



Comprehensive
Annual
Financial Report
for the
Fiscal Year Ending
June 30, 2019



TOWN OF LEESBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED
June 30, 2019

Prepared by the
Department of Finance
and Administrative Services

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**TOWN OF LEESBURG, VIRGINIA
FINANCIAL REPORT**

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INTRODUCTORY SECTION

November 25, 2019

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Town of Leesburg (the Town) for the fiscal year ended June 30, 2019. This report is designed to fairly present the financial position of governmental activities, business-type activities, and each major fund of the Town in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual requirements. The CAFR includes all disclosures necessary to enable the reader to gain an understanding of the financial affairs of the Town. The Management's Discussion and Analysis (MD&A) section of the CAFR summarizes the Town's financial position, and activities for the fiscal year ended June 30, 2019.

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

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

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

Profile of the Town

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

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

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

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

Today, the Town continues to serve as the center of government and commerce for Loudoun County. Leesburg's Old and Historic District was established by local ordinance in 1963, was placed on the National Registry of Historic Places in 1970, and is often cited as one of the best preserved and most picturesque downtowns in Virginia. In the 2011 and 2013 versions of Money magazine's annual "Best Places to Live" editions, the Town of Leesburg was listed among the top 25 small cities & towns nationally. More recently, in October 2019, Leesburg was ranked as the best small town in Virginia, and 12th in the nation, by WalletHub.

Overview of Town Government

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

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

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

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

Local Economy Condition and Outlook

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

Falling within the Washington, D.C. metropolitan area, the Town's economic and demographic conditions reflect the prevailing conditions of the region. The unemployment rate for Loudoun County has decreased from 2.7% to 2.4%. The Town continues to be well below the Virginia and national rates of unemployment. This can be attributed in large part to Leesburg's location in Northern Virginia and its close proximity to Washington, D.C. and the federal government.

The economic recovery has remained in the fourth phase of the business cycle, mature growth, much longer than anticipated and continues moving along unfettered. Residential property values have stabilized and have moderately increased. Revenues from consumer spending and investment earnings outperformed estimates. Federal and state revenues have been flat and are uncertain. In planning for a future based on economic uncertainty, the Town needs to be able to tell residents, the business community, and the workforce the following: 1) how it is going to operate in the future; 2) what services will be provided and at what levels; and 3) what type of organization it will be. The fiscal year 2019 budget answered these questions by adhering to a long-range financial sustainability plan that balanced services, capital investments, and debt service funding with taxpayer affordability.

The fiscal year 2019 budget was adopted based on the Town Council's established strategic goal to achieve long-term budget sustainability in addition to its established strategic focus areas of:

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

The importance of long-term budget sustainability was evident in light of the effects of the severe recession of 2008 on our residents and its ripple impacts on the federal, state, and local governments. The Town of Leesburg under the Council's direction has worked its way through the past few years

(Continued)

with strategic reductions in costs, increased staff efficiency, and deferral of certain costs while providing Town employees with modest pay increases. During this time, the Council has provided the policy leadership that has allowed the Town to maintain most services with limited service level impacts and stabilized real estate tax rates while maintaining a healthy financial position in accordance with the Town's fiscal policies. As a result of the adherence to that philosophy, the Town has achieved its long-term goal of maintaining a 20% unassigned general fund balance. This fiscal discipline was rewarded in April 2016 with Triple A ratings from Moody's, Fitch and Standard & Poor's credit rating agencies and was recently affirmed by all three major rating agencies with a stable outlooks.

Financial Condition

The Town Government continues to be in very sound financial condition as demonstrated by the financial statements and schedules included in this CAFR. Within the context of a fiscally prudent budget, the Town has maintained the level of services provided to residents and taxpayers, achieved many programmatic goals, and enhanced the quality of life of the residents of the Town.

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

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

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

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Budgetary Accounting and Internal Controls

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

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

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

Other Information

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

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Certificate of Achievement for Excellence. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Town a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The GFOA awards a certificate to governmental units that exemplify excellence in financial reporting and conform to stringent reporting requirements promulgated by that association and various authoritative bodies.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues the 32-year tradition of conforming to the Certificate of Achievement Program requirements and standards. We are submitting this CAFR to GFOA to determine its eligibility for another certificate for fiscal year 2019.

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

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

Sincerely,



Kaj Dentler
Town Manager



Clark G. Case
Director of Finance and Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

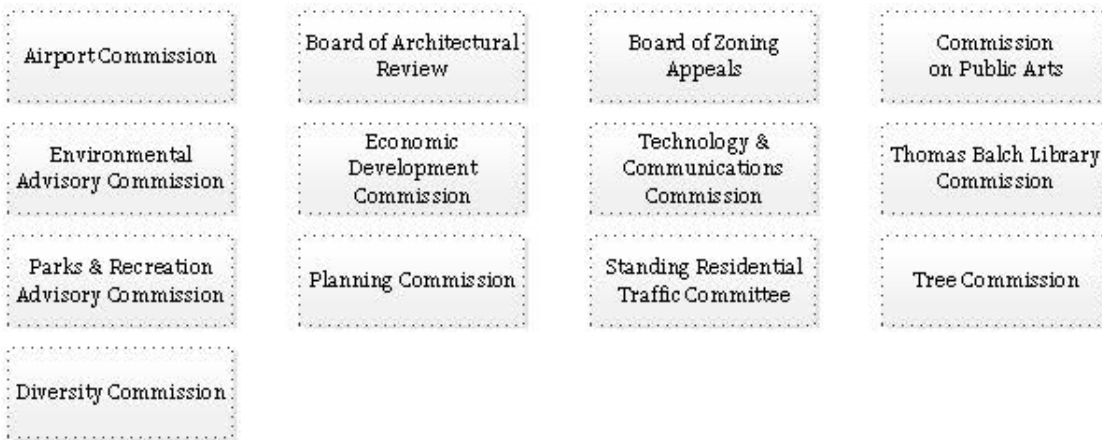
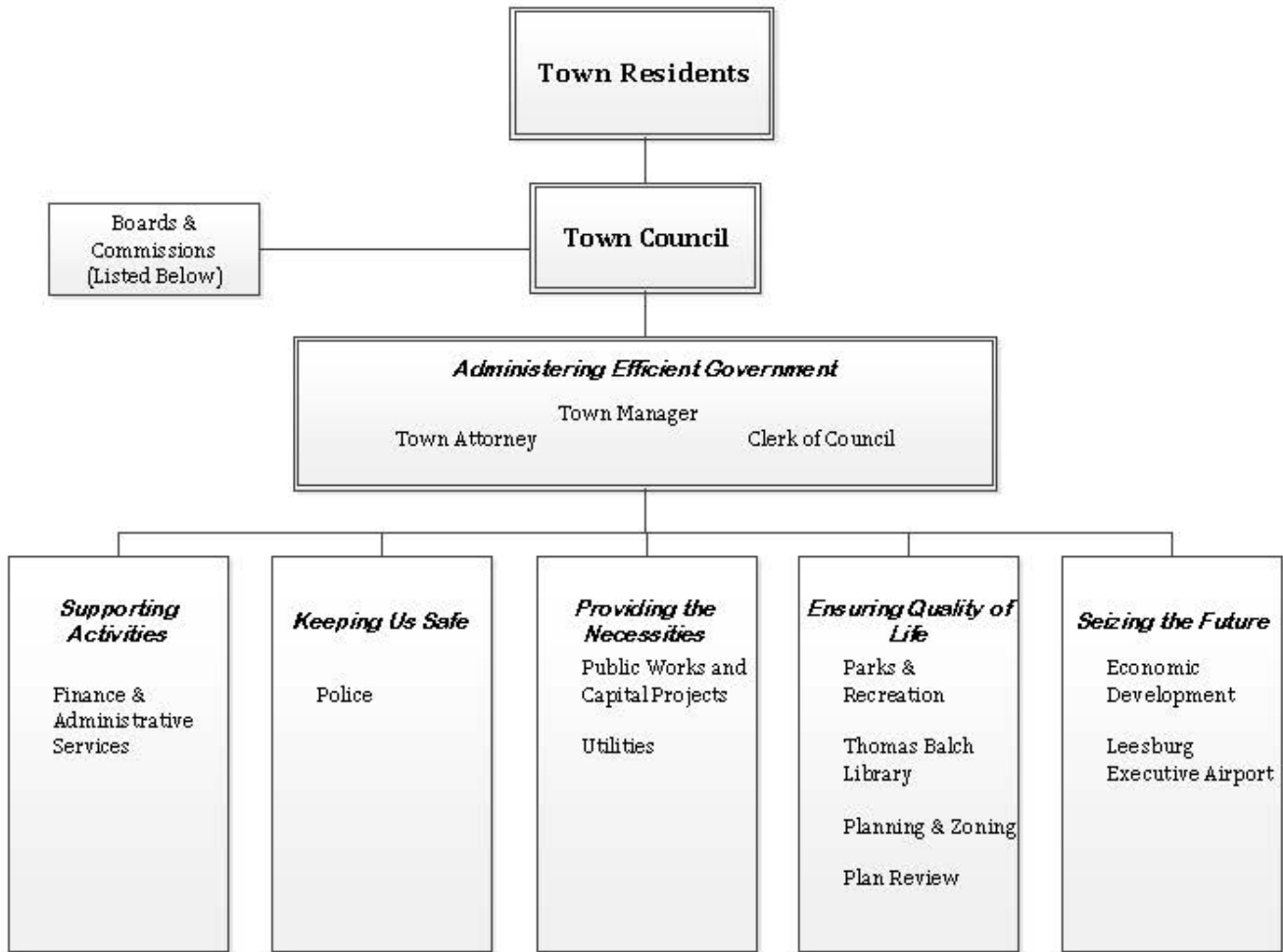
**Town of Leesburg
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



TOWN OF LEESBURG, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

TOWN COUNCIL

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

TOWN OFFICIALS

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leesburg, Virginia (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Your Success is Our Focus

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, 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 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
November 25, 2019

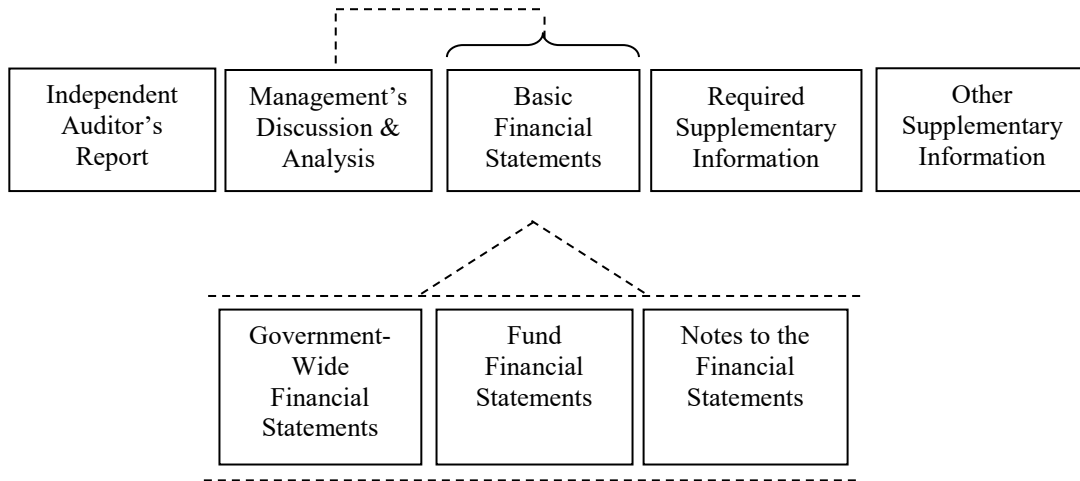
**TOWN OF LEESBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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, 2019. Readers are encouraged to read this discussion and analysis and the letter of transmittal from the Town Manager and the Director of Finance and Administrative Services in conjunction with the Town's basic financial statements and related notes, which are also contained in this Comprehensive Annual Financial Report (CAFR).

USING THE FINANCIAL SECTION OF THIS CAFR

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

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 resource basis only and focus on the individual parts of Town government, reporting the Town's current operations in more detail than in the government-wide statements. Both perspectives (government-wide and individual funds) allow the user to address relevant financial questions, broaden the basis of comparison (year to year or government to government) and enhance the Town's accountability.

GOVERNMENT-WIDE STATEMENTS

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

(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, 2019. 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 in the prior year CAFR's Statement of Activities and Statement of Net Position. Other financial reports as well as nonfinancial factors need to be considered, such as changes in the Town's property tax base, the condition of the Town's infrastructure, the Town's overall budget, and capital improvement program in order to assess the overall financial health of the Town.

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

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

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

FUND FINANCIAL STATEMENTS

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

The Town has three types of funds:

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

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

(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 2019 comprised of one enterprise fund, the Utilities Fund to account for water and sewer services, and one internal service fund, healthcare self-insurance. Both the enterprise fund and the internal service fund operate in a manner similar to private business enterprises, where costs are recovered primarily through user charges or fees. However, the funds are distinguished by the type of user – external versus internal. Whereas an enterprise fund is used to account for any activity for which a fee is charged to external users for goods or services, an internal service fund is used to account for the provision of goods or services by one department to another department.

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

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

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2019

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

Total net position of the Town on a government-wide basis is \$479.4 million at June 30, 2019 of which \$329.3 million is attributable to the Town’s governmental activities and \$150.1 million to business type activities (Exhibit 1). The government-wide total net position that is unrestricted is \$41.0 million, of which \$11.4 million is unrestricted for governmental activities and \$29.6 million is unrestricted for business-type activities. The Statement of Activities (Exhibit 2) presents all the factors attributed to the \$20.2 million or 4.3% percent increase in the Town’s net position from \$459.2 million in fiscal year 2018. This increase of \$20.2 million is due to an increase of \$12.2 million in governmental activities and an increase of \$8.0 million in business-type activities.

(Continued)

Total fund balance of the Town's Governmental Funds is \$47.9 million at June 30, 2019 of which \$26.5 million is attributable to the Town's General Fund; \$20.4 million is attributable to the Town's Capital Projects Fund; \$1.0 million is attributable to Other Non-major Governmental Funds (Exhibit 3). The Governmental Funds total fund balance that is unassigned is \$3.2 million. This amount is comprised of the General Fund's unassigned fund balance of \$11.6 million and the Capital Projects Fund's unassigned fund balance of (\$8.4) million. The Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit 5) presents all the factors attributed to the \$0.5 million decrease in the total fund balance from \$48.4 million in fiscal year 2018. This decrease of \$0.5 million is due to a decrease of \$3.0 million in the fund balance of the General Fund resulting from supplemental appropriations approved throughout the fiscal year, The increase of \$2.7 million in fund balance of the Capital Projects Fund is a result of the completion of projects funded by grants as well as new construction activity which resulted in an increase in proffer revenue for specific projects as well as contributions from Loudoun County to assist in improvement of local roads. The balance of the change is a result of a decrease of \$0.2 million in available NVTAs fund balance and an increase of \$0.1 million for Balch Library endowments.

The total net position of the Town's Enterprise Funds is \$151.8 million of which \$150.1 million is attributable to the Town's Utilities Fund and \$1.7 million is attributable to the Town's Internal Service Fund at June 30, 2019 (Exhibit 8). The Utilities Fund's unrestricted net position is \$29.6 million and the Internal Service Fund's unrestricted net position is \$1.7 million. The Statement of Revenue, Expenses and Changes in Net Position (Exhibit 9) presents all the factors attributed to the Utilities Fund's \$8.0 million or 5.6 percent increase from \$142.1 million in fiscal year 2018 to \$150.1 million in fiscal year 2019 and the immaterial increase in net position of \$0.0 million or 0.0 percent from \$1.7 million in 2018 to \$1.7 million in 2019 for the Internal Service Fund.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Statement of Net Position

Table 1 below summarizes and compares the Statement of Net Position (Exhibit 1) for the Town as of June 30, 2019 and 2018.

Table 1
Summary Statement of Net Position
Comparison as of June 30, 2019 and 2018 (\$ in Thousands)

| | Governmental Activities | | Business-Type Activities | | Total Reporting Entity | |
|--|-------------------------|-------------------|--------------------------|-------------------|------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Assets and Deferred Outflows of Resources | | | | | | |
| Current and Other Assets | \$ 75,111 | \$ 67,664 | \$ 39,030 | \$ 32,953 | \$ 114,141 | \$ 100,617 |
| Capital Assets, net | 357,939 | 351,437 | 179,852 | 180,591 | 537,791 | 532,028 |
| Total Assets | 433,050 | 419,101 | 218,882 | 213,544 | 651,932 | 632,645 |
| Deferred Outflows of Resources | 4,998 | 4,621 | 2,922 | 2,977 | 7,920 | 7,598 |
| Total Assets and Deferred Outflow of Resources | 438,048 | 423,722 | 221,804 | 216,521 | 659,852 | 640,243 |
| Liabilities and Deferred Inflows of Resources | | | | | | |
| Current Liabilities | 20,087 | 9,534 | 6,525 | 3,836 | 26,612 | 13,370 |
| Long-term Liabilities | 70,369 | 83,906 | 63,892 | 69,356 | 134,261 | 153,262 |
| Total Liabilities | 90,456 | 93,440 | 70,417 | 73,192 | 160,873 | 166,632 |
| Deferred Inflows of Resources | 18,337 | 13,199 | 1,269 | 1,235 | 19,606 | 14,434 |
| Total Liabilities and Deferred Inflows of Resources | 108,793 | 106,639 | 71,686 | 74,427 | 180,479 | 181,066 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 305,544 | 294,701 | 120,512 | 119,677 | 426,056 | 414,378 |
| Restricted | 12,296 | 12,013 | - | - | 12,296 | 12,013 |
| Unrestricted | 11,415 | 10,368 | 29,606 | 22,418 | 41,021 | 32,786 |
| Total Net Position | \$ 329,255 | \$ 317,082 | \$ 150,118 | \$ 142,095 | \$ 479,373 | \$ 459,177 |

(Continued)

Total net position for the Town's governmental activities increased approximately \$12.2 million or 3.8 percent, to \$329.3 million. This increase is comprised primarily of an \$11.6 million increase in net investment in capital assets. In comparison, net position for business-type activities increased approximately \$8.0 million to \$150.1 million when compared to the opening balance of \$142.1 million. This increase is comprised primarily of an increase in capital assets, net of \$3.2 million which is a result of addition of capital assets in excess of depreciation and amortization as well as debt service activity (see Note 6 and Note 7) and an increase of \$4.8 million which is attributed to results of operations as revenues exceeded expenses.

Statement of Activities

Table 2 summarizes and compares the Statement of Activities (Exhibit 2) for the Town for the fiscal years ended June 30, 2019 and 2018.

Table 2
Summary of Statement of Activities
Comparison for the years ended June 30, 2019 and 2018 (\$ in Thousands)

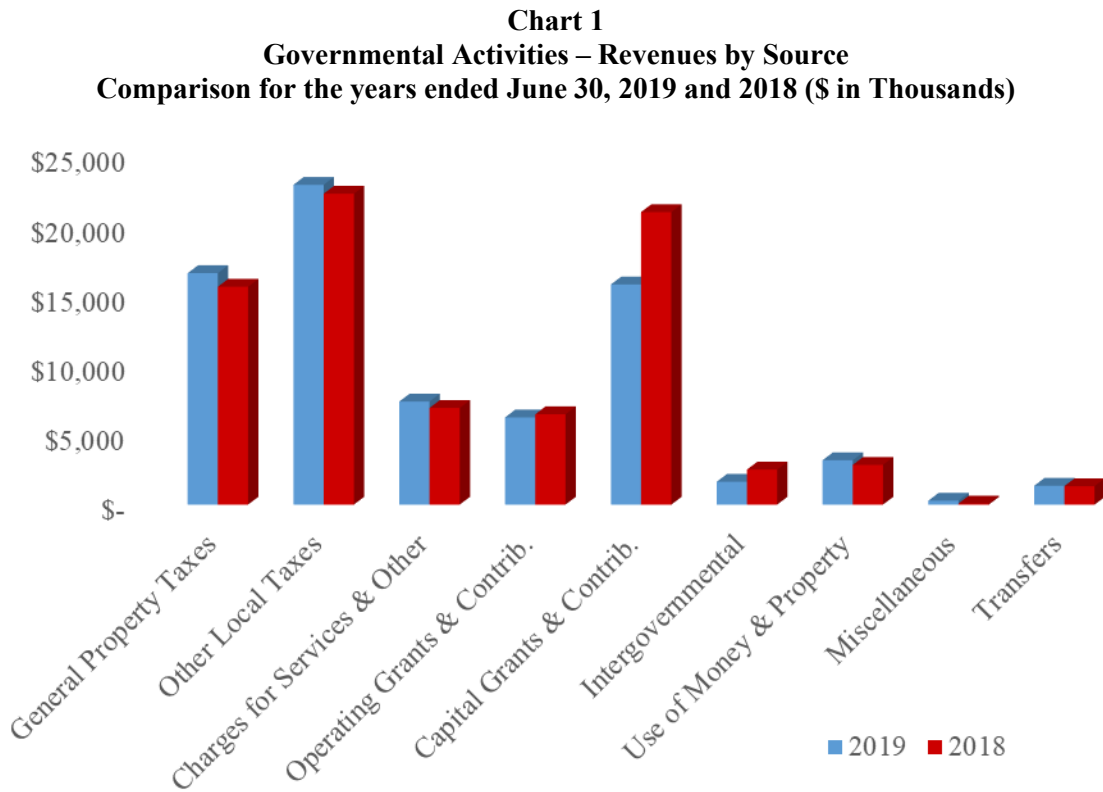
| | Governmental Activities | | Business-Type Activities | | Total Reporting Entity | |
|--|-------------------------|-------------------|--------------------------|-------------------|------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| REVENUES | | | | | | |
| General Revenues: | | | | | | |
| Property Taxes | \$ 16,612 | \$ 15,636 | \$ - | \$ - | \$ 16,612 | \$ 15,636 |
| Other Local Taxes | 22,949 | 22,310 | - | - | 22,949 | 22,310 |
| Other | 5,108 | 5,009 | 1,542 | 793 | 6,650 | 5,802 |
| Program Revenues: | | | | | | |
| Charges for Services | 7,395 | 6,936 | 26,416 | 23,873 | 33,811 | 30,809 |
| Operating Grants and Contributions | 6,259 | 6,485 | - | - | 6,259 | 6,485 |
| Capital Grants and Contributions | 15,795 | 21,434 | 2,230 | 2,811 | 18,025 | 24,245 |
| Total Revenues | 74,118 | 77,810 | 30,188 | 27,477 | 104,306 | 105,287 |
| EXPENSES | | | | | | |
| Legislative | 267 | 275 | - | - | 267 | 275 |
| Executive | 2,251 | 2,011 | - | - | 2,251 | 2,011 |
| Legal | 1,450 | 851 | - | - | 1,450 | 851 |
| Parks and Recreation | 8,611 | 8,550 | - | - | 8,611 | 8,550 |
| Finance | 5,577 | 5,575 | - | - | 5,577 | 5,575 |
| Balch Library | 541 | 522 | - | - | 541 | 522 |
| Planning and Zoning | 1,893 | 2,050 | - | - | 1,893 | 2,050 |
| Public Works | 22,771 | 21,626 | - | - | 22,771 | 21,626 |
| Public Safety | 14,103 | 13,696 | - | - | 14,103 | 13,696 |
| Plan Review | 1,462 | 1,352 | - | - | 1,462 | 1,352 |
| Airport | 2,313 | 2,145 | - | - | 2,313 | 2,145 |
| Interest | 2,057 | 2,299 | - | - | 2,057 | 2,299 |
| Water and Sewer | - | - | 20,814 | 19,891 | 20,814 | 19,891 |
| Total Expenses | 63,296 | 60,952 | 20,814 | 19,891 | 84,110 | 80,843 |
| Change in Net Position before transfers | | | | | | |
| | 10,822 | 16,858 | 9,374 | 7,586 | 20,196 | 24,444 |
| Transfers in (out) | 1,351 | 1,325 | (1,351) | (1,325) | - | - |
| Increase (Decrease) in Net Position | 12,173 | 18,183 | 8,023 | 6,261 | 20,196 | 24,444 |
| Net Position, Beginning of Year | 317,082 | 298,899 | 142,095 | 135,834 | 459,177 | 434,733 |
| Net Position, End of Year | \$ 329,255 | \$ 317,082 | \$ 150,118 | \$ 142,095 | \$ 479,373 | \$ 459,177 |

(Continued)

Governmental Activities

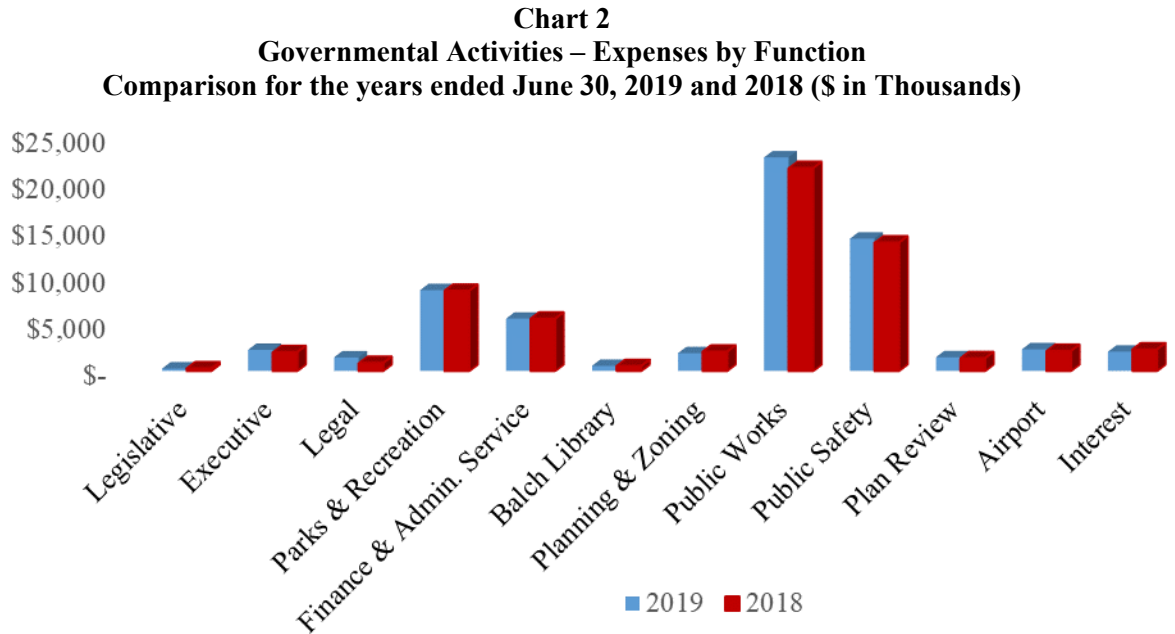
As shown in Table 2 above, total revenue for the Town’s governmental activities was \$74.1 million for fiscal year 2019 compared to \$77.8 million for fiscal year 2018. In addition to this revenue, there were net transfers of \$1.4 million to the Governmental Activities in 2019. Table 2 also indicates total expenses for governmental activities for fiscal year 2019 were \$63.3 million, compared to \$61.0 million in fiscal year 2018.

