 2022. Estimates for 2023 and 2024 are from the Loudoun County Office of Management and Budget.

(3) Unemployment rate information is maintained for some towns in Virginia, including Leesburg. The information provided is sourced from the U.S. Bureau of Labor Statistics, September 30, 2024, for the month of June each year.

Town of Leesburg, Virginia

Table 18

Principal Employers Current Year and Nine Years Ago (Unaudited)

Employer	2024		Percentage of Total Employment	2015	
	Employees	Rank		Employees	Rank
Loudoun County Government	2,500 - 5,000	1	12.70 %	2,000 - 2,500	1
Loudoun County Public Schools	1,000 - 2,500	2	7.00	1,500 - 2,000	2
Federal Aviation Administration	500 - 1,000	3	3.20	500 - 1,000	3
Town of Leesburg	250 - 500	4	2.00	500 - 1,000	4
Wegmans	250 - 500	5	1.50	250 - 500	5
Commonwealth of Virginia	250 - 500	6	1.10	250 - 500	8
Target	250 - 500	7	1.11	250 - 500	7
Costco	250 - 500	8	1.10	100 - 250	10
Stryker (formerly K2M)	250 - 500	9	1.00	-	-
Loudoun Medical Group	100 - 250	10	0.90	-	-
Mastec Services	-	-	-	250 - 500	6
K2M	-	-	-	250 - 500	9

Source: Virginia Employment Commission, 1st Quarter 2024.

Town of Leesburg, Virginia

Table 19

Full-Time Equivalent Town Government Employees by Function/Program Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2015	2016 (1)	2017	2018 (2)	2019	2020	2021	2022	2023	2024
Town Manager's Office	7.0	8.0	6.0	6.0	6.0	8.0	8.0	9.0	10.5	11.5
Town Attorney	5.0	5.0	5.0	5.0	4.0	4.0	4.0	5.0	5.0	6.0
Clerk of Council	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	3.0	3.0
Finance	15.5	17.5	19.5	19.0	19.5	21.5	21.5	21.5	22.0	21.0
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5	5.5
Information Technology	5.0	5.0	6.0	6.0	7.0	9.0	9.0	9.0	11.0	11.0
Public Safety	103.0	103.0	103.0	103.0	103.0	108.0	108.0	108.0	108.0	109.0
Public Works & Capital Projects	49.0	53.0	55.0	57.0	61.0	65.0	65.0	65.0	65.0	68.5
Capital Projects Management	6.0	-	-	-	-	-	-	-	-	-
Utilities	78.0	81.0	81.0	81.0	83.0	91.0	91.0	96.5	101.0	104.0
Parks, Recreation, and Cultural	107.5	107.5	105.5	37.3	35.0	36.0	36.0	34.0	34.0	39.0
Balch Library	5.2	5.2	5.2	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Planning & Zoning	12.0	12.0	12.0	14.0	14.0	14.0	14.0	14.0	15.0	16.0
Plan Review	9.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0	10.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	3.5	3.5
Airport	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	5.0	5.0
	412.2	415.2	416.2	349.3	355.5	380.5	380.5	386.0	399.5	417.0

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 2018.

Town of Leesburg, Virginia

Operating Indicators by Function/Program

Last Ten Calendar Years

(Unaudited)