Chart 1 below shows the sources of all governmental revenue for fiscal years 2019 and 2018:



Taxes constitute the largest source of Town revenue totaling approximately \$39.6 million, with general property taxes of \$16.6 million in 2019 and \$15.6 in 2018 (Table 2). Other local taxes, \$22.9 million in 2019 and \$22.3 million in 2018, are generated through business and occupational licenses and consumption based taxes such as taxes on meals, sales and use, cigarettes and utilities.

Chart 2 below illustrates total expenses by function.



Public Works was the Town’s largest function with the Town’s cost of service totaling \$22.8 million or 36.0 percent of total expenses. The increase of \$1.1 million in Public Works is largely due to a variety of infrastructure and road projects that were undertaken in fiscal 2019 as well as the continued increasing cost of maintaining the infrastructure and roads. Public safety expenses, which total \$14.1 million, or 22.2 percent, represent the second largest expense category for governmental activities. Expenses increased by \$0.4 million or 3.0 percent which can be attributed to positions that were filled in fiscal year 2019 that were vacant in fiscal year 2018 as well as an increased focus on improving public safety facilities.

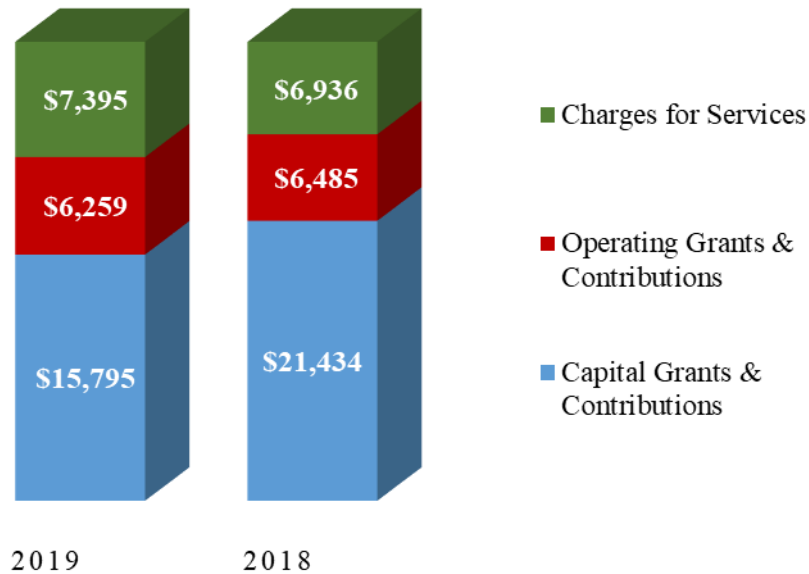
Table 3 below illustrates that general revenue, primarily in the form of taxes, charges for services and state aid, is essential to providing support for the services offered by the Town. These governmental activities generate revenue that assists in offsetting the cost of these services. Table 3 presents the total cost of services and the net cost after fees generated by the activities and allowances for program-specific governmental aid as an integral part of the Town’s governmental activities. The Town generates charges for services primarily from fees for parks and recreation memberships and classes, public safety fees, zoning fees and permits. The Town utilizes grants and contributions primarily for public safety, airport, and public works as much as possible, however, grant funding is increasingly difficult to obtain. After recognizing the total revenue from these fees, grants, and contributions of \$29.4 million in 2019, the net cost of governmental activities was \$33.8 million, compared to total costs of \$63.3 million. In 2018, the Town recognized revenue from fees, grants, and contributions of \$34.4 million with a net cost of governmental activities of \$26.1 million.

Table 3
Net Cost of Governmental Activities
Comparison for the years ended June 30, 2019 and 2018 (\$ in Thousands)

| Function: | Total Cost of Services | | Net Cost of Services | |
|---------------------------|-------------------------------|------------------|-----------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Legislative | \$ 267 | \$ 275 | \$ 267 | \$ 275 |
| Executive | 2,251 | 2,011 | 1,461 | 1,149 |
| Legal | 1,450 | 851 | 1,450 | 851 |
| Parks & Recreation | 8,611 | 8,550 | 3,486 | 3,469 |
| Finance & Admin. Services | 5,577 | 5,575 | 5,577 | 5,575 |
| Balch Library | 541 | 522 | 541 | 522 |
| Planning & Zoning | 1,893 | 2,050 | 1,510 | 901 |
| Public Works | 22,771 | 21,626 | 2,730 | (3,840) |
| Public Safety | 14,103 | 13,696 | 12,283 | 12,160 |
| Plan Review | 1,461 | 1,352 | 512 | 1,352 |
| Airport | 2,314 | 2,145 | 1,973 | 1,825 |
| Interest | 2,056 | 2,300 | 2,056 | 2,300 |
| Totals | \$ 63,295 | \$ 60,953 | \$ 33,846 | \$ 26,539 |

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 \$0.5 million, program revenue for Operating Grants and Contributions decreased \$0.2 million and Capital Grants and Contributions decreased \$5.2 million primarily due to decreased activity for public works projects including streets and roads that are funded by grants and other contributions.

Chart 3
Governmental Activities – Program Revenue
Comparison for the years ended June 30, 2019 and 2018 (\$ in Thousands)



Business-type Activities

Table 2 summarizes the business-type activities for 2019 and indicates the Utilities Fund Government-wide Net Position increased by \$8.0 million after the \$1.4 million transfer to the General Fund. The Statement of Revenue, Expenses and Changes in Net Position (Exhibit 9) details operating and non-operating income and expense factors, as well as capital grants, contributions and transfers for fiscal year 2019 for both the Utilities Fund and the Internal Service Self Insurance Fund.

Business-type activities are generally intended to be self-supporting as fees are established to recover the costs associated with providing the service. Exhibit 8 presents the Statement of Net Position for the Utilities Fund and the Internal Service Self Insurance Fund. In fiscal year 2019, the Utilities Fund's total assets, deferred outflows of resources, liabilities, and deferred inflows of resources were \$218.9 million, \$2.9 million, \$70.4 million, and \$1.3 million, respectively. Total Net Position for fiscal year 2019 was \$150.1 million of which \$29.6 million is unrestricted. In fiscal year 2019, the Internal Service Fund's total assets and liabilities were \$2.7 million and \$1.0 million, respectively. Total net position for fiscal year 2019 was \$1.7 million all of which was unrestricted.

99.6 percent of Utilities fees were generated by Charges for Services including water and sewer fixed charges and usage fees, penalties, service charges, and other user fees. Operating revenue for the Utilities Fund for fiscal year 2019 was \$22.3 million compared to \$21.8 million for fiscal year 2018.

Total operating expenses increased \$1.0 million to \$18.5 million in fiscal year 2019. When combined with the \$0.6 million increase in operating revenue the Utilities Fund recognized operating income of \$3.9 million for fiscal year 2019. Non-operating revenues and expenses resulted in a net increase of \$3.26 million. The \$8.0 million change in net position is primarily due to increased user rates as well as developer contributions and an increase in interest revenue.

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

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

The Town has three major governmental funds; the General Fund, Capital Projects Fund, and Northern Virginia Transportation Act (NVT) Special Revenue Fund with fund balances of \$26.5 million, \$20.4 million, and \$0.06 million respectively. With a fund balance of \$0.9 million for the non-major fund, the governmental funds total fund balance of \$47.9 million for fiscal year 2019 (Exhibit 3) is a decrease of \$0.5 million from \$48.4 million in 2018. The decrease of \$0.5 million is primarily due to \$3.2 million in excess expenditures over revenues which was offset by an increase of other financing sources over uses of \$2.7 million primarily comprised of issuance of \$1.3 million in debt and a net transfers in from other funds of \$1.4 million. Fund balances are required by GASB to be classified as non-spendable, restricted, committed, assigned, and unassigned for better management of the governmental funds current resources.

Table 4 is an excerpt from the Balance Sheet (Exhibit 3) and illustrates the components of the Town's governmental fund balances as of June 30, 2019 and 2018.

Table 4
Governmental Fund Balances
Comparison for the years ended June 30, 2019 and 2018 (\$ in Thousands)

| | 2019 | 2018 | Change |
|---|---------------|---------------|--------------|
| Non-Spendable | | | |
| Lease deposit | \$ 164 | \$ 162 | \$ 2 |
| Prepaid Expenses | 61 | 115 | (54) |
| Restricted | | | |
| Bach Library | 1,010 | 926 | 84 |
| Parks and Recreation | 51 | 51 | - |
| NVTA | 62 | 315 | (253) |
| Police | 93 | 93 | - |
| Bond Proceeds | 4,036 | 4,112 | (76) |
| Proffers | 7,481 | 6,898 | 583 |
| Gas Tax | 2,971 | 3,267 | (296) |
| Parking-in-lieu | 374 | 248 | 126 |
| Esummons | 254 | 215 | 39 |
| Committed | | | |
| Bach Library | 3 | - | 3 |
| Capital Projects - Road | 9,079 | 1,979 | 7,100 |
| Capital Projects - Storm Drainage | 4,984 | 91 | 4,893 |
| Capital Projects - General Governmental | 286 | 33 | 253 |
| Capital Projects - Airport | 2 | 63 | (61) |
| Capital Projects - Parks and Recreation | - | 15 | (15) |
| Assigned | | | |
| Debt Service Reserve | 9,754 | 9,897 | (143) |
| Other Reserves | 1,000 | - | 1,000 |
| Capital Asset Reserve | - | 1,739 | (1,739) |
| Designated for Future Years | 2,991 | 3,646 | (655) |
| Unassigned | | | |
| Total Fund Balances | 47,860 | 48,359 | (499) |

The General Fund is the main operating fund of the Town; its total fund balance decreased \$3.0 million to \$26.5 million for fiscal year 2019 (Exhibit 5). Of this total, the Unassigned Fund Balance was \$11.6 million (Exhibit 3) or 20.0 percent of total General Fund expenditures of \$57.9 million for fiscal year 2019. In comparison, at the end of fiscal year 2018, the unassigned fund balance was \$14.5 million, equal to 25.9 percent of total General Fund expenditures. The Assigned Fund Balance Designated for Future Years' decreased \$0.6 million; the Town also reserved funds in anticipation of the upcoming consolidated billing transition of the Personal Property Taxes over to Loudoun County.

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, 2019, the Capital Projects fund balance was \$20.4 million (Exhibit 3) compared to \$17.7 million in 2018. 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 2018 was \$0.0 million and unassigned fund balance for fiscal year 2019 is a deficit of \$8.4 million for a net change of (\$8.4) million primarily due to contract commitments on capital projects that commenced in fiscal year 2019.

(Continued)

The NVTa fund accounts for financial resources awarded to the Town for transportation projects including construction of streets and other required infrastructure to handle the transportation needs of the Town. As of June 30, 2019 the NVTa total fund balance was \$0.06 million which was restricted for commitments related to projects approved for construction.

BUDGETARY HIGHLIGHTS

General Fund

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

Table 5
Condensed Budgetary Comparison
Year ended June 30, 2019 (\$ in Thousands)

| | Fiscal Year 2019 | | |
|--|-------------------------|-----------------------|-------------------|
| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> |
| <u>Revenues:</u> | | | |
| Taxes | \$ 30,639 | \$ 30,639 | \$ 32,183 |
| Intergovernmental | 15,266 | 15,666 | 15,488 |
| Other | 9,727 | 9,802 | 11,044 |
| Total Revenues | 55,632 | 56,107 | 58,715 |
| <u>Expenditures:</u> | | | |
| Expenditures | 57,429 | 61,904 | 57,938 |
| Deficiency of Revenue under Expenditure | (1,797) | (5,797) | 777 |
| <u>Other Financing Sources:</u> | | | |
| Transfers, net | 847 | (2,271) | (4,008) |
| Use of fund balance | 645 | 5,504 | - |
| Issuance of debt | - | - | 201 |
| Total Revenues | 1,492 | 3,233 | (3,807) |
| Change in Fund Balance | \$ (305) | \$ (2,564) | \$ (3,030) |

General Fund revenues exceeded the budget by \$2.6 million. Revenues collected exceeded budget projections for general property taxes, other local taxes, miscellaneous use of money and property, by approximately \$0.4 million, \$1.1 million, and \$0.9 million, respectively (Exhibit 7). General Fund expenditures were under the amended budget by approximately \$4.0 million. Fund balance for the General Fund decreased by \$3.8 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 operating and capital projects that were incomplete in the prior fiscal year, and subsequently re-appropriated in the new fiscal year.
- Amendments for supplemental appropriation for new projects, and/or change orders for prior approved projects.
- Amendments for transfers and adjustments to support revised priorities.

(Continued)

The original budgeted expenditures increased by \$4.5 million for fiscal year 2019 (Exhibit 7). This increase is a result of supplemental appropriations throughout the year including uncompleted contractual services carried forward from fiscal year 2018. The most significant supplemental appropriation approved by Town Council was to increase expenditures \$1.0 million for the Leesburg Police Department Expansion, \$0.3 million for the Town Plan update, approximately \$0.3 million to support snow removal, a variety of capital projects in Town Hall to upgrade and remain in compliance with ADA requirements.

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, 2019 and 2018.

Table 6
Capital Assets
Comparison as of June 30, 2019 and 2018 (\$ in Thousands)

| | Governmental Activities | | | Business-Type Activities | | |
|---|-------------------------|-------------------|-----------------|--------------------------|-------------------|-----------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Land | \$ 62,467 | \$ 61,231 | \$ 1,236 | \$ 1,577 | \$ 1,577 | \$ - |
| Buildings and improvement | 86,921 | 86,190 | 731 | | | |
| Water and sewer plant | - | - | - | 116,136 | 116,003 | 133 |
| Water and sewer lines | - | - | - | 145,656 | 142,674 | 2,982 |
| Equipment and software | 11,867 | 11,065 | 802 | 3,812 | 2,920 | 892 |
| Vehicles | 6,233 | 5,800 | 433 | 3,319 | 2,764 | 555 |
| Infrastructure and street | 277,239 | 270,288 | 6,951 | - | - | - |
| Hangars | 6,057 | 6,057 | - | - | - | - |
| Terminals | 6,678 | 6,678 | - | - | - | - |
| Runway | 16,570 | 16,570 | - | - | - | - |
| Construction in progress | 32,430 | 26,966 | 5,464 | 948 | 269 | 679 |
| Total Capital Assets | 506,462 | 490,845 | 15,617 | 271,448 | 266,207 | 5,241 |
| Accumulated depreciation and amortization | (148,523) | (139,408) | (9,115) | (91,596) | (85,617) | (5,979) |
| Total Capital Assets, Net | \$ 357,939 | \$ 351,437 | \$ 6,502 | \$ 179,852 | \$ 180,590 | \$ (738) |

The Town's Governmental Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2019 and 2018 amounted to approximately \$357.9 million and \$351.4 million, respectively. The net increase in capital assets (including additions, retirements, depreciation, and amortization) was \$6.5 million for governmental activities. The additional increase can be attributed to a \$5.4 million increase in construction in progress as well as \$7.0 million in infrastructure improvements (see Note 5).

The Business-type Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2019 amounted to approximately \$179.8 million for the Utilities Fund compared to \$180.6 million in 2018. The decrease is predominantly due to capital asset additions being less than depreciation expense for the year.

The Town Council approved Fiscal Year 2018 – 2023 Capital Improvement Program (CIP) is a six-year, \$172.4 million program of public improvements for the Town including \$103.6 million in streets and highways improvements, \$20.8 million in general government improvements, such as downtown improvements and lighting, \$5.2 million in storm drainage improvements, \$12.4 million in airport improvements, \$6.4 million in parks improvements, and \$15.3 million in water and sewer improvements. Additional information pertaining to the Town's capital assets can be found in Note 6 of the notes to the financial statements.

(Continued)

Long-term Debt

The Town's current bond ratings are as follows:

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

The Town's legal limit for outstanding general obligation debt is 10.0 percent of total assessed real property within the Town, which was \$7.9 billion in fiscal year 2019 and \$7.5 billion in 2018. The Town's total long-term obligations of \$60.3 million as of June 30, 2019 and \$63.7 million as of June 30, 2018, are well within the limits set by the Constitution of the Commonwealth of Virginia. Revenue bonds are not included in calculating the legal limit.

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

Table 7
Outstanding Long-Term Bonded Debt
Comparison as of June 30, 2019 and 2018 (\$ in Thousands)

| | Governmental Activities | | | Business-Type Activities | | |
|--------------------------|-------------------------|------------------|-------------------|--------------------------|------------------|-------------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| General Obligation Bonds | \$ 58,452 | \$ 62,454 | \$ (4,002) | \$ 60,302 | \$ 61,892 | \$ (1,590) |
| Revenue Bonds | - | - | - | 1,135 | 1,859 | (724) |
| Totals | \$ 58,452 | \$ 62,454 | \$ (4,002) | \$ 61,437 | \$ 63,751 | \$ (2,314) |

Outstanding long-term debt for governmental activities as of June 30, 2019 is \$58.5 million indicating a decrease of \$4.0 million from fiscal year 2018. Outstanding long-term debt for business activities decreased from \$65.0 million as of June 30, 2018 to \$61.4 million as of June 30, 2019 (see Note 6).

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

- The Town will not fund current operations from the proceeds of borrowed funds and will confine long-term borrowing and capital leases to capital improvement projects, or equipment that cannot be financed from current financial resources.
- The goal of the Town is to finance at least 25 percent of the cost of capital improvements (in excess of proffers) from non-debt resources.
- The Town will, when financing capital improvements or other projects or equipment by issuing bonds or entering capital leases, repay the debt within a period not to exceed the expected useful life of the project or equipment. Debt related to equipment ancillary to a construction project may be amortized over a period less than that of the primary project.
- The Town is cognizant of its higher than average debt burden and will continue to offset its impact through rapid payback. An average payback of at least 60 percent in ten years will be maintained, except for projects with a known revenue stream.
- The Town will annually calculate target debt ratios. The Town's debt capacity will be maintained within the following primary goals:
 - Debt service expenditures as a percentage of general fund expenditures will not exceed 15 percent. For fiscal year 2019, this percentage was 13.9 percent.
 - Bonded debt (General Obligation Debt) of the Town will not exceed 2.5 percent of the total assessed value of taxable property in the Town. For fiscal year 2019, this percentage was 0.7 percent.

(Continued)

- The Town will follow a policy of full disclosure in every annual financial report and financing official statement/offering document.
- The Town will maintain good communications about its financial condition with bond holders and credit rating institutions.

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Economic Factors

- The unemployment rate is not maintained on a Town basis; the 2.4 percent average unemployment rate for the County of Loudoun according to the Virginia Employment Commission is reduced from the 2.7 percent level in 2018. This compares favorably to the State’s rate of 2.7 percent and the national rate of 3.5 percent.
- The Town’s population was estimated to be 53,917. Population estimates for the last ten years are provided in the statistical section of this report at Table 17.
- Per capita personal income is not kept on a Town basis. However, the County of Loudoun’s per capita personal income was \$81,200, as estimated by the Loudoun County Department of Management and Budget. Loudoun County is considered one of the wealthiest counties in the nation.
- The Town government’s full-time equivalency (FTE) employment increased in fiscal year 2019 by 6.2 FTE positions to a total of 355.5. Workforce numbers by department for the last ten years are provided in the statistical section of this report at Table 19.

Fiscal Year 2020 Budget and Rates

- For fiscal year 2020, the adopted budget for the General Fund is \$60.1 million, an increase of \$1.2 million or 2.0 percent, over fiscal year 2019. Revenues are comprised primarily of general taxes at 56.8 percent, intergovernmental assistance at 21.3 percent, charges for services at 9.1 percent, other financing sources at 5.3 percent, use of money & property at 3.6 percent, and other miscellaneous revenue at 3.9 percent.
- In fiscal year 2020, the Town continues to prioritize its services. In the General Fund, public safety accounts for \$14.4 million or 23.9 percent of the budgeted expenditures. The public works department accounts for \$14.0 million or 23.3 percent of budgeted expenditures.
- Tax rate for real property for tax year 2019 is 18.4¢ per \$100 of assessed value. The personal property tax rate remained unchanged at \$1.00 per \$100 of assessed value. Detail on the tax rates is provided in Table 10 of the statistical section of this report.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2019

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Totals</u> |
|---|------------------------------------|-------------------------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents (Note 2) | \$ 40,970,490 | \$ 34,290,231 | \$ 75,260,721 |
| Receivables, net (Note 3) | | | |
| Property taxes | 7,941,945 | - | 7,941,945 |
| Utility taxes | 130,188 | - | 130,188 |
| Local taxes | 2,068,795 | - | 2,068,795 |
| Trade and other accounts | 540,873 | 4,036,605 | 4,577,478 |
| Due from other governments (Note 4) | 11,795,143 | - | 11,795,143 |
| Inventories | - | 683,535 | 683,535 |
| Prepaid items and deposit | 224,707 | 19,133 | 243,840 |
| Restricted cash (Note 2) | 11,439,008 | - | 11,439,008 |
| Capital assets (Note 5) | | | |
| Nondepreciable | 94,897,124 | 2,524,742 | 97,421,866 |
| Depreciable, net | 263,042,048 | 177,327,177 | 440,369,225 |
| | <u>433,050,321</u> | <u>218,881,423</u> | <u>651,931,744</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions (Notes 11 and 12) | 2,215,431 | 588,912 | 2,804,343 |
| Deferred outflows related to other postemployment benefits (Notes 9, 10, and 12) | 684,789 | 182,032 | 866,821 |
| Deferred loss on refunding of debt | 2,098,280 | 2,150,538 | 4,248,818 |
| | <u>4,998,500</u> | <u>2,921,482</u> | <u>7,919,982</u> |
| LIABILITIES | | | |
| Accounts payable | 2,522,049 | 1,137,046 | 3,659,095 |
| Due to other governments | 2,762,157 | - | 2,762,157 |
| Accrued payroll and other expenses | 1,593,810 | 328,694 | 1,922,504 |
| Accrued liabilities – other | 40,449 | - | 40,449 |
| Accrued interest | 721,859 | 935,868 | 1,657,727 |
| Retainage payable | 61,583 | 53,907 | 115,490 |
| Performance bonds | 1,651,242 | 9,000 | 1,660,242 |
| Reserve for proffers | 1,554,244 | - | 1,554,244 |
| Unearned revenue (Note 3) | 357,807 | - | 357,807 |
| Customer deposits | 82,882 | 1,265,830 | 1,348,712 |
| Insurance and benefit claims | 952,439 | - | 952,439 |

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2019

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Totals</u> |
|--|------------------------------------|-------------------------------------|-----------------------|
| LIABILITIES (Continued) | | | |
| Noncurrent liabilities | | | |
| Due within one year (Note 6) | | | |
| Compensated absences | \$ 1,915,904 | \$ 509,114 | \$ 2,425,018 |
| Note payable | 346,078 | - | 346,078 |
| Bonds payable | 5,525,129 | 2,284,859 | 7,809,988 |
| Due in more than one year (Notes 6) | | | |
| Compensated absences | 573,716 | 164,395 | 738,111 |
| Note payable | 1,356,657 | - | 1,356,657 |
| Bonds payable | 51,224,980 | 59,152,366 | 110,377,346 |
| Net pension liability (Notes 11 and 12) | 8,673,064 | 2,305,498 | 10,978,562 |
| Other postemployment benefits (Notes 9, 10, and 12) | 8,540,176 | 2,270,174 | 10,810,350 |
| Total liabilities | <u>90,456,225</u> | <u>70,416,751</u> | <u>160,872,976</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pension plan (Notes 11 and 12) | 2,568,944 | 682,884 | 3,251,828 |
| Deferred inflows related to other postemployment benefits (Notes 9, 10, and 12) | 2,203,321 | 585,693 | 2,789,014 |
| Deferred gain on refunding of debt | 15,578 | - | 15,578 |
| Grants (Note 3) | 6,000,000 | - | 6,000,000 |
| Property taxes (Note 3) | 7,550,090 | - | 7,550,090 |
| Total deferred inflows of resources | <u>18,337,933</u> | <u>1,268,577</u> | <u>19,606,510</u> |
| NET POSITION | | | |
| Net investment in capital assets | 305,543,608 | 120,511,325 | 426,054,933 |
| Restricted | | | |
| Restricted for capital projects | 11,285,566 | - | 11,285,566 |
| Restricted for Balch Library | 1,010,283 | - | 1,010,283 |
| Unrestricted | <u>11,415,206</u> | <u>29,606,252</u> | <u>41,021,458</u> |
| Total net position | <u>\$ 329,254,663</u> | <u>\$ 150,117,577</u> | <u>\$ 479,372,240</u> |

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | Totals |
|---|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| | | | | | | | |
| Governmental activities: | | | | | | | |
| Legislative | \$ 266,921 | \$ - | \$ - | \$ - | \$ (266,921) | | \$ (266,921) |
| Executive | 2,250,835 | - | 789,810 | - | (1,461,025) | | (1,461,025) |
| Legal | 1,449,665 | - | - | - | (1,449,665) | | (1,449,665) |
| Parks and recreation | 8,611,563 | 5,121,409 | 4,500 | - | (3,485,654) | | (3,485,654) |
| Finance and administrative services | 5,577,072 | - | - | - | (5,577,072) | | (5,577,072) |
| Balch Library | 540,759 | - | - | - | (540,759) | | (540,759) |
| Planning and zoning | 1,892,780 | 382,255 | - | - | (1,510,525) | | (1,510,525) |
| Public works | 22,771,022 | 159,506 | 4,086,213 | 15,795,097 | (2,730,206) | | (2,730,206) |
| Public safety | 14,103,272 | 700,562 | 1,119,632 | - | (12,283,078) | | (12,283,078) |
| Plan review | 1,460,785 | 948,850 | - | - | (511,935) | | (511,935) |
| Airport | 2,313,619 | 81,960 | 259,073 | - | (1,972,586) | | (1,972,586) |
| Interest | 2,056,929 | - | - | - | (2,056,929) | | (2,056,929) |
| Total governmental activities | 63,295,222 | 7,394,542 | 6,259,228 | 15,795,097 | (33,846,355) | | (33,846,355) |
| Business-type activities: | | | | | | | |
| Utilities | 20,814,411 | 26,416,360 | - | 2,229,789 | | \$ 7,831,738 | 7,831,738 |
| Total business-type activities | 20,814,411 | 26,416,360 | - | 2,229,789 | | 7,831,738 | 7,831,738 |
| Total government | \$ 84,109,633 | \$ 33,810,902 | \$ 6,259,228 | \$ 18,024,886 | (33,846,355) | 7,831,738 | (26,014,617) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| General property taxes, including penalties | | | | | 16,611,960 | - | 16,611,960 |
| Other local taxes: | | | | | | | |
| Communication sales and use | | | | | 7,528,737 | - | 7,528,737 |
| Meals | | | | | 5,939,892 | - | 5,939,892 |
| Business and occupational licenses | | | | | 3,727,985 | - | 3,727,985 |
| Utility | | | | | 1,530,840 | - | 1,530,840 |
| Cigarette | | | | | 726,665 | - | 726,665 |
| Other local taxes | | | | | 3,494,156 | - | 3,494,156 |
| Intergovernmental, non-categorical aid | | | | | 1,638,232 | - | 1,638,232 |
| Use of money and property | | | | | 3,181,950 | 901,174 | 4,083,124 |
| Miscellaneous | | | | | 287,813 | 640,701 | 928,514 |
| Transfers | | | | | 1,351,300 | (1,351,300) | - |
| Total general revenues and transfers, net | | | | | 46,019,530 | 190,575 | 46,210,105 |
| Change in net position | | | | | 12,173,175 | 8,022,313 | 20,195,488 |
| Net position, beginning | | | | | 317,081,488 | 142,095,264 | 459,176,752 |
| Net position, ending | | | | | \$ 329,254,663 | \$ 150,117,577 | \$ 479,372,240 |

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

TOWN OF LEESBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

| | <u>General</u> | <u>Capital Projects Fund</u> | <u>NVTA</u> | <u>Other Governmental Fund</u> | <u>Total Governmental Funds</u> |
|--|----------------------|--------------------------------------|---------------------|--|---|
| ASSETS | | | | | |
| Cash, cash equivalents, and investments | \$ 21,755,205 | \$ 15,854,213 | \$ - | \$ 895,337 | \$ 38,504,755 |
| Receivables (net of allowance for doubtful accounts) | | | | | |
| Property taxes, including penalties | 7,941,945 | - | - | - | 7,941,945 |
| Utility taxes | 130,188 | - | - | - | 130,188 |
| Local taxes | 2,068,795 | - | - | - | 2,068,795 |
| Accounts | 321,953 | - | - | 550 | 322,503 |
| Due from other governments | 5,198,666 | 3,488,114 | 3,108,363 | - | 11,795,143 |
| Lease deposit | 163,854 | - | - | - | 163,854 |
| Prepaid items | 60,853 | - | - | - | 60,853 |
| Restricted cash | 1,713,175 | 4,036,161 | 5,689,672 | - | 11,439,008 |
| | <u>\$ 39,354,634</u> | <u>\$ 23,378,488</u> | <u>\$ 8,798,035</u> | <u>\$ 895,887</u> | <u>\$ 72,427,044</u> |
| Total assets | | | | | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,342,195 | \$ 1,157,900 | \$ 1,217 | \$ - | \$ 2,501,312 |
| Due to other governments | 30,788 | - | 2,731,369 | - | 2,762,157 |
| Retainage payable | - | 61,583 | - | - | 61,583 |
| Accrued payroll | 1,593,810 | - | - | - | 1,593,810 |
| Accrued liabilities – other | 40,449 | - | - | - | 40,449 |
| Customer deposits | 82,882 | - | - | - | 82,882 |
| Performance bonds | 1,651,242 | - | - | - | 1,651,242 |
| Reserve for proffers | - | 1,554,244 | - | - | 1,554,244 |
| Unearned revenue | 182,987 | 174,820 | - | - | 357,807 |
| | <u>4,924,353</u> | <u>2,948,547</u> | <u>2,732,586</u> | <u>-</u> | <u>10,605,486</u> |
| Total liabilities | | | | | |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Grants | - | - | 6,000,000 | - | 6,000,000 |
| Property taxes | 7,961,939 | - | - | - | 7,961,939 |
| | <u>7,961,939</u> | <u>-</u> | <u>6,000,000</u> | <u>-</u> | <u>13,961,939</u> |
| Total deferred inflows of resources | | | | | |

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

| | General | Capital Projects Fund | NVTA | Other Governmental Fund | Total Governmental Funds |
|--|----------------------|-----------------------------|---------------------|-------------------------------|--------------------------------|
| LIABILITIES, DEFERRED INFLOWS OF | | | | | |
| RESOURCES, AND FUND BALANCES (Continued) | | | | | |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Lease deposit | \$ 163,854 | \$ - | \$ - | \$ - | \$ 163,854 |
| Prepaid costs | 60,853 | - | - | - | 60,853 |
| Restricted | | | | | |
| Balch Library | 117,096 | - | - | 893,187 | 1,010,283 |
| NVTA | - | - | 62,127 | - | 62,127 |
| Parks and recreation (Symmington) | 50,521 | - | - | - | 50,521 |
| Police | 92,965 | - | - | - | 92,965 |
| Bond proceeds | - | 4,036,161 | - | - | 4,036,161 |
| Proffers | - | 7,480,750 | - | - | 7,480,750 |
| Gas tax | - | 2,970,810 | - | - | 2,970,810 |
| Parking in lieu | 374,025 | - | - | - | 374,025 |
| Esummons | 254,368 | - | - | - | 254,368 |
| Committed | | | | | |
| Balch Library | - | - | - | 2,700 | 2,700 |
| Capital Projects – general government | - | 285,863 | - | - | 285,863 |
| Capital Projects – streets and highways | - | 9,075,557 | 3,322 | - | 9,078,879 |
| Capital Projects – storm drainage | - | 4,984,016 | - | - | 4,984,016 |
| Capital Projects – airport | - | 2,558 | - | - | 2,558 |
| Assigned | | | | | |
| Debt service reserve | 9,753,620 | - | - | - | 9,753,620 |
| Other reserves | 1,000,000 | - | - | - | 1,000,000 |
| Expenditures designated for future years | 2,990,959 | - | - | - | 2,990,959 |
| Unassigned | 11,610,081 | (8,405,774) | - | - | 3,204,307 |
| Total fund balances | 26,468,342 | 20,429,941 | 65,449 | 895,887 | 47,859,619 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 39,354,634 | \$ 23,378,488 | \$ 8,798,035 | \$ 895,887 | \$ 72,427,044 |

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

TOWN OF LEESBURG, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2019**

| | | |
|---|----------------|-----------------------|
| Total fund balances – governmental funds | | \$ 47,859,619 |
| 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 | \$ 506,462,195 | |
| Less accumulated depreciation and amortization | (148,523,023) | |
| Net capital assets | | 357,939,172 |
| Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds. | | |
| | | 411,849 |
| 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 | 2,215,431 | |
| Other postemployment benefits | 684,789 | |
| Deferred inflows related to: | | |
| Pensions | (2,568,944) | |
| Other postemployment benefits | (2,203,321) | |
| Net pension liability | (8,673,064) | |
| Other postemployment benefit liability | (8,540,176) | |
| | | (19,085,285) |
| 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 | 2,098,280 | |
| Deferred gain on refunding of debt | (15,578) | |
| | | 2,082,702 |
| Internal service funds are used by management to charge the costs of services provided to other departments or funds. | | |
| | | 1,710,929 |
| 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 | (56,750,109) | |
| Note payable | (1,702,735) | |
| Compensated absences | (2,489,620) | |
| Interest payable | (721,859) | |
| | | (61,664,323) |
| Net position of governmental activities | | \$ 329,254,663 |

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

| | <u>General</u> | <u>Capital Projects Fund</u> | <u>NVTA</u> | <u>Other Governmental Fund</u> | <u>Total Governmental Funds</u> |
|--|----------------------|--------------------------------------|------------------|--|---|
| REVENUES | | | | | |
| General property taxes | \$ 16,763,012 | \$ - | \$ - | \$ - | \$ 16,763,012 |
| Other local taxes | 15,419,538 | - | - | - | 15,419,538 |
| Permits, fees, and licenses | 1,368,371 | - | - | - | 1,368,371 |
| Fines and forfeitures | 558,857 | - | - | - | 558,857 |
| Use of money and property | 3,072,979 | 108,971 | - | - | 3,181,950 |
| Charges for services | 5,422,620 | - | - | - | 5,422,620 |
| Contributions and proffers | 362,744 | 1,177,703 | - | 75,650 | 1,616,097 |
| Grants | - | - | - | 8,700 | 8,700 |
| Miscellaneous | 259,645 | - | - | 19,468 | 279,113 |
| Intergovernmental | 15,487,579 | 3,174,352 | 4,958,249 | - | 23,620,180 |
| Total revenues | <u>58,715,345</u> | <u>4,461,026</u> | <u>4,958,249</u> | <u>103,818</u> | <u>68,238,438</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Legislative | 255,452 | - | - | - | 255,452 |
| Executive | 1,886,653 | - | - | - | 1,886,653 |
| Legal | 1,449,337 | - | - | - | 1,449,337 |
| Finance and administrative services | 5,540,062 | - | - | - | 5,540,062 |
| Public safety | 14,069,073 | - | - | - | 14,069,073 |
| Public works | 14,360,321 | - | - | - | 14,360,321 |
| Parks and recreation | 7,701,535 | - | - | - | 7,701,535 |
| Balch Library | 512,893 | - | - | 23,811 | 536,704 |
| Planning and zoning | 1,881,100 | - | - | - | 1,881,100 |
| Plan review | 1,464,977 | - | - | - | 1,464,977 |
| Airport | 750,389 | - | - | - | 750,389 |
| Capital projects | - | 8,486,646 | 4,983,369 | - | 13,470,015 |
| Debt service | | | | | |
| Principal | 5,582,241 | - | - | - | 5,582,241 |
| Interest and fiscal charges | 2,484,035 | - | - | - | 2,484,035 |
| Total expenditures | <u>57,938,068</u> | <u>8,486,646</u> | <u>4,983,369</u> | <u>23,811</u> | <u>71,431,894</u> |
| Excess (deficiency) of revenues over expenditures | <u>777,277</u> | <u>(4,025,620)</u> | <u>(25,120)</u> | <u>80,007</u> | <u>(3,193,456)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of debt | 201,441 | 1,141,392 | - | - | 1,342,833 |
| Transfers in | 2,713,486 | 6,946,813 | - | - | 9,660,299 |
| Transfers out | (6,722,398) | (1,362,186) | (224,415) | - | (8,308,999) |
| Total other financing sources (uses), net | <u>(3,807,471)</u> | <u>6,726,019</u> | <u>(224,415)</u> | <u>-</u> | <u>2,694,133</u> |
| Net change in fund balances | <u>(3,030,194)</u> | <u>2,700,399</u> | <u>(249,535)</u> | <u>80,007</u> | <u>(499,323)</u> |
| Fund balances, beginning | <u>29,498,536</u> | <u>17,729,542</u> | <u>314,984</u> | <u>815,880</u> | <u>48,358,942</u> |
| Fund balances, ending | <u>\$ 26,468,342</u> | <u>\$ 20,429,941</u> | <u>\$ 65,449</u> | <u>\$ 895,887</u> | <u>\$ 47,859,619</u> |

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

TOWN OF LEESBURG, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019**

| | | |
|---|---------------|-------------------|
| Net change in fund balances – total governmental funds | \$ | (499,323) |
| 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 | \$ 10,284,912 | |
| Book value of assets disposed | (1,340) | |
| Less depreciation and amortization expense | (9,766,568) | |
| Excess of capital outlay over depreciation and amortization | | 517,004 |
| 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 | | 5,985,017 |
| 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 | | (151,052) |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayments of the principal on long-term debt consumes the current financial resources of governmental funds. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | | |
| Debt issued or incurred: | | |
| Issuance of general obligation debt | (89,272) | |
| Issuance of note payable | (1,253,561) | |
| Principal retired on: | | |
| General obligation debt | 5,475,427 | |
| Note payable | 106,814 | |
| | | 4,239,408 |
| 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 | 1,897,823 | |
| Pension expense | (367,099) | |
| | | 1,530,724 |
| 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 | 103,992 | |
| Other postemployment benefits income | 106,356 | |
| | | 210,348 |
| 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 | 263,358 | |
| Compensated absences | (130,751) | |
| Amortization of premiums | 317,570 | |
| Amortization of bond refundings and deferred items | (153,822) | |
| | | 296,355 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities. | | |
| Total revenues | 5,070,902 | |
| Total expenses | (5,026,208) | |
| | | 44,694 |
| Change in net position of governmental activities | \$ | 12,173,175 |

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

TOWN OF LEESBURG, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2019**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| General property taxes | \$ 16,364,000 | \$ 16,364,000 | \$ 16,763,012 | \$ 399,012 |
| Other local taxes | 14,274,571 | 14,274,571 | 15,419,538 | 1,144,967 |
| Permits, fees, and licenses | 1,472,950 | 1,472,950 | 1,368,371 | (104,579) |
| Fines and forfeitures | 421,700 | 421,700 | 558,857 | 137,157 |
| Use of money and property | 2,111,427 | 2,182,527 | 3,072,979 | 890,452 |
| Charges for services | 5,336,521 | 5,336,521 | 5,422,620 | 86,099 |
| Contributions | 46,000 | 46,000 | 65,791 | 19,791 |
| Proffers | 300,000 | 303,650 | 296,953 | (6,697) |
| Miscellaneous | 39,000 | 39,000 | 259,645 | 220,645 |
| Intergovernmental | 15,265,991 | 15,665,991 | 15,487,579 | (178,412) |
| Total revenues | <u>55,632,160</u> | <u>56,106,910</u> | <u>58,715,345</u> | <u>2,608,435</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Legislative | 273,670 | 276,488 | 255,452 | 21,036 |
| Executive | 1,905,835 | 2,033,094 | 1,886,653 | 146,441 |
| Legal | 1,029,209 | 1,489,755 | 1,449,337 | 40,418 |
| Finance and administrative services | 5,299,731 | 5,807,793 | 5,540,062 | 267,731 |
| Public safety | 14,272,434 | 14,451,324 | 14,069,073 | 382,251 |
| Public works | 14,183,048 | 16,615,093 | 14,360,321 | 2,254,772 |
| Parks and recreation | 7,607,396 | 7,962,238 | 7,701,535 | 260,703 |
| Balch Library | 518,029 | 541,213 | 512,893 | 28,320 |
| Planning and zoning | 1,947,623 | 2,261,390 | 1,881,100 | 380,290 |
| Plan review | 1,447,924 | 1,546,856 | 1,464,977 | 81,879 |
| Airport | 821,371 | 829,857 | 750,389 | 79,468 |
| Debt service | | | | |
| Principal | 5,475,427 | 5,582,242 | 5,582,241 | 1 |
| Interest and fiscal charges | 2,647,586 | 2,506,616 | 2,484,035 | 22,581 |
| Total expenditures | <u>57,429,283</u> | <u>61,903,959</u> | <u>57,938,068</u> | <u>3,965,891</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,797,123)</u> | <u>(5,797,049)</u> | <u>777,277</u> | <u>6,574,326</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 2,713,000 | 2,713,000 | 2,713,486 | 486 |
| Transfers out | (1,865,877) | (4,983,675) | (6,722,398) | (1,738,723) |
| Issuance of debt | - | - | 201,441 | 201,441 |
| Use of Fund Balance | 645,000 | 5,503,605 | - | (5,503,605) |
| Total other financing sources (uses), net | <u>1,492,123</u> | <u>3,232,930</u> | <u>(3,807,471)</u> | <u>(7,040,401)</u> |
| Net change in fund balance | <u>\$ (305,000)</u> | <u>\$ (2,564,119)</u> | <u>\$ (3,030,194)</u> | <u>\$ (466,075)</u> |

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2019

| | <u>Business-Type Activities – Enterprise Fund Utilities</u> | <u>Governmental Activities Internal Service Self Insurance Fund</u> |
|--|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 34,290,231 | \$ 2,465,735 |
| Receivables (net of allowance for doubtful accounts): | | |
| Trade and other accounts | 4,036,605 | 218,370 |
| Prepaid expenses | 19,133 | - |
| Inventories | 683,535 | - |
| | <u>39,029,504</u> | <u>2,684,105</u> |
| Total current assets | | |
| NONCURRENT ASSETS | | |
| Nondepreciable assets | 2,524,742 | - |
| Depreciable assets, net | 177,327,177 | - |
| | <u>179,851,919</u> | <u>-</u> |
| Total noncurrent assets | | |
| | <u>218,881,423</u> | <u>2,684,105</u> |
| Total assets | | |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pension plan | 588,912 | - |
| Deferred outflows related to other postemployment benefits | 182,032 | - |
| Deferred loss on refunding | 2,150,538 | - |
| | <u>2,921,482</u> | <u>-</u> |
| Total deferred outflows of resources | | |
| | <u>221,802,905</u> | <u>2,684,105</u> |
| Total assets and deferred outflows of resources | | |

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2019

| | <u>Business-Type Activities – Enterprise Fund Utilities</u> | <u>Governmental Activities Internal Service Self Insurance Fund</u> |
|---|---|---|
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,137,046 | \$ 20,737 |
| Accrued expenses | 328,694 | - |
| Accrued interest | 935,868 | - |
| Compensated absences | 509,114 | - |
| Retainage payable | 53,907 | - |
| Bonds payable | 2,284,859 | - |
| Performance bonds payable | 9,000 | - |
| Customer deposits and contingent charges | 1,265,830 | - |
| Insurance and benefit claims | - | 952,439 |
| Total current liabilities | <u>6,524,318</u> | <u>973,176</u> |
| NONCURRENT LIABILITIES | | |
| Compensated absences | 164,395 | - |
| Net pension liability | 2,305,498 | - |
| Net other postemployment benefit liability | 2,270,174 | - |
| Bonds payable, net | <u>59,152,366</u> | <u>-</u> |
| Total noncurrent liabilities | <u>63,892,433</u> | <u>-</u> |
| Total liabilities | <u>70,416,751</u> | <u>973,176</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related pension plan | 682,884 | - |
| Deferred inflows related to other postemployment benefits | <u>585,693</u> | <u>-</u> |
| Total deferred inflows of resources | <u>1,268,577</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | <u>71,685,328</u> | <u>973,176</u> |
| NET POSITION | | |
| Net investment in capital assets | 120,511,325 | - |
| Unrestricted | <u>29,606,252</u> | <u>1,710,929</u> |
| Total net position | <u>\$ 150,117,577</u> | <u>\$ 1,710,929</u> |