Table 20

Function/Program	Calendar Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (1)
Police:										
Calls for service	54,261	44,110	45,831	49,695	33,734	24,946	26,881	22,985	30,645	30,779
Adult arrest	710	635	1,156	934	636	611	503	558	825	1,140
Juvenile arrest	83	58	227	71	28	20	18	42	47	58
Speeding citations only	1,542	887	854	1,069	903	405	571	339	394	504
Traffic citations	4,827	4,115	5,572	7,714	5,275	1,953	2,850	2,270	2,376	3,704
Administration:										
Applications processed (full and part-time)	3,141	2,744	3,134	2,886	2,345	1,489	2,083	2,085	2,165	2,471
Positions advertised (full and part-time)	132	115	113	103	92	47	74	86	79	71
New hires (full and part-time)	200	155	183	156	139	78	129	152	134	144
Reportable accidents	26	19	19	14	17	9	3	12	15	6
All town training sessions	30	40	50	49	53	10	40	35	64	45
Public service:										
Garbage collected (ton)	15,489	16,309	15,541	15,842	12,322	12,305	10,365	11,427	11,341	11,341
Recycle collected (ton)	7,529	7,288	7,604	6,016	5,286	5,529	4,259	2,605	3,067	3,067
Parks and recreation:										
Recreation program attendance	12,374	10,363	11,691	11,031	11,206	4,247	7,770	9,281	8,866	9,477
Aquatics program attendance	7,996	8,094	8,256	7,843	7,978	2,941	4,758	6,636	5,259	5,815
Utilities:										
New water connections	59	106	132	114	210	217	205	178	91	118
New wastewater connections	57	105	132	111	202	218	202	179	88	118
Average daily water consumption (mgd)	4.20	4.15	4.11	4.06	4.09	4.10	4.27	4.12	4.42	4.00
Average daily sewage treatment (mgd)	4.05	4.09	3.95	4.55	4.18	4.02	3.87	3.80	3.73	4.00
Airport:										
Number of hangers rented	57	57	57	57	57	57	57	57	107	123
Number of tie-downs rented	101	106	106	106	106	110	126	126	126	120
Number of incidents on airport property	-	1	-	-	-	-	1	1	2	1

Note:
(1) Through September 15.

Source: Various Town departments.

Town of Leesburg, Virginia

Table 21

Capital Asset Statistics by Function/Program Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Streets:										
Primary (miles)	15	15	15	15	16	16	16	16	16	16
Secondary (miles)	92	92	93	93	93	94	94	96	96	96
Traffic signals	56	59	59	60	61	61	61	63	63	63
Number of street lights	2,993	3,089	3,165	3,180	3,221	3,297	3,301	3,326	3,562	3,591
Parks and recreation:										
Parks – number of acres	370	370	370	370	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	105	105	105	105	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	4	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	6	6	6	6	6	6	6	6	6	6
Picnic shelters	5	5	5	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	76,203	77,899	94,987	124,737	128,119	130,532	131,349	170,706	148,754	149,558
Water:										
Wells	1	1	1	1	1	1	1	1	1	1
Water lines (miles)	218	218	218	220	223	223	237	242	244	249
Fire hydrants	2,606	2,606	2,606	2,724	2,792	2,837	2,895	2,895	2,978	2,980
Storage capacity (mgd)	8	8	8	8	8	8	8	8	8	8
Number of customers	15,634	15,712	15,791	15,929	16,050	16,256	16,407	16,407	16,701	16,846
Sewers:										
Sanitary sewers (miles)	174	174	174	176	178	186	186	188	189	191
Storm sewers (miles)	144	144	144	153	169	162	162	162	164	164
Number of customers	15,579	15,657	15,734	15,872	16,107	16,377	16,526	16,560	16,768	16,848
Airport:										
Hangers	57	57	57	57	57	57	57	57	107	133
Tie-downs	120	120	120	120	120	120	126	126	126	126
Take-off and landings	-	-	-	-	63,641	68,885	84,469	93,328	98,302	96,402

Source: Various Town departments.

Town of Leesburg, Virginia

Legal Debt Margin Information for Bond Covenant Continuing Disclosure

**June 30, 2024
(Unaudited)**

	As of June 30, 2024
Assessed Value of Real Estate	\$ 11,537,072,744
Total amount of debt applicable to debt margin (1)	140,611,118
Legal Debt Limit-10% to total Assessed Value of Real Estate	1,153,707,274
Legal Margin for Creation of Additional Debt	<u>\$ 1,013,096,156</u>

Notes:

(1) See Table 15 Gross Bonded Debt.