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

TOWN OF LEESBURG, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019**

| | <u>Business-Type Activities – Enterprise Fund Utilities</u> | <u>Governmental Activities Internal Service Self Insurance Fund</u> |
|--|---|---|
| OPERATING REVENUES | | |
| Charges for services | \$ 22,253,360 | \$ 4,455,013 |
| Other | 89,127 | 615,889 |
| Total operating revenues | <u>22,342,487</u> | <u>5,070,902</u> |
| OPERATING EXPENSES | | |
| Personnel service | 7,597,388 | - |
| Contractual services | 1,804,528 | - |
| Depreciation and amortization | 5,998,511 | - |
| Materials and supplies | 1,786,830 | - |
| Continuous charges | 1,224,441 | - |
| Claims and settlements | 2,969 | - |
| Internal and other | 47,576 | - |
| Risk financing and benefit payments | - | 5,026,208 |
| Total operating expenses | <u>18,462,243</u> | <u>5,026,208</u> |
| Operating income | <u>3,880,244</u> | <u>44,694</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest on investments | 901,174 | - |
| Rental and other charges | 551,574 | - |
| Installation and connection charges | 4,163,000 | - |
| Interest and fiscal charges | (2,352,168) | - |
| Total nonoperating revenues (expenses), net | <u>3,263,580</u> | <u>-</u> |
| Income before contributions and transfers | <u>7,143,824</u> | <u>44,694</u> |
| TRANSFERS | | |
| Transfers out | (1,351,300) | - |
| Total transfers | <u>(1,351,300)</u> | <u>-</u> |
| CAPITAL CONTRIBUTIONS | | |
| Developer donated assets | 2,229,789 | - |
| Change in net position | 8,022,313 | 44,694 |
| Total net position, beginning | <u>142,095,264</u> | <u>1,666,235</u> |
| Total net position, ending | <u>\$ 150,117,577</u> | <u>\$ 1,710,929</u> |

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

TOWN OF LEESBURG, VIRGINIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019**

| | Business-Type Activities – Enterprise Fund Utilities | Governmental Activities Internal Service Self Insurance Fund |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 22,303,352 | \$ - |
| Receipts from interfund services provided | - | 5,046,726 |
| Claims and benefits paid | - | (4,977,093) |
| Payments to suppliers for goods and services | (4,820,369) | - |
| Payments to employees for services | (8,050,940) | - |
| Net cash provided by operating activities | 9,432,043 | 69,633 |
| NONCAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Transfers out | (1,351,300) | - |
| Net cash used in noncapital and related financing activities | (1,351,300) | - |
| CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Installation and connection charges | 4,163,000 | - |
| Acquisition and construction of capital assets | (3,170,402) | - |
| Proceeds from debt issuance | 100,192 | - |
| Principal paid on bonds | (2,164,287) | - |
| Interest and fiscal charges | (2,531,010) | - |
| Net cash used in capital and related financing activities | (3,602,507) | - |
| INVESTING ACTIVITIES | | |
| Interest income | 901,174 | - |
| Rental income | 551,574 | - |
| Net cash provided by investing activities | 1,452,748 | - |
| Net increase in cash and cash equivalents | 5,930,984 | 69,633 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning | 28,359,247 | 2,396,102 |
| Ending | \$ 34,290,231 | \$ 2,465,735 |
| RECONCILIATION TO EXHIBIT 8 | | |
| Cash and cash equivalents | \$ 34,290,231 | \$ 2,465,735 |

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019**

| | Business-Type Activities – Enterprise Fund Utilities | Governmental Activities Internal Service Self Insurance Fund |
|--|---|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 3,880,244 | \$ 44,694 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,998,511 | - |
| Pension expense, net of contributions | (406,901) | - |
| Other postemployment benefit expense, net of contributions | (55,915) | - |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | (199,561) | (24,176) |
| Prepaid expenses | (2,010) | - |
| Inventories | 56,379 | - |
| Increase (decrease) in: | | |
| Accounts payable | (8,394) | 19,336 |
| Accrued liabilities | 9,264 | - |
| Insurance and benefit claims | - | 29,779 |
| Customer deposits and contingent charges | 160,426 | - |
| | <u>\$ 9,432,043</u> | <u>\$ 69,633</u> |
| SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Developer donated capital improvements | <u>\$ 2,229,789</u> | <u>\$ -</u> |
| Capital assets included in retainage payable | <u>\$ 53,907</u> | <u>\$ -</u> |

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

TOWN OF LEESBURG, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2019

| | OPEB Trust Fund |
|--|--------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 27,510 |
| Mutual funds-equity | 7,772,238 |
| Mutual funds-fixed income | <u>5,062,028</u> |
| Total assets | <u>12,861,776</u> |
| NET POSITION | |
| Net position restricted for other postemployment benefits (OPEB) | <u><u>\$ 12,861,776</u></u> |

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2019

| | <u>OPEB Trust Fund</u> |
|--|---------------------------------------|
| ADDITIONS | |
| Employer contributions | <u>\$ 765,275</u> |
| Total contributions | 765,275 |
| INVESTMENT INCOME | |
| Realized gain on sale of investments | 157,084 |
| Interest and dividends earned on investments | 305,249 |
| Net increase in fair value of investments | <u>318,730</u> |
| Total additions, net | <u>1,546,338</u> |
| DEDUCTIONS | |
| Administrative fees | 55,703 |
| Benefit payments | <u>590,275</u> |
| Total deductions | <u>645,978</u> |
| Change in net position | 900,360 |
| Net position, beginning | <u>11,961,416</u> |
| Net position, ending | <u><u>\$ 12,861,776</u></u> |

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation – Fund Accounting

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

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

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

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

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

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

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

The Town reports the following internal service fund:

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

E. Budgetary Data

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Data (Continued)

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

Expenditures may not legally exceed budgeted appropriations. The Town Manager has authority to amend or transfer appropriations within the department level. During the year ended June 30, 2019, General Fund supplemental appropriations totaling \$4,474,676 were authorized by Town Council.

F. Other Significant Accounting Policies

1. Cash and cash equivalents

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

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

2. Restricted cash

Restricted cash was \$11,439,008 for governmental activities at June 30, 2019 and is comprised of unspent debt proceeds, proffer reserves, performance bonds, police forfeitures, and funds to be used for future projects and the Balch Library.

3. Investments

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

4. Property taxes

Real estate and personal property taxes are assessed annually by Loudoun County, Virginia (the “County”), for all property of record as of January 1. Real estate taxes are billed and collected by the County and remitted to the Town. Personal property taxes are billed and collected by 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 May 5.

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

5. Estimated unbilled revenue

Utilities Fund revenues are estimated at year-end for unbilled services rendered. The amounts are determined by estimating services rendered based on past services provided. At June 30, 2019, estimated unbilled services included in accounts receivable and revenue amounted to approximately \$3.7 million.

6. Prepaid items

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

7. Inventory

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

8. Capital assets

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

8. Capital assets (Continued)

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

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

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

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

9. Unearned revenue

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

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.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

13. Bond premiums and discounts

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

14. Performance bonds

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

15. Reserve for proffers

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

16. Deferred outflows/inflows of resources

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

16. Deferred outflows/inflows of resources (Continued)

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

- Deferred charge on refunding. A deferred loss 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 pension, are reported as deferred outflows or inflows 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.
- Tax collections or governmental grants received before the period in which they are eligible for use are shown as a deferred inflow.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

17. Pension and other postemployment benefits (OPEB)

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

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 are approved by Town Council resolution.

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

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

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Projects Fund. Encumbrances outstanding at year end are reported as reservations in the appropriate category of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. General Fund encumbrances totaling approximately \$3 million have been classified as assigned fund balance. Capital Projects Fund encumbrances totaling approximately \$14.3 million have been classified as committed fund balance.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

19. Net position

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

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

20. Use of estimates

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

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.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 2. Deposits and Investments (Continued)

Investments

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

Custodial credit risk (deposits)

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

Investment Policy

Investments

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

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

1. Treasury Securities

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

2. Agency Securities

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

3. Prime Commercial Paper

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

4. *Certificates of Deposit*

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

5. *Bankers' Acceptances*

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

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

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

7. *Repurchase Agreements*

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

8. *Open-End Investment Funds*

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

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 \$12,861,776. The Trust is used to for funding the Other Postemployment Benefit (OPEB). Additional details concerning this Trust are discussed further in Note 9.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

11. Virginia State Non-Arbitrage Program (SNAP)

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

12. Federally Insured Certificates of Deposit (CDARS)

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

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

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

VML/VACo’s pooled investment program is used by local governments to invest assets they expect to hold longer than one year. Participants are invested in high-quality corporate and government securities with an average duration of one to two years. At year end, the Town has \$31,961,024 with the VML/VACo Investment Pool. The pool has been rated AAAM by Standard & Poor’s as of June 30, 2019.

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, 2019 the Town’s investments in LGIP, SNAP, and the VML/VACo stable NAV liquidity pool are rated “AAAm.” The Town’s investment in the VML/VACo 1-3 Year High Quality Bond Fund is rated ‘AA+f/S1. All credit ratings presented in this paragraph are Standard & Poor’s ratings. The Town does not have a policy that addresses investment credit risk.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 2. Deposits and Investments (Continued)

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 | \$ 36,161,079 | \$ 36,161,079 |
| SNAP | 4,036,161 | 4,036,161 |
| U.S. Bank OPEB Trust | 12,861,776 | 12,861,776 |
| VML/VACo Investment Pool | 31,961,024 | 31,961,024 |

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

The Town has the following recurring fair value measurements as of June 30, 2019:

- Money markets and mutual funds in the amount of \$12,861,776 are valued using quoted market prices (Level 1 inputs).

| | |
|--|---------------|
| Investments | \$ 85,020,040 |
| Deposits | 14,541,465 |
| Total deposits and investments | \$ 99,561,505 |
| Reconciliation of deposits and investments | |
| Exhibit 1: | |
| Cash and cash equivalents | \$ 75,260,721 |
| Cash and cash equivalents, restricted | 11,439,008 |
| Total Exhibit 1 deposits and investments | 86,699,729 |
| Exhibit 11: | |
| Investments | 12,861,776 |
| Total Exhibit 11 deposits and investments | 12,861,776 |
| Total Exhibits deposits and investments | \$ 99,561,505 |

Restricted cash and cash equivalents consists of unexpended debt proceeds and grant funds received in advance for capital projects.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 3. Receivables

Receivables at June 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Other Governmental Funds | Internal Service Fund | Utilities Fund | Totals |
|---|-------------------------|---|----------------------------------|---------------------------|----------------------|
| Property taxes, including penalties | \$ 8,191,945 | \$ - | \$ - | \$ - | \$ 8,191,945 |
| Utility taxes | 130,188 | - | - | - | 130,188 |
| Local taxes | 2,068,795 | - | - | - | 2,068,795 |
| Accounts | 379,998 | 550 | 218,370 | 4,111,605 | 4,710,523 |
| Gross receivables | 10,770,926 | 550 | 218,370 | 4,111,605 | 15,101,451 |
| Less allowance for uncollectable accounts | 308,045 | - | - | 75,000 | 383,045 |
| Net receivables | <u>\$ 10,462,881</u> | <u>\$ 550</u> | <u>\$ 218,370</u> | <u>\$ 4,036,605</u> | <u>\$ 14,718,406</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 governmental funds were as follows:

| | Unavailable | Unearned |
|---|---------------------|---------------------|
| Second half real estate billed in advance | \$ 7,550,090 | \$ 7,550,090 |
| Delinquent property taxes receivable | 411,849 | - |
| Prepaid property taxes | - | 110,103 |
| Lease revenue | - | 44,462 |
| Other | - | 203,242 |
| | <u>\$ 7,961,939</u> | <u>\$ 7,907,897</u> |

The NVTA Fund reported unearned revenue of \$6,000,000 in connection with funding from NVTA for various projects the Town has ongoing.

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 4. Due from Other Governments

At June 30, 2019, amounts due from other governments were as follows:

General Fund:

| | |
|---------------------------------------|------------|
| County of Loudoun | |
| Local sales tax | \$ 993,310 |
| Traffic fines | 40,048 |
| Real estate taxes | 3,486,507 |
| Gang task force | 10,240 |
| | 4,530,105 |
| Commonwealth of Virginia: | |
| Other taxes and grants | 7,211 |
| Car rental tax | 33,344 |
| Virginia Department of Transportation | 330,080 |
| Virginia Department of Aviation | 4,240 |
| Communication sales and use | 292,900 |
| | 667,775 |
| Federal Government: | |
| Department of Justice | 786 |
| Total General Fund | 5,198,666 |

Capital Projects Fund:

| | |
|---------------------------------------|-----------|
| Commonwealth of Virginia: | |
| Virginia Department of Transportation | 3,301,917 |
| Virginia Department of Aviation | 10,252 |
| | 3,312,169 |
| Federal Government: | |
| Department of Transportation | 1,110 |
| Department of Aviation | 18,835 |
| | 19,945 |
| Rescue | 156,000 |
| Total Capital Projects Fund | 3,488,114 |

Northern Virginia Transportation Authority Fund:

| | |
|--|---------------|
| Northern Virginia Transportation Authority | 3,108,363 |
| Total Governmental Activities | \$ 11,795,143 |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2019 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|-------------------|------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated or amortized: | | | | | |
| Land | \$ 61,230,978 | \$ 1,236,318 | \$ - | \$ - | \$ 62,467,296 |
| Construction in progress | 26,966,039 | 5,985,103 | - | (521,314) | 32,429,828 |
| | | | | | |
| Total capital assets, not being depreciated or amortized | <u>88,197,017</u> | <u>7,221,421</u> | <u>-</u> | <u>(521,314)</u> | <u>94,897,124</u> |
| | | | | | |
| Capital assets, being depreciated or amortized: | | | | | |
| Buildings and improvements | 86,190,302 | 730,791 | - | - | 86,921,093 |
| Furniture and equipment | 7,538,971 | 412,390 | (319,091) | - | 7,632,270 |
| Computer equipment and software | 3,526,227 | 264,255 | - | 444,014 | 4,234,496 |
| Vehicles | 5,800,120 | 766,440 | (333,330) | - | 6,233,230 |
| Infrastructure | 79,363,705 | 2,949,813 | - | 77,300 | 82,390,818 |
| Streets | 190,923,310 | 3,924,819 | - | - | 194,848,129 |
| Hangars | 6,057,289 | - | - | - | 6,057,289 |
| Runways | 16,569,753 | - | - | - | 16,569,753 |
| Terminals | 6,677,993 | - | - | - | 6,677,993 |
| | | | | | |
| Total capital assets being depreciated or amortized | <u>402,647,670</u> | <u>9,048,508</u> | <u>(652,421)</u> | <u>521,314</u> | <u>411,565,071</u> |
| | | | | | |
| Less accumulated depreciation and amortization for: | | | | | |
| Buildings and improvements | (33,997,458) | (2,339,159) | - | - | (36,336,617) |
| Furniture and equipment | (5,962,950) | (397,066) | 319,091 | - | (6,040,925) |
| Computer equipment and software | (2,698,936) | (263,738) | - | - | (2,962,674) |
| Vehicles | (3,405,580) | (461,313) | 331,990 | - | (3,534,903) |
| Infrastructure | (25,212,029) | (1,607,590) | - | - | (26,819,619) |
| Streets | (49,002,095) | (3,835,105) | - | - | (52,837,200) |
| Hangars | (2,632,005) | (181,404) | - | - | (2,813,409) |
| Runway | (13,623,555) | (533,367) | - | - | (14,156,922) |
| Terminals | (2,872,928) | (147,826) | - | - | (3,020,754) |
| | | | | | |
| Total accumulated depreciation and amortization | <u>(139,407,536)</u> | <u>(9,766,568)</u> | <u>651,081</u> | <u>-</u> | <u>(148,523,023)</u> |
| | | | | | |
| Total capital assets being depreciated or amortized, net | <u>263,240,134</u> | <u>(718,060)</u> | <u>(1,340)</u> | <u>521,314</u> | <u>263,042,048</u> |
| | | | | | |
| Governmental activities capital assets, net | <u>\$ 351,437,151</u> | <u>\$ 6,503,361</u> | <u>\$ (1,340)</u> | <u>\$ -</u> | <u>\$ 357,939,172</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5. Capital Assets (Continued)

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

| | | |
|--|----|------------------|
| Governmental activities: | | |
| Legislative | \$ | 9,306 |
| Executive | | 271,513 |
| Finance and administrative services | | 265,125 |
| Public safety | | 416,244 |
| Parks and recreation | | 963,483 |
| Planning and zoning | | 2,284 |
| Balch Library | | 10,880 |
| Public works | | 6,632,907 |
| Airport | | 1,194,826 |
| | | <u>9,766,568</u> |
| Total depreciation and amortization expense – governmental activities | \$ | <u>9,766,568</u> |

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|--------------|-----------|-----------|-------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated or amortized: | | | | | |
| Land | \$ 1,577,329 | \$ - | \$ - | \$ - | \$ 1,577,329 |
| Construction in progress | 269,467 | 677,946 | - | - | 947,413 |
| Total capital assets, not being depreciated or amortized | 1,846,796 | 677,946 | - | - | 2,524,742 |
| Capital assets, being depreciated or amortized: | | | | | |
| Water and sewer plant | 116,002,678 | 133,386 | - | - | 116,136,064 |
| Water and sewer lines | 142,674,485 | 2,981,441 | - | - | 145,655,926 |
| Furniture, equipment and software | 2,919,817 | 892,401 | - | - | 3,812,218 |
| Vehicles | 2,763,539 | 574,612 | (18,744) | - | 3,319,407 |
| Total capital assets being depreciated or amortized | 264,360,519 | 4,581,840 | (18,744) | - | 268,923,615 |
| Less accumulated depreciation and amortization for: | | | | | |
| Water and sewer plant | (38,577,715) | (2,327,318) | - | - | (40,905,033) |
| Water and sewer lines | (44,257,290) | (3,171,378) | - | - | (47,428,668) |
| Furniture, equipment and software | (1,441,972) | (300,716) | - | - | (1,742,688) |
| Vehicles | (1,339,694) | (199,099) | 18,744 | - | (1,520,049) |
| Total accumulated depreciation and amortization | (85,616,671) | (5,998,511) | 18,744 | - | (91,596,438) |
| Total capital assets being depreciated and amortized, net | 178,743,848 | (1,416,671) | - | - | 177,327,177 |
| Business-type activities capital assets, net | \$ 180,590,644 | \$ (738,725) | \$ - | \$ - | \$ 179,851,919 |

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 6. Long-Term Debt

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

Outstanding long-term debt at June 30, 2019 includes the following bond issues:

General Obligation Bonds:

| | |
|---|---------------|
| \$21,695,000, 2009 Build America Bonds (BABS) Taxable, due in annual installments of \$210,000 to \$1,300,000 through February 2039, plus interest at 4.00% to 6.31%. | \$ 14,230,000 |
| \$26,990,000 2011 Series A General Obligation Tax-Exempt, due in annual installments of \$185,000 to \$4,040,000 through January 2041, plus interest at 2.50% to 5.00%. | 13,870,000 |
| \$3,880,000 2011 Series B General Obligation Taxable, due in annual installments of \$695,000 to \$1,250,000, beginning January 2017 through January 2020, plus interest at 2.585% to 3.721%. | 695,000 |
| \$24,800,000 2014 General Obligation and Refunding Bonds, due in annual installments of \$85,000 to \$2,140,000 through January 2044, plus interest at 2.00% to 5.00%. | 21,685,000 |
| \$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%. | 42,800,000 |
| \$11,185,000 2016 VRA Refunding Bonds, due in annual installments of \$180,000 to \$1,085,000 through November 2040, plus interest at 2.710% to 5.125%. | 11,185,000 |
| \$5,614,301 2017 Series A General Obligation Bonds, due in annual installment of \$142,001 to \$1,965,427 through September 2020, plus interest at 1.140%. | 3,506,873 |
| \$25,500,000 maximum drawdown 2019 Series A General Obligation Bond Anticipation Note, due June 13, 2024, plus interest at 2.561% due monthly. | 89,272 |
| \$32,500,000 maximum drawdown 2019 Series A General Obligation Bond Anticipation Note, due June 13, 2024, plus interest at 2.561% due monthly. | 100,192 |

Revenue Bonds:

| | |
|--|-----------|
| \$11,000,000, VRA 1999 Utility System Revenue Bonds, due in semi-annual installments of \$391,534 through January 2021, including interest at 3.50%. | 1,134,659 |
|--|-----------|

| | |
|--------------------------------|-------------|
| Plus unamortized premiums, net | 8,891,338 |
| Total bonded debt | 118,187,334 |

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 6. Long-Term Debt (Continued)

Notes Payable:

| | |
|--|------------------------------|
| \$555,988 Equipment Financing, due in semi-annual installments of \$55,845 through January 2023, including interest at 2.11%. | \$ 449,174 |
| \$1,253,561 Equipment Financing, due in semi-annual installments of \$134,965 through January 2024, including interest at 2.73%. | <u>1,253,561</u> |
| Total notes payable | <u>1,702,735</u> |
| Total long-term debt | <u><u>\$ 119,890,069</u></u> |

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

The Revenue Bonds constitute special obligations of the Town solely secured by a lien on and pledge of the net revenues of the water and sewer system. The revenue of the water and sewer system and the various special funds established by the bond covenants collateralizes the bonds. The covenants provide the revenue of the system to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be retained in a surplus account. The covenants also contain certain provisions, which require the Town to maintain revenues, as defined in the covenants, of at least 1.25 times the annual debt service requirements. For fiscal year 2019, all revenue bond covenants were met.

The Double Barrel Bonds are secured by the Town's general obligation pledge as well as a pledge of utility revenues.

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

| Description | Business-Type Activities | Governmental Activities | Total |
|-------------------------------------|-------------------------------------|------------------------------------|------------------------------|
| Bonded long-term debt: | | | |
| 1999 VRA utility revenue | \$ 1,134,659 | \$ - | \$ 1,134,659 |
| 2009 BABS, taxable | 4,115,000 | 10,115,000 | 14,230,000 |
| 2011 Series A General obligation | 5,880,000 | 7,990,000 | 13,870,000 |
| 2011 Series B General obligation | - | 695,000 | 695,000 |
| 2014 General obligation & refunding | 10,920,000 | 10,765,000 | 21,685,000 |
| 2015 General obligation & refunding | 30,915,000 | 11,885,000 | 42,800,000 |
| 2016 VRA refunding | 3,769,366 | 7,415,634 | 11,185,000 |
| 2017 Series A General obligation | - | 3,506,873 | 3,506,873 |
| 2019 Series A General obligation | - | 89,272 | 89,272 |
| 2019 Series B General obligation | <u>100,192</u> | <u>-</u> | <u>100,192</u> |
| Total bonds payable | 56,834,217 | 52,461,779 | 109,295,996 |
| Plus: | | | |
| Unamortized premiums | 4,603,008 | 4,288,330 | 8,891,338 |
| Notes payable: | | | |
| Equipment financing | <u>-</u> | <u>1,702,735</u> | <u>1,702,735</u> |
| Total | <u><u>\$ 61,437,225</u></u> | <u><u>\$ 58,452,844</u></u> | <u><u>\$ 119,890,069</u></u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 6. Long-Term Debt (Continued)

The following is a summary of long-term liability activity of the Town for the year ended June 30, 2019:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Bonds payable | \$ 57,847,934 | \$ 89,272 | \$ (5,475,427) | \$ 52,461,779 | \$ 5,525,129 |
| Unamortized premiums | 4,605,900 | - | (317,570) | 4,288,330 | - |
| Notes payable | 555,988 | 1,253,561 | (106,814) | 1,702,735 | 346,078 |
| Compensated absences | 2,358,869 | 1,946,035 | (1,815,284) | 2,489,620 | 1,915,904 |
| Governmental activities long-term liabilities | | | | | |
| | <u>\$ 65,368,691</u> | <u>\$ 3,288,868</u> | <u>\$ (7,715,095)</u> | <u>\$ 60,942,464</u> | <u>\$ 7,787,111</u> |

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

| <u>Year Ending June 30,</u> | <u>Bonded Obligations</u> | | <u>Notes Payable</u> | |
|---------------------------------|---------------------------|----------------------|----------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 5,525,129 | \$ 2,241,809 | \$ 346,078 | \$ 41,541 |
| 2021 | 5,556,744 | 2,092,321 | 354,912 | 32,707 |
| 2022 | 5,374,664 | 1,901,106 | 363,975 | 23,645 |
| 2023 | 5,228,985 | 1,632,038 | 373,271 | 14,348 |
| 2024 | 4,721,478 | 1,362,801 | 264,499 | 5,432 |
| 2025-2029 | 16,611,693 | 3,882,218 | - | - |
| 2030-2034 | 8,753,086 | 843,378 | - | - |
| 2035-2039 | 690,000 | 24,150 | - | - |
| | <u>\$ 52,461,779</u> | <u>\$ 13,979,821</u> | <u>\$ 1,702,735</u> | <u>\$ 117,673</u> |

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|-------------------|-----------------------|---------------------------|--------------------------------|
| Business-type activities: | | | | | |
| Bonds payable | \$ 58,898,312 | \$ 100,192 | \$ (2,164,287) | \$ 56,834,217 | \$ 2,284,859 |
| Unamortized premiums | 4,852,907 | - | (249,899) | 4,603,008 | - |
| Compensated absences | 676,936 | 508,278 | (511,705) | 673,509 | 509,114 |
| Business-type activities long-term liabilities | | | | | |
| | <u>\$ 64,428,155</u> | <u>\$ 608,470</u> | <u>\$ (2,925,891)</u> | <u>\$ 62,110,734</u> | <u>\$ 2,793,973</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 6. Long-Term Debt (Continued)

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

| Year Ending June 30, | Bonded Obligations | | |
|---------------------------------|---------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 2,284,859 | \$ 2,361,901 | \$ 4,646,761 |
| 2021 | 2,799,800 | 2,284,289 | 5,084,089 |
| 2022 | 3,625,336 | 2,148,386 | 5,773,722 |
| 2023 | 3,576,015 | 1,967,083 | 5,543,098 |
| 2024 | 3,672,986 | 1,786,832 | 5,459,818 |
| 2025-2029 | 16,773,307 | 6,440,276 | 23,213,583 |
| 2030-2034 | 14,466,914 | 3,436,384 | 17,903,298 |
| 2035-2039 | 8,615,000 | 1,027,293 | 9,642,293 |
| 2040-2044 | 1,020,000 | 81,156 | 1,101,155 |
| | <u>\$ 56,834,217</u> | <u>\$ 21,533,600</u> | <u>\$ 78,367,817</u> |

The legal debt margin for the Town mandated by the Commonwealth of Virginia is \$801 million, which is computed based upon 10% of the assessed value on real estate subject to taxation.

Note 7. Interfund Transfers

| | Transfer In | | |
|---------------------|---------------------|-----------------------------|---------------------|
| | General | Capital Projects | Total |
| Transfer out | | | |
| General | \$ - | \$ 6,722,398 | \$ 6,722,398 |
| Capital projects | 1,362,186 | - | 1,362,186 |
| NVTA | - | 224,415 | 224,415 |
| Utility | 1,351,300 | - | 1,351,300 |
| | <u>\$ 2,713,486</u> | <u>\$ 6,946,813</u> | <u>\$ 9,660,299</u> |

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

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

The transfer from the NVTA Special Revenue Fund to the Capital Projects Fund is to transfer the fund balance in order to fund working capital cash flow needs for grant projects.

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 8. Commitments and Contingent Liabilities

Federal and State-Assisted Programs

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

Construction commitments

At June 30, 2019, the Town was contractually obligated for \$13.4 million to complete various construction projects within the Town. The funds for these improvements are expected to come from fund balance reserves, the issuance of debt, federal, and state funding.

Litigation

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

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

Note 9. Other Postemployment Benefits – Local Plan

Plan Description and Funding Policy

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

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Plan Description and Funding Policy (Continued)

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

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

Employees Covered by Benefit Terms

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

| | Number |
|--------------------------------------|---------------|
| Inactive employees or beneficiaries: | |
| Retired/beneficiaries | 59 |
| Spouses | 15 |
| LODA recipients | 3 |
| Total inactive employees | 77 |
| Active plan members | 215 |
| | 292 |

Net OPEB Liability

The Town’s total net OPEB liability of \$8,915,350 was measured as of June 30, 2019 and was determined by an actuarial valuation performed as of June 30, 2018.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Actuarial Assumptions and Other Inputs

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

| | |
|--|--|
| Inflation | 2.75% |
| Salary increases, including inflation | 2.75% |
| Healthcare cost trend rates | 6.25% initially, grading down to 4.25% ultimate rate |
| Investment rate of return | 7.00% |
| Retirees' share of benefit-related costs | 10%, 50% or 75% |

Mortality rates used are based on the RP 2000 tables projected to 2027 with scale BB applied. RP 2000 Disabled tables are used for those on disability, if applicable.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2017.

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

Trust Fund Investments

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

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Trust Fund Investments (Continued)

Rate of return: For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 6.50%. 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 | 41 % | 5.75 % | 2.36 % |
| International | 24 | 6.25 | 1.50 |
| Fixed Income – U.S. | 35 | 1.65 | 0.58 |
| Cash Equivalents | - | 0.85 | - |
| Total | 100.00 % | | 4.44 |
| | Inflation Risk Adjustment | | 2.75 (0.19) |
| | | | 7.00 % |

Discount Rate: The discount rate used to measure the total OPEB liability is 6.21%. 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 2061, at which time the trust will be depleted.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Changes in Net OPEB Liability

| | Increase (Decrease) | | |
|---------------------------|---|--|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) – (b) |
| Balances at June 30, 2018 | \$ 20,022,996 | \$ 11,961,416 | \$ 8,061,580 |
| Changes for the year: | | | |
| Service cost | 412,508 | - | 412,508 |
| Interest | 1,288,983 | - | 1,288,983 |
| Assumption changes | 642,914 | - | 642,914 |
| Contributions – employer | - | 765,275 | (765,275) |
| Net investment income | - | 781,063 | (781,063) |
| Benefit payments | (590,275) | (590,275) | - |
| Administrative expenses | - | (55,703) | 55,703 |
| Net changes | <u>1,754,130</u> | <u>900,360</u> | <u>853,770</u> |
| Balances at June 30, 2019 | <u>\$ 21,777,126</u> | <u>\$ 12,861,776</u> | <u>\$ 8,915,350</u> |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 5.21% or one percentage point higher 7.21% than the current discount rate:

| | 1.00% Decrease (5.21)% | Current Discount Rate (6.21)% | 1.00% Increase (7.21)% |
|--------------------|---------------------------------------|--|---------------------------------------|
| Net OPEB liability | <u>\$ 12,661,920</u> | <u>\$ 8,915,350</u> | <u>\$ 6,376,487</u> |

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends: The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower 3.25% or one percentage point higher 5.25% than the current healthcare cost trend rates:

| | 1.00% Decrease (3.25)% | Current Healthcare Cost Trend Rates (4.25)% | 1.00% Increase (5.25)% |
|--------------------|---------------------------------------|--|---------------------------------------|
| Net OPEB liability | \$ 6,116,957 | \$ 8,915,350 | \$ 13,036,479 |

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$625,250. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 1,030,673 |
| Changes of assumptions | 571,479 | 1,458,154 |
| Net difference between projected and actual earnings on OPEB plan investments | 43,707 | 69,187 |
| Total | \$ 615,186 | \$ 2,558,014 |

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

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

| Year Ending June 30, | Increase (Reduction) to OPEB Expense |
|-------------------------|---|
| 2020 | \$ (296,247) |
| 2021 | (296,247) |
| 2022 | (296,248) |
| 2023 | (273,186) |
| 2024 | (284,112) |
| Thereafter | (496,788) |

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

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

Plan Descriptions

Group Life Insurance Program

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

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

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Contributions

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

Group Life Insurance Program

| | |
|----------------------------|---|
| Governed by: | <i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly. |
| Total rate: | 1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution. |
| June 30, 2019 Contribution | \$131,635 |
| June 30, 2018 Contribution | \$123,393 |

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

The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

| | |
|--|--------------|
| June 30, 2019 proportionate share of liability | \$ 1,895,000 |
| June 30, 2018 proportion | 0.12479% |
| June 30, 2017 proportion | 0.12289% |
| June 30, 2019 expense | \$ 5,000 |

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

At June 30, 2019, 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 | \$ 93,000 | \$ 34,000 |
| Changes of assumptions | - | 79,000 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 62,000 |
| Changes in proportion | 27,000 | 56,000 |
| Employer contributions subsequent to the measurement date | 131,635 | - |
| Total | \$ 251,635 | \$ 231,000 |

The \$131,635 deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

| Year Ending June 30, | Increase (Reduction) to OPEB Expense |
|---------------------------------|---|
| 2020 | \$ (36,000) |
| 2021 | (36,000) |
| 2022 | (36,000) |
| 2023 | (18,000) |
| 2024 | 7,000 |
| Thereafter | 8,000 |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

| | |
|--|--------------|
| Inflation | 2.50% |
| Salary increases, including inflation: | |
| • Locality – general employees | 3.5 – 5.35% |
| • Locality – hazardous duty employees | 3.5 – 4.75% |
| Healthcare cost trend rates: | |
| • Under age 65 | 7.75 – 5.00% |
| • Ages 65 and older | 5.75 – 5.00% |
| Investment rate of return, net of expenses, including inflation* | GLI: 7.00% |

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

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

Net OPEB Liabilities

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

| | |
|---|-------------------------------------|
| | Group Life Insurance Program |
| | <hr/> |
| Total OPEB Liability | \$ 3,113,508 |
| Plan fiduciary net position | 1,594,773 |
| Employers’ net OPEB liability (asset) | 1,518,735 |
| Plan fiduciary net position as a percentage of total OPEB liability | 51.22% |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Net OPEB Liabilities (Continued)

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

Long-Term Expected Rate of Return

Group Life Insurance

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

| <u>Asset Class (Strategy)</u> | <u>Target Allocation</u> | <u>Arithmetic Long-Term Expected Rate of Return</u> | <u>Weighted Average Long-Term Expected Rate of Return</u> |
|-------------------------------|--------------------------|---|---|
| Public Equity | 40.00 % | 4.54 % | 1.82 % |
| Fixed Income | 15.00 | 0.69 | 0.10 |
| Credit Strategies | 15.00 | 3.96 | 0.59 |
| Real Assets | 15.00 | 5.76 | 0.86 |
| Private Equity | 15.00 | 9.53 | 1.43 |
| Total | 100.00 % | | 4.80 |
| | Inflation | | 2.50 |
| | | | <u>7.30 %</u> |

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Discount Rate

The discount rate used to measure the GLI OPEB liability was 7.00%. 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, 2018, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00)% or one percentage point higher (8.00)% than the current discount rate:

| | 1.00% Decrease (6.00)% | Current Discount Rate (7.00)% | 1.00% Increase (8.00)% |
|------------------------|---------------------------------------|--|---------------------------------------|
| GLI Net OPEB liability | \$ 2,477,000 | \$ 1,895,000 | \$ 1,423,000 |

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2019, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

| | | |
|----------------------|----|-------|
| Group Life Insurance | \$ | 5,490 |
|----------------------|----|-------|

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan

Plan Description

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | Number |
|--|---------------|
| Inactive members or their beneficiaries currently receiving benefits | 160 |
| Inactive members: | |
| Vested inactive members | 106 |
| Non-vested inactive members | 80 |
| Inactive members active elsewhere in VRS | 101 |
| Total inactive members | 287 |
| Active members | 311 |
| Total covered employees | 758 |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan (Continued)

Contributions

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

The Town's contractually required contribution rate for the year ended June 30, 2019 was 9.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$2,402,307 and \$2,147,461 for the years ended June 30, 2019 and 2018, 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

| | |
|--|--|
| Inflation | 2.50% |
| General Employees – Salary increases, including inflation | 3.50 – 5.35% |
| Public Safety Employees – Salary increases, including inflation | 3.50 – 4.75% |
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation* |

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, and no changes to salary scale.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|-------------------------------|--------------------------|---|---|
| Public Equity | 40.00 % | 4.54 % | 1.82 % |
| Fixed Income | 15.00 | 0.69 | 0.10 |
| Credit Strategies | 15.00 | 3.96 | 0.59 |
| Real Assets | 15.00 | 5.76 | 0.86 |
| Private Equity | 15.00 | 9.53 | 1.43 |
| Total | 100.00 % | | 4.80 |
| | Inflation | | 2.50 |
| | | | 7.30 % |

*Expected arithmetic nominal return

- * The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in the FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever is greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|--|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
| Balances at June 30, 2017 | \$ 99,590,254 | \$ 86,034,027 | \$ 13,556,227 |
| Changes for the year: | | | |
| Service cost | 2,482,892 | - | 2,482,892 |
| Interest | 6,835,511 | - | 6,835,511 |
| Differences between expected and actual experience | (2,265,073) | - | (2,265,073) |
| Contributions – employer | - | 2,147,461 | (2,147,461) |
| Contributions – employee | - | 1,183,157 | (1,183,157) |
| Net investment income | - | 6,360,318 | (6,360,318) |
| Benefit payments, including refunds of employee contributions | (3,880,198) | (3,880,198) | - |
| Administrative expenses | - | (54,244) | 54,244 |
| Other changes | - | (5,697) | 5,697 |
| Net changes | <u>3,173,132</u> | <u>5,750,797</u> | <u>(2,577,665)</u> |
| Balances at June 30, 2018 | <u>\$ 102,763,386</u> | <u>\$ 91,784,824</u> | <u>\$ 10,978,562</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liability of the political subdivision using the discount rate of 7.00%, as well as what the political subdivision's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00)% or one percentage point higher (8.00)% than the current rate:

| | 1.00% Decrease (6.00)% | Current Discount Rate (7.00)% | 1.00% Increase (8.00)% |
|---|---------------------------------------|--|---------------------------------------|
| Political subdivision's net pension liability (asset) | \$ 25,347,110 | \$ 10,978,562 | \$ (888,796) |

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

For the year ended June 30, 2019, the political subdivision recognized pension expense of \$464,682. At June 30, 2019, 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 | \$ 402,036 | \$ 2,059,240 |
| Change in assumptions | - | 419,067 |
| Net difference between projected and actual earnings on pension plan investments | - | 773,521 |
| Employer contributions subsequent to the measurement date | 2,402,307 | - |
| Total | \$ 2,804,343 | \$ 3,251,828 |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan (Continued)

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

The \$2,402,307 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Reduction to Pension Expense</u> |
|---------------------------------|---|
| 2020 | \$ (573,007) |
| 2021 | (942,990) |
| 2022 | (1,261,942) |
| 2023 | (71,853) |
| 2024 | - |
| Thereafter | - |

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019, approximately \$433,155 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 12. 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 | \$ 317,608 | \$ 84,428 | \$ 402,036 |
| Employer contributions subsequent to the measurement date | | | |
| VRS | 1,897,823 | 504,484 | 2,402,307 |
| Total deferred outflows of resources – pensions | \$ 2,215,431 | \$ 588,912 | \$ 2,804,343 |
| Deferred outflows of resources – OPEB | | | |
| Difference between expected and actual experience | | | |
| VRS GLI | \$ 73,470 | \$ 19,530 | \$ 93,000 |
| Change in assumptions | | | |
| Local plan | 451,468 | 120,011 | 571,479 |
| Net difference between projected and actual investment earnings on OPEB plan investments | | | |
| Local plan | 34,529 | 9,178 | 43,707 |
| Change in proportionate share VRS GLI | 21,330 | 5,670 | 27,000 |
| Employer contributions subsequent to the measurement date | | | |
| VRS GLI | 103,992 | 27,643 | 131,635 |
| Total deferred outflows of resources – OPEB | \$ 684,789 | \$ 182,032 | \$ 866,821 |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

| | Governmental Activities | Business-Type Activities | Total Primary Government |
|---|------------------------------------|-------------------------------------|---|
| Net pension liability | | | |
| VRS | \$ 8,673,064 | \$ 2,305,498 | \$ 10,978,562 |
| Total net pension liability | \$ 8,673,064 | \$ 2,305,498 | \$ 10,978,562 |
| Net OPEB liability | | | |
| Local plan | \$ 7,043,126 | \$ 1,872,224 | \$ 8,915,350 |
| VRS GLI | 1,497,050 | 397,950 | 1,895,000 |
| Total net OPEB liability | \$ 8,540,176 | \$ 2,270,174 | \$ 10,810,350 |
| Deferred inflows of resources – pensions | | | |
| Difference between expected and actual experience | | | |
| VRS | \$ 1,626,800 | \$ 432,440 | \$ 2,059,240 |
| Change in assumptions | | | |
| VRS | 331,063 | 88,004 | 419,067 |
| Net difference between projected and actual investment earnings on pension plan investments | | | |
| VRS | 611,081 | 162,440 | 773,521 |
| Total deferred inflows of resources – pensions | \$ 2,568,944 | \$ 682,884 | \$ 3,251,828 |
| Deferred inflows of resources – OPEB | | | |
| Difference between expected and actual experience | | | |
| Local plan | \$ 814,231 | \$ 216,442 | \$ 1,030,673 |
| VRS GLI | 26,860 | 7,140 | 34,000 |
| Net difference between projected and actual investment earnings on OPEB plan investments | | | |
| Local plan | 54,658 | 14,529 | 69,187 |
| VRS GLI | 48,980 | 13,020 | 62,000 |
| Change in assumptions | | | |
| Local plan | 1,151,942 | 306,212 | 1,458,154 |
| VRS GLI | 62,410 | 16,590 | 79,000 |
| Change in proportionate share VRS GLI | 44,240 | 11,760 | 56,000 |
| Total deferred inflow of resources – OPEB | \$ 2,203,321 | \$ 585,693 | \$ 2,789,014 |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 13. Risk Management

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

Health Insurance

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

The Town records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2019.

| <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, 2017 | \$ 730,902 | \$ 4,450,488 | \$ 4,352,801 | \$ 828,589 |
| June 30, 2018 | 828,589 | 4,746,205 | 4,652,134 | 922,660 |
| June 30, 2019 | 922,660 | 4,786,629 | 4,756,850 | 952,439 |

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Operating Leases

The Town leases various owned airport properties under non-cancelable operating leases. The leases provide for annual rental increases and pass-through of certain maintenance costs. The Town was contracted at June 30, 2019 with six significant leases expiring at various dates: one in September 2023, one in May 2024, one in December 2025, one in February 2026, one in May 2046, and one in April 2038.

| Year Ending June 30, | Rental Income |
|---------------------------------|--------------------------|
| 2020 | \$ 329,210 |
| 2021 | 330,001 |
| 2022 | 323,614 |
| 2023 | 321,834 |
| 2024 | 324,517 |
| 2025-2029 | 1,271,542 |
| 2030-2034 | 1,215,070 |
| 2035-2039 | 987,820 |
| 2040-2044 | 162,883 |
| 2045-2046 | 62,539 |
| | \$ 5,329,030 |

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

As of June 30, 2019, the minimum long-term lease commitment is shown below:

| Year Ending June 30, | Rental Expense |
|---------------------------------|---------------------------|
| 2020 | \$ 324,223 |
| 2021 | 324,223 |
| 2022 | 81,056 |
| | \$ 729,502 |

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Operating Leases (Continued)

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

| Year Ending June 30, | Use Expense |
|-------------------------|----------------|
| 2020 | \$ 64,206 |
| 2021 | 66,150 |
| 2022 | 68,139 |
| 2023 | 70,191 |
| 2024 | 72,288 |
| 2025 | 42,903 |
| | \$ 383,877 |

Note 15. Subsequent Event

On July 16, 2019 the Town closed on \$12,260,000 in refunding bonds and will be due with a final maturity date of January 15, 2039.