Compliance Section

Town of Leesburg, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

	<u>Pass-Through Entity Identifying Number</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
DEPARTMENT OF TREASURY			
Direct Payments:			
Covid-19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	N/A	21.027	\$ 6,566
Total Department of Treasury			<u>6,566</u>
DEPARTMENT OF JUSTICE			
Direct Payments:			
Bulletproof Vest Partnership	N/A	16.607	13,965
Byrne Justice Assistance Grant Program	N/A	16.738	<u>7,516</u>
Total Direct Payments			<u>21,481</u>
Total Department of Justice			<u>21,481</u>
DEPARTMENT OF TRANSPORTATION			
Direct Payments:			
Federal Aviation Administration			
Airport Improvement Program			
North Hangars	N/A	20.106	593,483
Airport Runway Light Rehabilitation	3-51-0027-041-2019	20.106	<u>516,038</u>
Total Airport Improvement Program			<u>1,109,521</u>
Pass-Through Payments:			
Virginia Department of Transportation			
Highway Planning and Construction:			
Federal-Aid Highway Program - Morven Park Rd Sidewalk	N/A	20.205	147,900
Federal-Aid Highway Program - Evergreen Mill Rd Widening	N/A	20.205	372,882
Federal-Aid Highway Program - Plaza Street Sidewalk	N/A	20.205	<u>110,016</u>
Total Highway Planning and Construction Program			<u>630,798</u>
Total Department of Transportation			<u>1,740,319</u>
Total Federal Expenditures			<u><u>\$ 1,768,366</u></u>

Town of Leesburg, Virginia
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Basis of Presentation

The schedule of federal expenditures includes the activity of all federally assisted programs of the Town of Leesburg, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the Town's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

De Minimus Indirect Cost Rate

The Town did not elect to use the 10 percent de minimus indirect cost rate.

Outstanding Loan Balances

At June 30, 2024, 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

To the 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, 2024, 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 2, 2024.

Report on 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. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 financial statements. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

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 2, 2024

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

Opinion 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 the Town's major federal programs for the year ended June 30, 2024. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide legal documentation of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town's compliance the requirement of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 2, 2024

Town of Leesburg, Virginia
Summary of Compliance Matters
June 30, 2024

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

- Urban Highway Maintenance

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 Questions Costs
Year Ended June 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **No material weaknesses and no significant deficiencies** relating to the audit of the financial statements were 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. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** 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 programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The major programs of the Town are:

Name of Program	Assistance Listing #
Airport Improvement Program	20.106

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The Town of Leesburg was not determined to be a low-risk auditee.

B – Findings – Financial Statement Audit

None.

C – Findings and Questioned Costs – Major Federal Award Programs

None.

D – Findings – Commonwealth of Virginia

None.

Town of Leesburg, Virginia
Summary Schedule of Prior Audit Findings
June 30, 2024

A – Findings – Financial Statement Audit

2023-001: Fund Balance Adjustments (Material Weakness)

Condition

During our review of the beginning fund balances, we noted that several fund balances did not agree to the ending amounts on the financial report. As a result, several adjustments were made to beginning fund balances during the audit.

Recommendation

We recommend reconciling the prior year ending fund balance on the report to the current year general ledger prior to the audit.

Current Status

Comment is no longer applicable.

B – Findings – Commonwealth of Virginia

2023-002: Highway Maintenance – Equipment Rates

Condition

We noted one instance out of six work orders tested where the equipment rate used did not agree to the supporting documentation.

Recommendation

We recommend preparing and updating rate sheets at least once a year and saving them for reference to ensure complete information is shown throughout the year.

Current Status

Comment is no longer applicable.

2023-003: Highway Maintenance – Material Rates

Condition

We noted one instance out of six work orders tested where the material rate used on a work order did not agree to the supporting documentation.

Town of Leesburg, Virginia
Summary Schedule of Prior Audit Findings
June 30, 2024

Recommendation

We recommend preparing and updating material rate sheets at least once a year and saving them for reference to ensure complete information is shown throughout the year.

Current Status

Comment is no longer applicable.

2023-004: Highway Maintenance – Labor Rates

Condition

In all six of the highway maintenance work orders selected for testing, we noted instances where the labor rate used did not agree to the supporting documentation.

Recommendation

We recommend preparing a labor rate sheet at the beginning of the year that reflects the rates that are uploaded into the work order software and applied to tasks during the year. We also recommend the Town to have a process to ensure this labor rate sheet is updated for any changes in personnel or pay rates during the year.

Current Status

Comment is no longer applicable.