Note 16. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued **Statement No. 84, *Fiduciary Activities*** in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued **Statement No. 87, *Leases*** in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 16. New Accounting Standards (Continued)

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

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

The requirements of this Statement are effective for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91, *Conduit Debt Obligations*** in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS – LOCAL PLAN
June 30, 2019

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

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2019

| Entity Fiscal Year Ended June 30, | Actuarially Determined Employer Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|---|---|---|---|---|
| 2019 | \$ 765,275 | \$ 765,275 | \$ - | \$ 18,430,633 | 4.15 % |
| 2018 | 825,009 | 825,009 | - | 23,652,124 | 3.49 |

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS – LOCAL OPEB TRUST FUND
June 30, 2019

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI
 June 30, 2019

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

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS GLI
June 30, 2019

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

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
VIRGINIA RETIREMENT SYSTEM
June 30, 2019

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

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

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

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

TOWN OF LEESBURG, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM
June 30, 2019**

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

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

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

TOWN OF LEESBURG, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

Note 1. Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ended June 30, 2016:

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty disability rates
- Applicable to: Pension, GLI OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB

(Continued)

TOWN OF LEESBURG, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB

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

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty disability rates
- Applicable to: Pension, GLI OPEB

**OTHER
SUPPLEMENTARY INFORMATION**

TOWN OF LEESBURG, VIRGINIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2019
(With Comparative Amounts for 2018)

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash, cash equivalents, and temporary cash investments | \$ 21,755,205 | \$ 28,073,228 |
| Receivables (net of allowance for doubtful accounts) | | |
| Property taxes, including penalties | 7,941,945 | 7,827,885 |
| Utility taxes | 130,188 | 130,786 |
| Local taxes | 2,068,795 | 2,001,467 |
| Accounts | 321,953 | 531,121 |
| Due from other governments | 5,198,666 | 1,805,664 |
| Lease deposit | 163,854 | 162,448 |
| Prepaid items | 60,853 | 114,890 |
| Restricted cash | 1,713,175 | 1,568,548 |
| | <u>1,713,175</u> | <u>1,568,548</u> |
| Total assets | <u>\$ 39,354,634</u> | <u>\$ 42,216,037</u> |
| LIABILITIES | | |
| Accounts payable | \$ 1,342,195 | \$ 1,790,454 |
| Due to other governments | 30,788 | 74,563 |
| Retainage payable | - | 15,109 |
| Accrued payroll | 1,593,810 | 1,279,649 |
| Accrued liabilities – other | 40,449 | 20,683 |
| Customer deposits | 82,882 | 71,874 |
| Performance bonds | 1,651,242 | 1,497,960 |
| Unearned revenues | 182,987 | 133,932 |
| | <u>182,987</u> | <u>133,932</u> |
| Total liabilities | <u>4,924,353</u> | <u>4,884,224</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Property taxes | 7,961,939 | 7,833,277 |
| | <u>7,961,939</u> | <u>7,833,277</u> |
| FUND BALANCE | | |
| Nonspendable | | |
| Lease deposit | 163,854 | 162,448 |
| Prepaid items | 60,853 | 114,890 |
| Restricted | | |
| Balch Library | 117,096 | 110,354 |
| Parks and recreation (Symmington) | 50,521 | 50,521 |
| Police | 92,965 | 92,832 |
| Parking in Lieu | 374,025 | 247,850 |
| Esummons | 254,368 | 214,647 |
| Assigned | | |
| Debt service reserve | 9,753,620 | 9,897,490 |
| Other reserves | 1,000,000 | 1,738,724 |
| Expenditures designated for future years | 2,990,959 | 2,374,505 |
| Unassigned | 11,610,081 | 14,494,275 |
| | <u>11,610,081</u> | <u>14,494,275</u> |
| Total fund balances | <u>26,468,342</u> | <u>29,498,536</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 39,354,634</u> | <u>\$ 42,216,037</u> |

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real estate taxes: | | | | |
| Current | \$ 13,900,000 | \$ 13,900,000 | \$ 13,812,562 | \$ (87,438) |
| Delinquent | - | - | 319,055 | 319,055 |
| Personal property taxes: | | | | |
| Current | 2,050,000 | 2,050,000 | 1,724,751 | (325,249) |
| Delinquent | - | - | 538,470 | 538,470 |
| Public service corporation taxes | 220,000 | 220,000 | 226,574 | 6,574 |
| Penalties and interest | 194,000 | 194,000 | 141,600 | (52,400) |
| Total general property taxes | <u>16,364,000</u> | <u>16,364,000</u> | <u>16,763,012</u> | <u>399,012</u> |
| Other local taxes: | | | | |
| Utility | 1,547,000 | 1,547,000 | 1,530,840 | (16,160) |
| Daily rental | 207,250 | 207,250 | 214,099 | 6,849 |
| Meals | 5,522,021 | 5,522,021 | 5,939,892 | 417,871 |
| Bank franchise | 988,000 | 988,000 | 1,330,907 | 342,907 |
| Cigarette | 890,300 | 890,300 | 726,665 | (163,635) |
| Business and occupational licenses | 3,430,000 | 3,430,000 | 3,727,985 | 297,985 |
| Motor vehicle licenses | 900,000 | 900,000 | 1,086,694 | 186,694 |
| Transient occupancy | 790,000 | 790,000 | 862,456 | 72,456 |
| Total other local taxes | <u>14,274,571</u> | <u>14,274,571</u> | <u>15,419,538</u> | <u>1,144,967</u> |
| Permits, fees, and licenses: | | | | |
| Zoning, subdivision, and development fees | 1,260,700 | 1,260,700 | 1,165,912 | (94,788) |
| Permits | 25,000 | 25,000 | 4,489 | (20,511) |
| Airport | | | | |
| Fuel flow fees | 12,500 | 12,500 | 19,692 | 7,192 |
| Annual user fees | 35,250 | 35,250 | 20,746 | (14,504) |
| Annual FBO license fees | 70,000 | 70,000 | 41,522 | (28,478) |
| Other | 69,500 | 69,500 | 116,010 | 46,510 |
| Total permits, fees, and licenses | <u>1,472,950</u> | <u>1,472,950</u> | <u>1,368,371</u> | <u>(104,579)</u> |
| Fines and forfeitures: | | | | |
| Parking fines | 120,000 | 120,000 | 167,564 | 47,564 |
| Police forfeiture | 26,700 | 26,700 | - | (26,700) |
| Traffic fines | 275,000 | 275,000 | 391,293 | 116,293 |
| Total fines and forfeitures | <u>421,700</u> | <u>421,700</u> | <u>558,857</u> | <u>137,157</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenue from local sources: (Continued) | | | | |
| Use of money and property: | | | | |
| Interest | \$ 170,000 | \$ 170,000 | \$ 956,488 | \$ 786,488 |
| Parking meters | 126,500 | 126,500 | 148,346 | 21,846 |
| Sales of surplus property | 80,000 | 80,000 | 87,248 | 7,248 |
| Parking facility revenues | 174,160 | 174,160 | 182,994 | 8,834 |
| Insurance recoveries | 110,000 | 181,100 | 144,839 | (36,261) |
| Airport | | | | |
| Hangar rentals | 588,600 | 588,600 | 584,998 | (3,602) |
| Tie-downs | 144,000 | 144,000 | 129,719 | (14,281) |
| Commercial tenant leases | 411,084 | 411,084 | 406,015 | (5,069) |
| Building rental | 271,083 | 271,083 | 271,079 | (4) |
| Recreational facility rental | 3,000 | 3,000 | 3,520 | 520 |
| Other | 33,000 | 33,000 | 157,733 | 124,733 |
| Total use of money and property | <u>2,111,427</u> | <u>2,182,527</u> | <u>3,072,979</u> | <u>890,452</u> |
| Charges for services: | | | | |
| Publications | - | - | 162 | 162 |
| False alarm | 30,000 | 30,000 | 134,610 | 104,610 |
| Fingerprinting | 4,400 | 4,400 | 1,158 | (3,242) |
| Extradition | 10,000 | 10,000 | 5,937 | (4,063) |
| Special events | | | | |
| Recreation | 290,000 | 290,000 | 239,987 | (50,013) |
| Other | 161,500 | 161,500 | 159,344 | (2,156) |
| Parks and recreation user fees | 4,840,621 | 4,840,621 | 4,881,422 | 40,801 |
| Total charges for services | <u>5,336,521</u> | <u>5,336,521</u> | <u>5,422,620</u> | <u>86,099</u> |
| Contributions | 46,000 | 46,000 | 65,791 | 19,791 |
| Proffer Revenue | 300,000 | 303,650 | 296,953 | (6,697) |
| Miscellaneous | 39,000 | 39,000 | 259,645 | 220,645 |
| Total revenues from local sources | <u>40,366,169</u> | <u>40,440,919</u> | <u>43,227,766</u> | <u>2,786,847</u> |
| Intergovernmental: | | | | |
| Revenue from local sources: | | | | |
| Local aid: | | | | |
| Loudoun County | 585,069 | 585,069 | 597,962 | 12,893 |
| Total local aid | <u>585,069</u> | <u>585,069</u> | <u>597,962</u> | <u>12,893</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the Commonwealth: | | | | |
| Non-categorical: | | | | |
| Motor vehicles carrier tax | \$ 1,000 | \$ 1,000 | \$ 492 | \$ (508) |
| Rental car tax | 180,000 | 180,000 | 196,609 | 16,609 |
| Miscellaneous | - | - | 13,235 | 13,235 |
| Cable TV franchise | 274,000 | 274,000 | 255,908 | (18,092) |
| Personal property tax relief | 1,468,941 | 1,468,941 | 1,468,941 | - |
| Sales and use | 5,308,360 | 5,308,360 | 5,693,638 | 385,278 |
| Communication sales and use | 2,093,000 | 2,093,000 | 1,835,099 | (257,901) |
| Total non-categorical aid | <u>9,325,301</u> | <u>9,325,301</u> | <u>9,463,922</u> | <u>138,621</u> |
| Categorical: | | | | |
| VA Commission for the Arts | 4,500 | 4,500 | 4,500 | - |
| State fire programs funds | 142,000 | 142,000 | 147,507 | 5,507 |
| Law enforcement assistance | 887,660 | 887,660 | 887,660 | - |
| Highway maintenance | 4,122,461 | 4,522,461 | 4,086,213 | (436,248) |
| Department of Aviation | 100,000 | 100,000 | 23,502 | (76,498) |
| Total categorical aid | <u>5,256,621</u> | <u>5,656,621</u> | <u>5,149,382</u> | <u>(507,239)</u> |
| Total revenue from the Commonwealth | <u>14,581,922</u> | <u>14,981,922</u> | <u>14,613,304</u> | <u>(368,618)</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| E-Summons | 27,000 | 27,000 | 39,721 | 12,721 |
| Build America Bonds interest refund | 13,400 | 13,400 | 191,848 | 178,448 |
| Miscellaneous | - | - | 8,536 | 8,536 |
| Gang Officer | 19,600 | 19,600 | 20,703 | 1,103 |
| Safe Streets Task Force | 39,000 | 39,000 | 15,505 | (23,495) |
| Total categorical aid | <u>99,000</u> | <u>99,000</u> | <u>276,313</u> | <u>177,313</u> |
| Total revenue from the federal government | <u>99,000</u> | <u>99,000</u> | <u>276,313</u> | <u>177,313</u> |
| Total intergovernmental | <u>15,265,991</u> | <u>15,665,991</u> | <u>15,487,579</u> | <u>(178,412)</u> |
| Total revenues | <u>55,632,160</u> | <u>56,106,910</u> | <u>58,715,345</u> | <u>2,608,435</u> |
| Other financing sources: | | | | |
| Transfers in | 2,713,000 | 2,713,000 | 2,713,486 | 486 |
| Loan proceeds | - | - | 201,441 | 201,441 |
| Use of fund balance | 645,000 | 5,503,605 | - | (5,503,605) |
| Total other financing sources | <u>3,358,000</u> | <u>8,216,605</u> | <u>2,914,927</u> | <u>(5,301,678)</u> |
| Total General Fund revenues and other financing sources | <u>\$ 58,990,160</u> | <u>\$ 64,323,515</u> | <u>\$ 61,630,272</u> | <u>\$ (2,693,243)</u> |

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Legislative: | | | | |
| Town council: | | | | |
| Personnel services | \$ 141,020 | \$ 141,570 | \$ 139,998 | \$ 1,572 |
| Contractual services | 129,550 | 128,515 | 109,053 | 19,462 |
| Materials and supplies | 3,100 | 5,773 | 5,771 | 2 |
| Capital outlay | - | 630 | 630 | - |
| Total town council | <u>273,670</u> | <u>276,488</u> | <u>255,452</u> | <u>21,036</u> |
| Total legislative | <u>273,670</u> | <u>276,488</u> | <u>255,452</u> | <u>21,036</u> |
| Executive: | | | | |
| Town manager: | | | | |
| Personnel services | 677,175 | 695,463 | 695,462 | 1 |
| Contractual services | 47,026 | 101,167 | 74,089 | 27,078 |
| Materials and supplies | 8,075 | 8,986 | 4,724 | 4,262 |
| Grants and contributions | 50,000 | 1,192 | - | 1,192 |
| Continuous charges | 4,700 | 3,346 | 3,346 | - |
| Capital outlay | 1,000 | 43,330 | 318 | 43,012 |
| Total town manager | <u>787,976</u> | <u>853,484</u> | <u>777,939</u> | <u>75,545</u> |
| Public arts commission: | | | | |
| Personnel services | 9,204 | 9,204 | 8,936 | 268 |
| Contractual services | 250 | 350 | 86 | 264 |
| Materials and supplies | 150 | 50 | 36 | 14 |
| Grants and contributions | 10,000 | 13,325 | 12,825 | 500 |
| Total public arts commission | <u>19,604</u> | <u>22,929</u> | <u>21,883</u> | <u>1,046</u> |
| Economic development operations: | | | | |
| Personnel services | 275,221 | 275,264 | 275,184 | 80 |
| Contractual services | 60,033 | 63,670 | 32,966 | 30,704 |
| Materials and supplies | 14,550 | 15,415 | 7,990 | 7,425 |
| Continuous charges | 336,023 | 336,093 | 331,329 | 4,764 |
| Grants and contributions | 95,000 | 95,000 | 95,000 | - |
| Capital outlay | - | 3,078 | 3,077 | 1 |
| Total economic development operations | <u>780,827</u> | <u>788,520</u> | <u>745,546</u> | <u>42,974</u> |
| Economic development commission: | | | | |
| Personnel services | 9,204 | 9,124 | 5,594 | 3,530 |
| Materials and supplies | - | 650 | 649 | 1 |
| Contractual services | 1,200 | 630 | - | 630 |
| Total economic development commission | <u>10,404</u> | <u>10,404</u> | <u>6,243</u> | <u>4,161</u> |
| Diversity commission: | | | | |
| Personnel services | 9,204 | 9,204 | 8,497 | 707 |
| Total diversity commission | <u>9,204</u> | <u>9,204</u> | <u>8,497</u> | <u>707</u> |
| Public Information: | | | | |
| Personnel services | 208,290 | 270,969 | 270,969 | - |
| Contractual services | 89,530 | 75,291 | 53,326 | 21,965 |
| Materials and supplies | - | 373 | 330 | 43 |
| Capital outlay | - | 1,920 | 1,920 | - |
| Total public information | <u>297,820</u> | <u>348,553</u> | <u>326,545</u> | <u>22,008</u> |
| Total executive | <u>1,905,835</u> | <u>2,033,094</u> | <u>1,886,653</u> | <u>146,441</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Executive: (Continued) | | | | |
| Town attorney: | | | | |
| Personnel services | \$ 573,800 | \$ 591,815 | \$ 591,814 | \$ 1 |
| Contractual services | 57,400 | 227,396 | 194,001 | 33,395 |
| Materials and supplies | 3,400 | 2,771 | 2,769 | 2 |
| Transfer payments | 169,000 | 396,001 | 396,000 | 1 |
| Continuous charges | 110 | 78 | 78 | - |
| Capital outlay | - | 268 | 268 | - |
| Total town attorney | <u>803,710</u> | <u>1,218,329</u> | <u>1,184,930</u> | <u>33,399</u> |
| Clerk of council: | | | | |
| Personnel services | 214,719 | 245,263 | 245,263 | - |
| Contractual services | 9,330 | 22,474 | 15,456 | 7,018 |
| Materials and supplies | 1,450 | 1,619 | 1,618 | 1 |
| Capital outlay | - | 2,070 | 2,070 | - |
| Total clerk of council | <u>225,499</u> | <u>271,426</u> | <u>264,407</u> | <u>7,019</u> |
| Total legal | <u>1,029,209</u> | <u>1,489,755</u> | <u>1,449,337</u> | <u>40,418</u> |
| Finance and administrative services: | | | | |
| Finance: | | | | |
| Personnel services | 2,285,061 | 2,270,612 | 2,270,612 | - |
| Contractual services | 354,359 | 625,161 | 526,542 | 98,619 |
| Materials and supplies | 19,250 | 25,375 | 20,181 | 5,194 |
| Continuous charges | 79,316 | 77,963 | 74,711 | 3,252 |
| Capital outlay | 15,000 | 38,000 | 35,493 | 2,507 |
| Total finance | <u>2,752,986</u> | <u>3,037,111</u> | <u>2,927,539</u> | <u>109,572</u> |
| Human Resources: | | | | |
| Personnel services | 468,338 | 520,358 | 520,358 | - |
| Contractual services | 111,360 | 145,986 | 135,953 | 10,033 |
| Materials and supplies | 2,622 | 5,897 | 5,245 | 652 |
| Continuous charges | 2,600 | 2,600 | 1,950 | 650 |
| Total human resources | <u>584,920</u> | <u>674,841</u> | <u>663,506</u> | <u>11,335</u> |
| Information technology operations: | | | | |
| Personnel services | 911,942 | 901,399 | 901,398 | 1 |
| Contractual services | 805,699 | 922,660 | 798,519 | 124,141 |
| Materials and supplies | 11,000 | 13,967 | 13,956 | 11 |
| Continuous charges | 59,780 | 60,280 | 59,591 | 689 |
| Capital outlay | 164,200 | 188,331 | 168,815 | 19,516 |
| Total information technology operations | <u>1,952,621</u> | <u>2,086,637</u> | <u>1,942,279</u> | <u>144,358</u> |
| Information technology commission: | | | | |
| Personnel services | 9,204 | 9,204 | 6,738 | 2,466 |
| Total information technology commission | <u>9,204</u> | <u>9,204</u> | <u>6,738</u> | <u>2,466</u> |
| Total finance and administrative services | <u>5,299,731</u> | <u>5,807,793</u> | <u>5,540,062</u> | <u>267,731</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Public safety: | | | | |
| Administrative support: | | | | |
| Personnel services | \$ 1,588,675 | \$ 1,545,053 | \$ 1,506,039 | \$ 39,014 |
| Contractual services | 703,809 | 529,196 | 504,740 | 24,456 |
| Materials and supplies | 112,080 | 151,822 | 149,909 | 1,913 |
| Continuous charges | 232,205 | 223,590 | 201,645 | 21,945 |
| Capital outlay | - | 263,574 | 116,654 | 146,920 |
| Total administrative support | <u>2,636,769</u> | <u>2,713,235</u> | <u>2,478,987</u> | <u>234,248</u> |
| Patrol operations: | | | | |
| Personnel services | 5,585,782 | 5,517,793 | 5,517,793 | - |
| Contractual services | 108,878 | 85,935 | 10,758 | 75,177 |
| Materials and supplies | 119,350 | 127,672 | 119,474 | 8,198 |
| Capital outlay | - | 37,380 | 27,039 | 10,341 |
| Total patrol operations | <u>5,814,010</u> | <u>5,768,780</u> | <u>5,675,064</u> | <u>93,716</u> |
| Criminal investigations: | | | | |
| Personnel services | 1,478,213 | 1,415,604 | 1,415,604 | - |
| Contractual services | 54,953 | 44,765 | 39,625 | 5,140 |
| Materials and supplies | 12,500 | 7,192 | 4,069 | 3,123 |
| Continuous charges | 28,800 | 25,512 | 25,512 | - |
| Capital outlay | - | 375 | 375 | - |
| Total criminal investigations | <u>1,574,466</u> | <u>1,493,448</u> | <u>1,485,185</u> | <u>8,263</u> |
| Community services: | | | | |
| Personnel services | 1,731,565 | 1,862,366 | 1,862,365 | 1 |
| Contractual services | 7,275 | 9,821 | 9,821 | - |
| Materials and supplies | 28,750 | 24,329 | 24,325 | 4 |
| Continuous charges | - | 43,885 | - | 43,885 |
| Capital outlay | - | 8,233 | 8,233 | - |
| Total community services | <u>1,767,590</u> | <u>1,948,634</u> | <u>1,904,744</u> | <u>43,890</u> |
| Information services: | | | | |
| Personnel services | 1,607,798 | 1,667,477 | 1,667,477 | - |
| Contractual services | 207,919 | 192,861 | 192,861 | - |
| Materials and supplies | 10,150 | 8,204 | 8,202 | 2 |
| Continuous charges | 4,292 | 5,254 | 5,253 | 1 |
| Capital outlay | - | 3,086 | 3,086 | - |
| Total information services | <u>1,830,159</u> | <u>1,876,882</u> | <u>1,876,879</u> | <u>3</u> |
| Citizens' support team: | | | | |
| Materials and supplies | 1,395 | 1,704 | 1,303 | 401 |
| Continuous charges | 3,140 | 3,736 | 2,006 | 1,730 |
| Total citizens' support team | <u>4,535</u> | <u>5,440</u> | <u>3,309</u> | <u>2,131</u> |
| Fire and rescue: | | | | |
| Transfer payments | 644,905 | 644,905 | 644,905 | - |
| Total fire and rescue | <u>644,905</u> | <u>644,905</u> | <u>644,905</u> | <u>-</u> |
| Total public safety | <u>14,272,434</u> | <u>14,451,324</u> | <u>14,069,073</u> | <u>382,251</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Public works: | | | | |
| Public works administration: | | | | |
| Personnel services | \$ 804,544 | \$ 830,906 | \$ 830,906 | \$ - |
| Contractual services | 83,848 | 145,565 | 145,565 | - |
| Materials and supplies | 2,200 | 9,153 | 8,912 | 241 |
| Continuous charges | 17,440 | 16,798 | 16,796 | 2 |
| Capital outlays | 20,000 | 113,472 | 1,246 | 112,226 |
| Total public works administration | <u>928,032</u> | <u>1,115,894</u> | <u>1,003,425</u> | <u>112,469</u> |
| Engineering and inspections: | | | | |
| Personnel services | 638,655 | 640,379 | 618,822 | 21,557 |
| Contractual services | 71,100 | 72,195 | 31,781 | 40,414 |
| Materials and supplies | 4,200 | 8,615 | 6,679 | 1,936 |
| Capital outlay | 33,000 | 36,000 | 2,465 | 33,535 |
| Total engineering and inspections | <u>746,955</u> | <u>757,189</u> | <u>659,747</u> | <u>97,442</u> |
| Streets and grounds maintenance: | | | | |
| Personnel services | 2,811,318 | 2,757,711 | 2,756,206 | 1,505 |
| Contractual services | 1,608,800 | 2,336,377 | 1,539,828 | 796,549 |
| Materials and supplies | 275,200 | 415,036 | 383,760 | 31,276 |
| Continuous charges | 215,100 | 328,407 | 320,413 | 7,994 |
| Capital outlay | 500 | 187,529 | 53,908 | 133,621 |
| Total streets and grounds maintenance | <u>4,910,918</u> | <u>6,025,060</u> | <u>5,054,115</u> | <u>970,945</u> |
| Building maintenance: | | | | |
| Personnel services | 556,181 | 567,753 | 567,753 | - |
| Contractual services | 421,530 | 492,446 | 336,279 | 156,167 |
| Materials and supplies | 78,500 | 120,163 | 120,162 | 1 |
| Continuous charges | 154,054 | 149,081 | 138,702 | 10,379 |
| Capital outlay | 25,000 | 106,416 | 28,300 | 78,116 |
| Total building maintenance | <u>1,235,265</u> | <u>1,435,859</u> | <u>1,191,196</u> | <u>244,663</u> |
| Fleet maintenance: | | | | |
| Personnel services | 749,501 | 728,247 | 703,823 | 24,424 |
| Contractual services | 51,230 | 97,309 | 95,079 | 2,230 |
| Materials and supplies | 240,410 | 289,339 | 281,113 | 8,226 |
| Continuous charges | 408,000 | 304,689 | 298,394 | 6,295 |
| Transfer payments | 20,000 | 6,992 | 6,992 | - |
| Capital outlay | 2,500 | 20,054 | 17,729 | 2,325 |
| Total fleet maintenance | <u>1,471,641</u> | <u>1,446,630</u> | <u>1,403,130</u> | <u>43,500</u> |
| Refuse collection and recycling: | | | | |
| Contractual services | 2,870,722 | 3,152,182 | 3,020,031 | 132,151 |
| Materials and supplies | 13,500 | 2,090 | 163 | 1,927 |
| Total refuse collection and recycling | <u>2,884,222</u> | <u>3,154,272</u> | <u>3,020,194</u> | <u>134,078</u> |
| Traffic management: | | | | |
| Personnel services | 368,365 | 384,384 | 384,384 | - |
| Contractual services | 100,800 | 110,562 | 54,462 | 56,100 |
| Materials and supplies | 55,650 | 173,048 | 95,017 | 78,031 |
| Continuous charges | 605,500 | 619,323 | 597,981 | 21,342 |
| Capital outlay | 121,500 | 309,226 | 127,190 | 182,036 |
| Total traffic management | <u>1,251,815</u> | <u>1,596,543</u> | <u>1,259,034</u> | <u>337,509</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|-------------------|---|
| | Original | Final | | |
| Public works: (Continued) | | | | |
| Regional transportation: | | | | |
| Grants and contributions | \$ 296,000 | \$ 296,954 | \$ 296,953 | \$ 1 |
| Total regional transportation | 296,000 | 296,954 | 296,953 | 1 |
| Capital projects management: | | | | |
| Personnel services | 182,540 | 371,262 | 371,261 | 1 |
| Contractual services | 261,950 | 401,849 | 94,816 | 307,033 |
| Materials and supplies | 6,900 | 5,858 | 3,029 | 2,829 |
| Continuous charges | 560 | 694 | 572 | 122 |
| Capital outlay | 6,250 | 7,029 | 2,849 | 4,180 |
| Total capital projects management | 458,200 | 786,692 | 472,527 | 314,165 |
| Total public works | 14,183,048 | 16,615,093 | 14,360,321 | 2,254,772 |
| Parks and Recreation: | | | | |
| Outdoor pool: | | | | |
| Personnel services | 236,659 | 57,319 | 57,291 | 28 |
| Contractual services | 23,435 | 28,535 | 28,534 | 1 |
| Materials and supplies | 39,980 | 42,882 | 42,881 | 1 |
| Continuous charges | 20,000 | 19,980 | 19,980 | - |
| Total outdoor pool | 320,074 | 148,716 | 148,686 | 30 |
| Parks and recreation administration: | | | | |
| Personnel services | 481,696 | 491,438 | 491,437 | 1 |
| Contractual services | 30,000 | 138,783 | 35,454 | 103,329 |
| Materials and supplies | 2,000 | 1,602 | 1,598 | 4 |
| Continuous charges | 24,020 | 24,358 | 23,359 | 999 |
| Capital outlay | 35,000 | 80,522 | 69,436 | 11,086 |
| Total parks and recreation administration | 572,716 | 736,703 | 621,284 | 115,419 |
| Parks: | | | | |
| Personnel services | 882,798 | 895,998 | 895,998 | - |
| Contractual services | 71,600 | 77,715 | 77,695 | 20 |
| Materials and supplies | 188,570 | 185,785 | 170,291 | 15,494 |
| Continuous charges | 54,000 | 55,866 | 53,834 | 2,032 |
| Capital outlay | 63,000 | 170,418 | 108,715 | 61,703 |
| Total parks | 1,259,968 | 1,385,782 | 1,306,533 | 79,249 |
| Recreation programs administration: | | | | |
| Personnel services | 196,021 | 212,000 | 212,000 | - |
| Contractual services | 83,940 | 80,406 | 80,399 | 7 |
| Total recreation programs administration | 279,961 | 292,406 | 292,399 | 7 |
| Ida Lee recreation center: | | | | |
| Personnel services | 1,036,525 | 1,037,627 | 1,037,627 | - |
| Contractual services | 272,631 | 309,056 | 308,762 | 294 |
| Materials and supplies | 68,518 | 52,965 | 52,964 | 1 |
| Transfer payments | - | 38 | 38 | - |
| Continuous charges | 256,676 | 257,314 | 210,059 | 47,255 |
| Capital outlay | - | 241 | 241 | - |
| Total Ida Lee recreation center | 1,634,350 | 1,657,241 | 1,609,691 | 47,550 |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Parks and recreation: (Continued) | | | | |
| Fitness programs: | | | | |
| Personnel services | \$ 490,697 | \$ 469,645 | \$ 469,645 | \$ - |
| Contractual services | 35,170 | 32,812 | 30,946 | 1,866 |
| Materials and supplies | 8,100 | 8,560 | 8,559 | 1 |
| Total fitness programs | <u>533,967</u> | <u>511,017</u> | <u>509,150</u> | <u>1,867</u> |
| Community outreach: | | | | |
| Personnel services | 121,767 | 97,276 | 97,276 | - |
| Contractual services | 14,350 | 12,880 | 12,589 | 291 |
| Materials and supplies | 6,080 | 6,265 | 6,257 | 8 |
| Total community outreach | <u>142,197</u> | <u>116,421</u> | <u>116,122</u> | <u>299</u> |
| Aquatics: | | | | |
| Personnel services | 1,153,953 | 1,319,973 | 1,319,973 | - |
| Contractual services | 14,595 | 11,711 | 11,708 | 3 |
| Materials and supplies | 43,730 | 47,180 | 47,179 | 1 |
| Total aquatics | <u>1,212,278</u> | <u>1,378,864</u> | <u>1,378,860</u> | <u>4</u> |
| Sports programs: | | | | |
| Personnel services | 170,881 | 183,228 | 183,228 | - |
| Contractual services | 170 | 70 | 70 | - |
| Materials and supplies | 27,300 | 32,425 | 32,420 | 5 |
| Total sports programs | <u>198,351</u> | <u>215,723</u> | <u>215,718</u> | <u>5</u> |
| Recreation classes: | | | | |
| Personnel services | 150,377 | 167,733 | 167,732 | 1 |
| Contractual services | 3,370 | 320 | 320 | - |
| Materials and supplies | 3,325 | 4,000 | 3,999 | 1 |
| Total recreation classes | <u>157,072</u> | <u>172,053</u> | <u>172,051</u> | <u>2</u> |
| Special events: | | | | |
| Personnel services | 186,340 | 137,449 | 137,449 | - |
| Contractual services | 227,009 | 218,453 | 204,425 | 14,028 |
| Materials and supplies | 54,739 | 79,053 | 79,052 | 1 |
| Grants and contributions | 12,500 | 12,100 | 12,100 | - |
| Total special events | <u>480,588</u> | <u>447,055</u> | <u>433,026</u> | <u>14,029</u> |
| Tennis court complex: | | | | |
| Personnel services | 473,549 | 548,145 | 548,144 | 1 |
| Contractual services | 13,700 | 22,290 | 22,261 | 29 |
| Materials and supplies | 20,300 | 24,174 | 24,171 | 3 |
| Continuous charges | 51,760 | 51,740 | 49,580 | 2,160 |
| Total tennis court complex | <u>559,309</u> | <u>646,349</u> | <u>644,156</u> | <u>2,193</u> |
| Camp programs: | | | | |
| Personnel services | 82,834 | 93,683 | 93,677 | 6 |
| Contractual services | 33,500 | 33,891 | 33,890 | 1 |
| Materials and supplies | 6,000 | 6,262 | 6,261 | 1 |
| Total camp programs | <u>122,334</u> | <u>133,836</u> | <u>133,828</u> | <u>8</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-----------|-------------------|---|
| | Original | Final | | |
| Parks and recreation: (Continued) | | | | |
| Preschool childcare programs: | | | | |
| Personnel services | \$ 108,553 | \$ 99,363 | \$ 99,363 | \$ - |
| Contractual services | 1,900 | 1,753 | 1,753 | - |
| Materials and supplies | 3,570 | 4,513 | 4,506 | 7 |
| Total preschool childcare programs | 114,023 | 105,629 | 105,622 | 7 |
| Parks and recreation commission: | | | | |
| Personnel services | 9,204 | 6,459 | 6,444 | 15 |
| Total parks and recreation commission | 9,204 | 6,459 | 6,444 | 15 |
| Tree commission: | | | | |
| Personnel services | 9,204 | 6,244 | 6,228 | 16 |
| Contractual services | 1,800 | 1,740 | 1,737 | 3 |
| Total tree commission | 11,004 | 7,984 | 7,965 | 19 |
| Total parks and recreation | 7,607,396 | 7,962,238 | 7,701,535 | 260,703 |
| Balch Library: | | | | |
| Library operations: | | | | |
| Personnel services | 408,871 | 419,058 | 409,069 | 9,989 |
| Contractual services | 35,983 | 46,998 | 40,372 | 6,626 |
| Materials and supplies | 40,655 | 32,455 | 30,882 | 1,573 |
| Continuous charges | 22,166 | 19,669 | 18,211 | 1,458 |
| Capital outlay | - | 12,599 | 5,336 | 7,263 |
| Total library operations | 507,675 | 530,779 | 503,870 | 26,909 |
| Library advisory commission: | | | | |
| Personnel services | 9,204 | 9,154 | 7,958 | 1,196 |
| Contractual services | 800 | 1,230 | 1,065 | 165 |
| Materials and supplies | 350 | 50 | - | 50 |
| Total library advisory commission | 10,354 | 10,434 | 9,023 | 1,411 |
| Total Balch Library | 518,029 | 541,213 | 512,893 | 28,320 |
| Planning and zoning: | | | | |
| Planning and zoning operations: | | | | |
| Personnel services | 1,843,291 | 1,761,523 | 1,761,523 | - |
| Contractual services | 19,145 | 408,839 | 44,307 | 364,532 |
| Materials and supplies | 6,600 | 7,718 | 6,378 | 1,340 |
| Continuous charges | 290 | 468 | 299 | 169 |
| Capital outlay | - | 1,062 | 1,062 | - |
| Total planning and zoning operations | 1,869,326 | 2,179,610 | 1,813,569 | 366,041 |
| Planning commission | | | | |
| Personnel services | 27,667 | 27,193 | 27,126 | 67 |
| Contractual services | - | 3,733 | 3,633 | 100 |
| Materials and supplies | 300 | 524 | 224 | 300 |
| Total planning commission | 27,967 | 31,450 | 30,983 | 467 |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|---------------|-------------------|---|
| | Original | Final | | |
| Planning and zoning: (Continued) | | | | |
| Board of zoning appeals: | | | | |
| Personnel services | \$ 6,459 | \$ 6,459 | \$ 538 | \$ 5,921 |
| Total board of zoning appeals | 6,459 | 6,459 | 538 | 5,921 |
| Board of architectural review: | | | | |
| Personnel services | 27,667 | 27,667 | 27,448 | 219 |
| Contractual services | 3,500 | 3,500 | 154 | 3,346 |
| Total board of architectural review | 31,167 | 31,167 | 27,602 | 3,565 |
| Environmental advisory commission: | | | | |
| Personnel services | 9,204 | 9,134 | 6,212 | 2,922 |
| Contractual services | 3,500 | 3,500 | 2,127 | 1,373 |
| Materials and supplies | - | 70 | 69 | 1 |
| Total environment advisory commission | 12,704 | 12,704 | 8,408 | 4,296 |
| Total planning and zoning | 1,947,623 | 2,261,390 | 1,881,100 | 380,290 |
| Plan review: | | | | |
| Personnel services | 1,306,751 | 1,347,730 | 1,347,716 | 14 |
| Contractual services | 131,673 | 175,101 | 97,776 | 77,325 |
| Materials and supplies | 6,500 | 6,761 | 5,785 | 976 |
| Capital outlay | 3,000 | 17,264 | 13,700 | 3,564 |
| Total plan review | 1,447,924 | 1,546,856 | 1,464,977 | 81,879 |
| Airport: | | | | |
| Personnel services | 354,307 | 354,464 | 322,318 | 32,146 |
| Contractual services | 269,870 | 283,338 | 256,249 | 27,089 |
| Materials and supplies | 26,600 | 29,853 | 26,305 | 3,548 |
| Continuous charges | 161,390 | 152,454 | 138,372 | 14,082 |
| Total airport | 812,167 | 820,109 | 743,244 | 76,865 |
| Airport commission: | | | | |
| Personnel services | 9,204 | 9,204 | 6,874 | 2,330 |
| Contractual services | - | 544 | 271 | 273 |
| Total airport commission | 9,204 | 9,748 | 7,145 | 2,603 |
| Total airport | 821,371 | 829,857 | 750,389 | 79,468 |
| Debt Service: | | | | |
| Principal | 5,475,427 | 5,582,242 | 5,582,241 | 1 |
| Interest and fiscal charges | 2,647,586 | 2,506,616 | 2,484,035 | 22,581 |
| Total debt service | 8,123,013 | 8,088,858 | 8,066,276 | 22,582 |
| Total expenditures | 57,429,283 | 61,903,959 | 57,938,068 | 3,965,891 |
| Other financing uses: | | | | |
| Transfers out | 1,865,877 | 4,983,675 | 6,722,398 | (1,738,723) |
| Total other financing uses | 1,865,877 | 4,983,675 | 6,722,398 | (1,738,723) |
| Total general fund expenditures and other financing uses | \$ 59,295,160 | \$ 66,887,634 | \$ 64,660,466 | \$ 2,227,168 |

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Administering efficient government: | | | | |
| Town council: | | | | |
| Personnel services | \$ 141,020 | \$ 141,570 | \$ 139,998 | \$ 1,572 |
| Contractual services | 129,550 | 128,515 | 109,053 | 19,462 |
| Materials and supplies | 3,100 | 5,773 | 5,771 | 2 |
| Capital outlay | - | 630 | 630 | - |
| Total Town council | <u>273,670</u> | <u>276,488</u> | <u>255,452</u> | <u>21,036</u> |
| Town manager: | | | | |
| Personnel services | 677,175 | 695,463 | 695,462 | 1 |
| Contractual services | 47,026 | 101,167 | 74,089 | 27,078 |
| Materials and supplies | 8,075 | 8,986 | 4,724 | 4,262 |
| Grants and contributions | 50,000 | 1,192 | - | 1,192 |
| Continuous charges | 4,700 | 3,346 | 3,346 | - |
| Capital outlay | 1,000 | 43,330 | 318 | 43,012 |
| Total Town manager | <u>787,976</u> | <u>853,484</u> | <u>777,939</u> | <u>75,545</u> |
| Town attorney: | | | | |
| Personnel services | 573,800 | 591,815 | 591,814 | 1 |
| Contractual services | 57,400 | 227,396 | 194,001 | 33,395 |
| Transfer payments | 169,000 | 396,001 | 396,000 | 1 |
| Materials and supplies | 3,400 | 2,771 | 2,769 | 2 |
| Continuous charges | 110 | 78 | 78 | - |
| Capital outlay | - | 268 | 268 | - |
| Total Town attorney | <u>803,710</u> | <u>1,218,329</u> | <u>1,184,930</u> | <u>33,399</u> |
| Clerk of council: | | | | |
| Personnel services | 214,719 | 245,263 | 245,263 | - |
| Contractual services | 9,330 | 22,474 | 15,456 | 7,018 |
| Materials and supplies | 1,450 | 1,619 | 1,618 | 1 |
| Capital outlay | - | 2,070 | 2,070 | - |
| Total Clerk of Council | <u>225,499</u> | <u>271,426</u> | <u>264,407</u> | <u>7,019</u> |
| Public arts commission: | | | | |
| Personnel services | 9,204 | 9,204 | 8,936 | 268 |
| Contractual services | 250 | 350 | 86 | 264 |
| Materials and supplies | 150 | 50 | 36 | 14 |
| Contributions | 10,000 | 13,325 | 12,825 | 500 |
| Total public arts commission | <u>19,604</u> | <u>22,929</u> | <u>21,883</u> | <u>1,046</u> |
| Economic development commission: | | | | |
| Personnel services | 9,204 | 9,124 | 5,594 | 3,530 |
| Contractual services | 1,200 | 630 | - | 630 |
| Materials and supplies | - | 650 | 649 | 1 |
| Total economic development commission | <u>10,404</u> | <u>10,404</u> | <u>6,243</u> | <u>4,161</u> |
| Diversity commission: | | | | |
| Personnel services | 9,204 | 9,204 | 8,497 | 707 |
| Total diversity commission | <u>9,204</u> | <u>9,204</u> | <u>8,497</u> | <u>707</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Administering efficient government: (Continued) | | | | |
| Public information: | | | | |
| Personnel services | \$ 208,290 | \$ 270,969 | \$ 270,969 | \$ - |
| Contractual services | 89,530 | 75,291 | 53,326 | 21,965 |
| Materials and supplies | - | 373 | 330 | 43 |
| Capital outlay | - | 1,920 | 1,920 | - |
| Total public information | <u>297,820</u> | <u>348,553</u> | <u>326,545</u> | <u>22,008</u> |
| Information technology commission: | | | | |
| Personnel services | 9,204 | 9,204 | 6,738 | 2,466 |
| Total information technology commission | <u>9,204</u> | <u>9,204</u> | <u>6,738</u> | <u>2,466</u> |
| Parks and recreation commission: | | | | |
| Personnel services | 9,204 | 6,459 | 6,444 | 15 |
| Total parks and recreation commission | <u>9,204</u> | <u>6,459</u> | <u>6,444</u> | <u>15</u> |
| Tree commission: | | | | |
| Personnel services | 9,204 | 6,244 | 6,228 | 16 |
| Contractual services | 1,800 | 1,740 | 1,737 | 3 |
| Total tree commission | <u>11,004</u> | <u>7,984</u> | <u>7,965</u> | <u>19</u> |
| Library advisory commission: | | | | |
| Personnel services | 9,204 | 9,154 | 7,958 | 1,196 |
| Contractual services | 800 | 1,230 | 1,065 | 165 |
| Materials and supplies | 350 | 50 | - | 50 |
| Total library advisory commission | <u>10,354</u> | <u>10,434</u> | <u>9,023</u> | <u>1,411</u> |
| Planning commission: | | | | |
| Personnel services | 27,667 | 27,193 | 27,126 | 67 |
| Contractual services | - | 3,733 | 3,633 | 100 |
| Materials and supplies | 300 | 524 | 224 | 300 |
| Total planning commission | <u>27,967</u> | <u>31,450</u> | <u>30,983</u> | <u>467</u> |
| Board of zoning appeals: | | | | |
| Personnel services | 6,459 | 6,459 | 538 | 5,921 |
| Total board of zoning appeals | <u>6,459</u> | <u>6,459</u> | <u>538</u> | <u>5,921</u> |
| Board of architectural review: | | | | |
| Personnel services | 27,667 | 27,667 | 27,448 | 219 |
| Contractual services | 3,500 | 3,500 | 154 | 3,346 |
| Total board of architectural review | <u>31,167</u> | <u>31,167</u> | <u>27,602</u> | <u>3,565</u> |
| Environmental advisory commission: | | | | |
| Personnel services | 9,204 | 9,134 | 6,212 | 2,922 |
| Contractual services | 3,500 | 3,500 | 2,127 | 1,373 |
| Materials and supplies | - | 70 | 69 | 1 |
| Total environmental advisory commission | <u>12,704</u> | <u>12,704</u> | <u>8,408</u> | <u>4,296</u> |
| Airport commission: | | | | |
| Personnel services | 9,204 | 9,204 | 6,874 | 2,330 |
| Contractual services | - | 544 | 271 | 273 |
| Total airport commission | <u>9,204</u> | <u>9,748</u> | <u>7,145</u> | <u>2,603</u> |
| Total administering efficient government | <u>2,555,154</u> | <u>3,136,426</u> | <u>2,950,742</u> | <u>185,684</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Supporting services: | | | | |
| Finance: | | | | |
| Personnel services | \$ 2,285,061 | \$ 2,270,612 | \$ 2,270,612 | \$ - |
| Contractual services | 354,359 | 625,161 | 526,542 | 98,619 |
| Materials and supplies | 19,250 | 25,375 | 20,181 | 5,194 |
| Continuous charges | 79,316 | 77,963 | 74,711 | 3,252 |
| Capital outlay | 15,000 | 38,000 | 35,493 | 2,507 |
| Total finance | <u>2,752,986</u> | <u>3,037,111</u> | <u>2,927,539</u> | <u>109,572</u> |
| Human resources: | | | | |
| Personnel services | 468,338 | 520,358 | 520,358 | - |
| Contractual services | 111,360 | 145,986 | 135,953 | 10,033 |
| Materials and supplies | 2,622 | 5,897 | 5,245 | 652 |
| Continuous charges | 2,600 | 2,600 | 1,950 | 650 |
| Total human resources | <u>584,920</u> | <u>674,841</u> | <u>663,506</u> | <u>11,335</u> |
| Information technology operations: | | | | |
| Personnel services | 911,942 | 901,399 | 901,398 | 1 |
| Contractual services | 805,699 | 922,660 | 798,519 | 124,141 |
| Materials and supplies | 11,000 | 13,967 | 13,956 | 11 |
| Continuous charges | 59,780 | 60,280 | 59,591 | 689 |
| Capital outlay | 164,200 | 188,331 | 168,815 | 19,516 |
| Total information technology operations | <u>1,952,621</u> | <u>2,086,637</u> | <u>1,942,279</u> | <u>144,358</u> |
| Total supporting services | <u>5,290,527</u> | <u>5,798,589</u> | <u>5,533,324</u> | <u>265,265</u> |
| Keeping us safe: | | | | |
| Administrative support: | | | | |
| Personnel services | 1,588,675 | 1,545,053 | 1,506,039 | 39,014 |
| Contractual services | 703,809 | 529,196 | 504,740 | 24,456 |
| Materials and supplies | 112,080 | 151,822 | 149,909 | 1,913 |
| Continuous charges | 232,205 | 223,590 | 201,645 | 21,945 |
| Capital outlay | - | 263,574 | 116,654 | 146,920 |
| Total administrative support | <u>2,636,769</u> | <u>2,713,235</u> | <u>2,478,987</u> | <u>234,248</u> |
| Patrol operations: | | | | |
| Personnel services | 5,585,782 | 5,517,793 | 5,517,793 | - |
| Contractual services | 108,878 | 85,935 | 10,758 | 75,177 |
| Materials and supplies | 119,350 | 127,672 | 119,474 | 8,198 |
| Capital outlay | - | 37,380 | 27,039 | 10,341 |
| Total patrol operations | <u>5,814,010</u> | <u>5,768,780</u> | <u>5,675,064</u> | <u>93,716</u> |
| Criminal investigations: | | | | |
| Personnel services | 1,478,213 | 1,415,604 | 1,415,604 | - |
| Contractual services | 54,953 | 44,765 | 39,625 | 5,140 |
| Materials and supplies | 12,500 | 7,192 | 4,069 | 3,123 |
| Continuous charges | 28,800 | 25,512 | 25,512 | - |
| Capital outlay | - | 375 | 375 | - |
| Total criminal investigations | <u>1,574,466</u> | <u>1,493,448</u> | <u>1,485,185</u> | <u>8,263</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Keeping us safe: (Continued) | | | | |
| Community services: | | | | |
| Personnel services | \$ 1,731,565 | \$ 1,862,366 | \$ 1,862,365 | \$ 1 |
| Contractual services | 7,275 | 9,821 | 9,821 | - |
| Materials and supplies | 28,750 | 24,329 | 24,325 | 4 |
| Continuous charges | - | 43,885 | - | 43,885 |
| Capital outlay | - | 8,233 | 8,233 | - |
| Total community services | <u>1,767,590</u> | <u>1,948,634</u> | <u>1,904,744</u> | <u>43,890</u> |
| Information services: | | | | |
| Personnel services | 1,607,798 | 1,667,477 | 1,667,477 | - |
| Contractual services | 207,919 | 192,861 | 192,861 | - |
| Materials and supplies | 10,150 | 8,204 | 8,202 | 2 |
| Continuous charges | 4,292 | 5,254 | 5,253 | 1 |
| Capital outlay | - | 3,086 | 3,086 | - |
| Total information services | <u>1,830,159</u> | <u>1,876,882</u> | <u>1,876,879</u> | <u>3</u> |
| Citizens' support team: | | | | |
| Materials and supplies | 1,395 | 1,704 | 1,303 | 401 |
| Continuous charges | 3,140 | 3,736 | 2,006 | 1,730 |
| Total citizens' support team | <u>4,535</u> | <u>5,440</u> | <u>3,309</u> | <u>2,131</u> |
| Fire and rescue: | | | | |
| Transfer payments | 644,905 | 644,905 | 644,905 | - |
| Total fire and rescue | <u>644,905</u> | <u>644,905</u> | <u>644,905</u> | <u>-</u> |
| Total keeping us safe | <u>14,272,434</u> | <u>14,451,324</u> | <u>14,069,073</u> | <u>382,251</u> |
| Providing the necessities: | | | | |
| Public works administration: | | | | |
| Personnel services | 804,544 | 830,906 | 830,906 | - |
| Contractual services | 83,848 | 145,565 | 145,565 | - |
| Materials and supplies | 2,200 | 9,153 | 8,912 | 241 |
| Continuous charges | 17,440 | 16,798 | 16,796 | 2 |
| Capital outlays | 20,000 | 113,472 | 1,246 | 112,226 |
| Total public works administration | <u>928,032</u> | <u>1,115,894</u> | <u>1,003,425</u> | <u>112,469</u> |
| Engineering and inspections: | | | | |
| Personnel services | 638,655 | 640,379 | 618,822 | 21,557 |
| Contractual services | 71,100 | 72,195 | 31,781 | 40,414 |
| Materials and supplies | 4,200 | 8,615 | 6,679 | 1,936 |
| Capital outlay | 33,000 | 36,000 | 2,465 | 33,535 |
| Total engineering and inspections | <u>746,955</u> | <u>757,189</u> | <u>659,747</u> | <u>97,442</u> |
| Streets and grounds maintenance: | | | | |
| Personnel services | 2,811,318 | 2,757,711 | 2,756,206 | 1,505 |
| Contractual services | 1,608,800 | 2,336,377 | 1,539,828 | 796,549 |
| Materials and supplies | 275,200 | 415,036 | 383,760 | 31,276 |
| Continuous charges | 215,100 | 328,407 | 320,413 | 7,994 |
| Capital outlay | 500 | 187,529 | 53,908 | 133,621 |
| Total streets and grounds maintenance | <u>4,910,918</u> | <u>6,025,060</u> | <u>5,054,115</u> | <u>970,945</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Providing the necessities: (Continued) | | | | |
| Building maintenance: | | | | |
| Personnel services | \$ 556,181 | \$ 567,753 | \$ 567,753 | \$ - |
| Contractual services | 421,530 | 492,446 | 336,279 | 156,167 |
| Materials and supplies | 78,500 | 120,163 | 120,162 | 1 |
| Continuous charges | 154,054 | 149,081 | 138,702 | 10,379 |
| Capital outlay | 25,000 | 106,416 | 28,300 | 78,116 |
| Total building maintenance | <u>1,235,265</u> | <u>1,435,859</u> | <u>1,191,196</u> | <u>244,663</u> |
| Fleet maintenance: | | | | |
| Personnel services | 749,501 | 728,247 | 703,823 | 24,424 |
| Contractual services | 51,230 | 97,309 | 95,079 | 2,230 |
| Materials and supplies | 240,410 | 289,339 | 281,113 | 8,226 |
| Continuous charges | 408,000 | 304,689 | 298,394 | 6,295 |
| Transfer payments | 20,000 | 6,992 | 6,992 | - |
| Capital outlay | 2,500 | 20,054 | 17,729 | 2,325 |
| Total fleet maintenance | <u>1,471,641</u> | <u>1,446,630</u> | <u>1,403,130</u> | <u>43,500</u> |
| Refuse collection and recycling: | | | | |
| Contractual services | 2,870,722 | 3,152,182 | 3,020,031 | 132,151 |
| Materials and supplies | 13,500 | 2,090 | 163 | 1,927 |
| Total refuse collection and recycling | <u>2,884,222</u> | <u>3,154,272</u> | <u>3,020,194</u> | <u>134,078</u> |
| Traffic management: | | | | |
| Personnel services | 368,365 | 384,384 | 384,384 | - |
| Contractual services | 100,800 | 110,562 | 54,462 | 56,100 |
| Materials and supplies | 55,650 | 173,048 | 95,017 | 78,031 |
| Continuous charges | 605,500 | 619,323 | 597,981 | 21,342 |
| Capital outlay | 121,500 | 309,226 | 127,190 | 182,036 |
| Total traffic management | <u>1,251,815</u> | <u>1,596,543</u> | <u>1,259,034</u> | <u>337,509</u> |
| Regional transportation: | | | | |
| Grants and contributions | 296,000 | 296,954 | 296,953 | 1 |
| Total regional transportation | <u>296,000</u> | <u>296,954</u> | <u>296,953</u> | <u>1</u> |
| Capital projects management: | | | | |
| Personnel services | 182,540 | 371,262 | 371,261 | 1 |
| Contractual services | 261,950 | 401,849 | 94,816 | 307,033 |
| Materials and supplies | 6,900 | 5,858 | 3,029 | 2,829 |
| Continuous charges | 560 | 694 | 572 | 122 |
| Capital outlay | 6,250 | 7,029 | 2,849 | 4,180 |
| Total capital projects management | <u>458,200</u> | <u>786,692</u> | <u>472,527</u> | <u>314,165</u> |
| Total providing the necessities | <u>14,183,048</u> | <u>16,615,093</u> | <u>14,360,321</u> | <u>2,254,772</u> |
| Ensuring quality of life: | | | | |
| Outdoor pool: | | | | |
| Personnel services | 236,659 | 57,319 | 57,291 | 28 |
| Contractual services | 23,435 | 28,535 | 28,534 | 1 |
| Materials and supplies | 39,980 | 42,882 | 42,881 | 1 |
| Continuous charges | 20,000 | 19,980 | 19,980 | - |
| Total outdoor pool | <u>320,074</u> | <u>148,716</u> | <u>148,686</u> | <u>30</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Ensuring quality of life: (Continued) | | | | |
| Parks and recreation administration: | | | | |
| Personnel services | \$ 481,696 | \$ 491,438 | \$ 491,437 | \$ 1 |
| Contractual services | 30,000 | 138,783 | 35,454 | 103,329 |
| Materials and supplies | 2,000 | 1,602 | 1,598 | 4 |
| Continuous charges | 24,020 | 24,358 | 23,359 | 999 |
| Capital outlay | 35,000 | 80,522 | 69,436 | 11,086 |
| Total parks and recreation administration | <u>572,716</u> | <u>736,703</u> | <u>621,284</u> | <u>115,419</u> |
| Parks: | | | | |
| Personnel services | 882,798 | 895,998 | 895,998 | - |
| Contractual services | 71,600 | 77,715 | 77,695 | 20 |
| Materials and supplies | 188,570 | 185,785 | 170,291 | 15,494 |
| Continuous charges | 54,000 | 55,866 | 53,834 | 2,032 |
| Capital outlay | 63,000 | 170,418 | 108,715 | 61,703 |
| Total parks | <u>1,259,968</u> | <u>1,385,782</u> | <u>1,306,533</u> | <u>79,249</u> |
| Recreation programs administration: | | | | |
| Personnel services | 196,021 | 212,000 | 212,000 | - |
| Contractual services | 83,940 | 80,406 | 80,399 | 7 |
| Total recreation programs administration | <u>279,961</u> | <u>292,406</u> | <u>292,399</u> | <u>7</u> |
| Ida Lee recreation center: | | | | |
| Personnel services | 1,036,525 | 1,037,627 | 1,037,627 | - |
| Contractual services | 272,631 | 309,056 | 308,762 | 294 |
| Materials and supplies | 68,518 | 52,965 | 52,964 | 1 |
| Transfer payments | - | 38 | 38 | - |
| Capital outlay | 256,676 | 257,314 | 210,059 | 47,255 |
| Continuous charges | - | 241 | 241 | - |
| Total Ida Lee recreation center | <u>1,634,350</u> | <u>1,657,241</u> | <u>1,609,691</u> | <u>47,550</u> |
| Fitness programs: | | | | |
| Personnel services | 490,697 | 469,645 | 469,645 | - |
| Contractual services | 35,170 | 32,812 | 30,946 | 1,866 |
| Materials and supplies | 8,100 | 8,560 | 8,559 | 1 |
| Total fitness programs | <u>533,967</u> | <u>511,017</u> | <u>509,150</u> | <u>1,867</u> |
| Community outreach: | | | | |
| Personnel services | 121,767 | 97,276 | 97,276 | - |
| Contractual services | 14,350 | 12,880 | 12,589 | 291 |
| Materials and supplies | 6,080 | 6,265 | 6,257 | 8 |
| Total community outreach | <u>142,197</u> | <u>116,421</u> | <u>116,122</u> | <u>299</u> |
| Acquatics: | | | | |
| Personnel services | 1,153,953 | 1,319,973 | 1,319,973 | - |
| Contractual services | 14,595 | 11,711 | 11,708 | 3 |
| Materials and supplies | 43,730 | 47,180 | 47,179 | 1 |
| Total aquatics | <u>1,212,278</u> | <u>1,378,864</u> | <u>1,378,860</u> | <u>4</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Ensuring quality of life: (Continued) | | | | |
| Sport programs: | | | | |
| Personnel services | \$ 170,881 | \$ 183,228 | \$ 183,228 | \$ - |
| Contractual services | 170 | 70 | 70 | - |
| Materials and supplies | <u>27,300</u> | <u>32,425</u> | <u>32,420</u> | <u>5</u> |
| Total sport programs | <u>198,351</u> | <u>215,723</u> | <u>215,718</u> | <u>5</u> |
| Recreation classes: | | | | |
| Personnel services | 150,377 | 167,733 | 167,732 | 1 |
| Contractual services | 3,370 | 320 | 320 | - |
| Materials and supplies | <u>3,325</u> | <u>4,000</u> | <u>3,999</u> | <u>1</u> |
| Total recreation classes | <u>157,072</u> | <u>172,053</u> | <u>172,051</u> | <u>2</u> |
| Special events: | | | | |
| Personnel services | 186,340 | 137,449 | 137,449 | - |
| Contractual services | 227,009 | 218,453 | 204,425 | 14,028 |
| Materials and supplies | 54,739 | 79,053 | 79,052 | 1 |
| Grants and contributions | <u>12,500</u> | <u>12,100</u> | <u>12,100</u> | <u>-</u> |
| Total special events | <u>480,588</u> | <u>447,055</u> | <u>433,026</u> | <u>14,029</u> |
| Tennis court complex: | | | | |
| Personnel services | 473,549 | 548,145 | 548,144 | 1 |
| Contractual services | 13,700 | 22,290 | 22,261 | 29 |
| Materials and supplies | 20,300 | 24,174 | 24,171 | 3 |
| Continuous charges | <u>51,760</u> | <u>51,740</u> | <u>49,580</u> | <u>2,160</u> |
| Total tennis court complex | <u>559,309</u> | <u>646,349</u> | <u>644,156</u> | <u>2,193</u> |
| Camp programs: | | | | |
| Personnel services | 82,834 | 93,683 | 93,677 | 6 |
| Contractual services | 33,500 | 33,891 | 33,890 | 1 |
| Materials and supplies | <u>6,000</u> | <u>6,262</u> | <u>6,261</u> | <u>1</u> |
| Total camp programs | <u>122,334</u> | <u>133,836</u> | <u>133,828</u> | <u>8</u> |
| Preschool childcare programs: | | | | |
| Personnel services | 108,553 | 99,363 | 99,363 | - |
| Contractual services | 1,900 | 1,753 | 1,753 | - |
| Materials and supplies | <u>3,570</u> | <u>4,513</u> | <u>4,506</u> | <u>7</u> |
| Total preschool childcare programs | <u>114,023</u> | <u>105,629</u> | <u>105,622</u> | <u>7</u> |
| Total Parks and Recreation Commission | <u>7,607,396</u> | <u>7,962,238</u> | <u>7,701,535</u> | <u>260,703</u> |
| Balch library: | | | | |
| Library operations: | | | | |
| Personnel services | 408,871 | 419,058 | 409,069 | 9,989 |
| Contractual services | 35,983 | 46,998 | 40,372 | 6,626 |
| Materials and supplies | 40,655 | 32,455 | 30,882 | 1,573 |
| Continuous charges | 22,166 | 19,669 | 18,211 | 1,458 |
| Capital outlay | <u>-</u> | <u>12,599</u> | <u>5,336</u> | <u>7,263</u> |
| Total library operations | <u>507,675</u> | <u>530,779</u> | <u>503,870</u> | <u>26,909</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES –
FUNCTIONAL BUDGET AND ACTUAL
Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Ensuring quality of life: (Continued) | | | | |
| Planning and zoning: | | | | |
| Planning and zoning operations: | | | | |
| Personnel services | \$ 1,843,291 | \$ 1,761,523 | \$ 1,761,523 | \$ - |
| Contractual services | 19,145 | 408,839 | 44,307 | 364,532 |
| Materials and supplies | 6,600 | 7,718 | 6,378 | 1,340 |
| Continuous charges | 290 | 468 | 299 | 169 |
| Capital outlay | - | 1,062 | 1,062 | - |
| Total planning and zoning operations | <u>1,869,326</u> | <u>2,179,610</u> | <u>1,813,569</u> | <u>366,041</u> |
| Plan review: | | | | |
| Personnel services | 1,306,751 | 1,347,730 | 1,347,716 | 14 |
| Contractual services | 131,673 | 175,101 | 97,776 | 77,325 |
| Materials and supplies | 6,500 | 6,761 | 5,785 | 976 |
| Capital outlay | 3,000 | 17,264 | 13,700 | 3,564 |
| Total plan review | <u>1,447,924</u> | <u>1,546,856</u> | <u>1,464,977</u> | <u>81,879</u> |
| Total ensuring quality of life | <u>11,412,113</u> | <u>12,205,040</u> | <u>11,469,542</u> | <u>735,498</u> |
| Seizing the future: | | | | |
| Airport Operations: | | | | |
| Personnel services | 354,307 | 354,464 | 322,318 | 32,146 |
| Contractual services | 269,870 | 283,338 | 256,249 | 27,089 |
| Materials and supplies | 26,600 | 29,853 | 26,305 | 3,548 |
| Continuous charges | 161,390 | 152,454 | 138,372 | 14,082 |
| Total airport operations | <u>812,167</u> | <u>820,109</u> | <u>743,244</u> | <u>76,865</u> |
| Economic development operations: | | | | |
| Personnel services | 275,221 | 275,264 | 275,184 | 80 |
| Contractual services | 60,033 | 63,670 | 32,966 | 30,704 |
| Materials and supplies | 14,550 | 15,415 | 7,990 | 7,425 |
| Continuous charges | 336,023 | 336,093 | 331,329 | 4,764 |
| Grants and contributions | 95,000 | 95,000 | 95,000 | - |
| Capital outlay | - | 3,078 | 3,077 | 1 |
| Total economic development operations | <u>780,827</u> | <u>788,520</u> | <u>745,546</u> | <u>42,974</u> |
| Debt Service: | | | | |
| Principal | 5,475,427 | 5,582,242 | 5,582,241 | 1 |
| Interest and fiscal charges | 2,647,586 | 2,506,616 | 2,484,035 | 22,581 |
| Total debt service | <u>8,123,013</u> | <u>8,088,858</u> | <u>8,066,276</u> | <u>22,582</u> |
| Total expenditures | <u>57,429,283</u> | <u>61,903,959</u> | <u>57,938,068</u> | <u>3,965,891</u> |
| Other Financing Uses: | | | | |
| Transfers out | 1,865,877 | 4,983,675 | 6,722,398 | (1,738,723) |
| Total other financing uses | <u>1,865,877</u> | <u>4,983,675</u> | <u>6,722,398</u> | <u>(1,738,723)</u> |
| Total general fund expenditures and other financing uses | <u>\$ 59,295,160</u> | <u>\$ 66,887,634</u> | <u>\$ 64,660,466</u> | <u>\$ 2,227,168</u> |

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2019
(With Comparative Amounts for 2018)

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 34,290,231 | \$ 27,678,535 |
| Accounts receivable, net | 4,036,605 | 3,837,044 |
| Prepaid expenses | 19,133 | 17,123 |
| Inventory | 683,535 | 739,914 |
| Restricted cash | - | 680,712 |
| | <u>39,029,504</u> | <u>32,953,328</u> |
| NONCURRENT ASSETS | | |
| Capital assets: | | |
| Nondepreciable | 2,524,742 | 1,846,796 |
| Depreciable assets, net | <u>177,327,177</u> | <u>178,743,848</u> |
| Total noncurrent assets | <u>179,851,919</u> | <u>180,590,644</u> |
| Total assets | <u>218,881,423</u> | <u>213,543,972</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pension plan | 588,912 | 600,339 |
| Deferred outflows related to other post employment benefits | 182,032 | 25,913 |
| Deferred loss on refunding | <u>2,150,538</u> | <u>2,350,916</u> |
| Total deferred outflows of resources | <u>2,921,482</u> | <u>2,977,168</u> |
| Total assets and deferred outflows of resources | <u>221,802,905</u> | <u>216,521,140</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 1,137,046 | 1,145,440 |
| Accrued expenses | 328,694 | 316,003 |
| Accrued interest | 935,868 | 1,065,189 |
| Compensated absences | 509,114 | 511,705 |
| Retainage payable | 53,907 | 194,312 |
| Bonds payable | 2,284,859 | 2,164,287 |
| Performance bonds payable | 9,000 | 9,000 |
| Customer deposits and contingent charges | <u>1,265,830</u> | <u>1,105,404</u> |
| Total current liabilities | <u>6,524,318</u> | <u>6,511,340</u> |
| NONCURRENT LIABILITIES | | |
| Compensated absences | 164,395 | 165,231 |
| Net pension obligation liability | 2,305,498 | 2,846,808 |
| Net other postemployment benefit liability | 2,270,174 | 2,081,222 |
| Bonds payable, net | <u>59,152,366</u> | <u>61,586,932</u> |
| Total noncurrent liabilities | <u>63,892,433</u> | <u>66,680,193</u> |
| Total liabilities | <u>70,416,751</u> | <u>73,191,533</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pension plan | 682,884 | 559,902 |
| Deferred inflows related to other postemployment benefits | <u>585,693</u> | <u>674,441</u> |
| Total liabilities and deferred inflows of resources | <u>71,685,328</u> | <u>74,425,876</u> |
| NET POSITION | | |
| Net investment in capital assets | 120,511,325 | 119,676,742 |
| Unrestricted | <u>29,606,252</u> | <u>22,418,522</u> |
| Total net position | <u>\$ 150,117,577</u> | <u>\$ 142,095,264</u> |

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2019
(With Comparative Amounts for 2018)

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|
| OPERATING REVENUES | | |
| Charges for services | \$ 22,253,360 | \$ 21,574,728 |
| Other | 89,127 | 193,654 |
| | <u>22,342,487</u> | <u>21,768,382</u> |
| OPERATING EXPENSES | | |
| Personnel service | 7,597,388 | 7,428,624 |
| Contractual services | 1,804,528 | 886,229 |
| Depreciation and amortization | 5,998,511 | 5,807,748 |
| Materials and supplies | 1,786,830 | 1,849,970 |
| Continuous charges | 1,224,441 | 1,308,254 |
| Claims and settlements | 2,969 | 1,324 |
| Internal and other | 47,576 | 185,541 |
| | <u>18,462,243</u> | <u>17,467,690</u> |
| Operating income | <u>3,880,244</u> | <u>4,300,692</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest on investments | 901,174 | 312,200 |
| Rental and other charges | 551,574 | 287,437 |
| Installation and connection charges | 4,163,000 | 2,298,656 |
| Interest and fiscal charges | (2,352,168) | (2,423,958) |
| | <u>3,263,580</u> | <u>474,335</u> |
| Total nonoperating revenues (expenses), net | <u>3,263,580</u> | <u>474,335</u> |
| Income before capital contributions and transfers | <u>7,143,824</u> | <u>4,775,027</u> |
| TRANSFERS | | |
| Transfers out | <u>(1,351,300)</u> | <u>(1,324,800)</u> |
| CONTRIBUTIONS | | |
| Developer donated assets | <u>2,229,789</u> | <u>2,811,012</u> |
| Total contributions and transfers, net | <u>878,489</u> | <u>1,486,212</u> |
| Change in net position | 8,022,313 | 6,261,239 |
| Total net position, beginning, as restated | <u>142,095,264</u> | <u>135,834,025</u> |
| Total net position, ending | <u>\$ 150,117,577</u> | <u>\$ 142,095,264</u> |

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2019
(With Comparative Amounts for 2018)

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 22,303,352 | \$ 21,581,948 |
| Payments to suppliers for goods and services | (4,820,369) | (3,644,560) |
| Payments to employees for services | <u>(8,050,940)</u> | <u>(7,536,111)</u> |
| Net cash provided by operating activities | <u>9,432,043</u> | <u>10,401,277</u> |
| NONCAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Transfers out | <u>(1,351,300)</u> | <u>(1,324,800)</u> |
| Net cash used in noncapital and related financing activities | <u>(1,351,300)</u> | <u>(1,324,800)</u> |
| CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Installation and connection charges | 4,163,000 | 2,298,656 |
| Acquisition and construction of capital assets | (3,170,402) | (1,862,008) |
| Proceeds from debt issuance | 100,192 | - |
| Principal paid on bonds | (2,164,287) | (2,129,588) |
| Interest and fiscal charges | <u>(2,531,010)</u> | <u>(2,501,294)</u> |
| Net cash used in capital and related financing activities | <u>(3,602,507)</u> | <u>(4,194,234)</u> |
| INVESTING ACTIVITIES | | |
| Interest on investments | 901,174 | 341,228 |
| Rental income | <u>551,574</u> | <u>287,437</u> |
| Net cash provided by investing activities | <u>1,452,748</u> | <u>628,665</u> |
| Net increase in cash and cash equivalents | 5,930,984 | 5,510,908 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning | <u>28,359,247</u> | <u>22,848,339</u> |
| Ending | <u>\$ 34,290,231</u> | <u>\$ 28,359,247</u> |

(Continued)

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2019
(With Comparative Amounts for 2018)

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|----------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 3,880,244 | \$ 4,300,692 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,998,511 | 5,807,748 |
| Pension expense, net of contributions | (406,901) | (129,627) |
| Other postemployment benefits expense, net of contributions | (55,915) | (60,171) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | (199,561) | (235,508) |
| Due from other funds | (2,010) | (4,404) |
| Inventory | 56,379 | 44,922 |
| Increase (decrease) in: | | |
| Accounts payable | (8,394) | 546,240 |
| Accrued liabilities | 9,264 | 82,311 |
| Customer deposits and contingent charges | 160,426 | 49,074 |
| | <u>\$ 9,432,043</u> | <u>\$ 10,401,277</u> |
| SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Developer donated capital improvements | <u>\$ 2,229,789</u> | <u>\$ 2,811,012</u> |
| Capital assets included in retainage payable | <u>\$ 53,907</u> | <u>\$ 194,312</u> |

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF NET POSITION
Year Ended June 30, 2019
(With Comparative Amounts for 2018)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,465,735 | \$ 2,396,102 |
| Receivables (net of allowance for doubtful accounts): | | |
| Trade and other accounts | <u>218,370</u> | <u>194,194</u> |
| Total assets | <u>2,684,105</u> | <u>2,590,296</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 20,737 | 1,401 |
| Insurance and benefit claims | <u>952,439</u> | <u>922,660</u> |
| Total liabilities | <u>973,176</u> | <u>924,061</u> |
| NET POSITION | | |
| Unrestricted | <u>1,710,929</u> | <u>1,666,235</u> |
| Total net position | <u>\$ 1,710,929</u> | <u>\$ 1,666,235</u> |

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2019
(With Comparative Totals for 2018)

| | <u>2019</u> | <u>2018</u> |
|-------------------------------------|---------------------|---------------------|
| OPERATING REVENUES | | |
| Charges for services | \$ 4,455,013 | \$ 4,332,022 |
| Other | 615,889 | 636,541 |
| | <u>5,070,902</u> | <u>4,968,563</u> |
| Total operating revenues | | |
| OPERATING EXPENSES | | |
| Risk financing and benefit payments | <u>5,026,208</u> | <u>5,087,929</u> |
| | <u>5,026,208</u> | <u>5,087,929</u> |
| Total operating expenses | | |
| Operating income (loss) | <u>44,694</u> | <u>(119,366)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest on investments | <u>-</u> | <u>6,619</u> |
| | <u>-</u> | <u>6,619</u> |
| Total nonoperating revenues | | |
| Change in net position | 44,694 | (112,747) |
| Total net position, beginning | <u>1,666,235</u> | <u>1,778,982</u> |
| Total net position, ending | <u>\$ 1,710,929</u> | <u>\$ 1,666,235</u> |

TOWN OF LEESBURG, VIRGINIA

**INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2019
(With Comparative Amounts for 2018)**

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Receipts from interfund services provided | \$ 5,046,726 | \$ 4,948,493 |
| Claims and benefits paid | <u>(4,977,093)</u> | <u>(5,002,391)</u> |
| Net cash provided by (used in) operating activities | <u>69,633</u> | <u>(53,898)</u> |
| INVESTING ACTIVITIES | | |
| Interest on investments | <u>-</u> | <u>6,619</u> |
| Net cash provided by investing activities | <u>-</u> | <u>6,619</u> |
| Net increase (decrease) in cash, cash equivalents, and investments | 69,633 | (47,279) |
| CASH, CASH EQUIVALENTS, AND INVESTMENTS | | |
| Beginning | <u>2,396,102</u> | <u>2,443,381</u> |
| Ending | <u>\$ 2,465,735</u> | <u>\$ 2,396,102</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ 44,694 | \$ (119,366) |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | |
| Changes in assets and liabilities: | | |
| Increase in: | | |
| Accounts receivable | (24,176) | (20,070) |
| Decrease in: | | |
| Accounts payable | 19,336 | (8,533) |
| Insurance and benefit claims | <u>29,779</u> | <u>94,071</u> |
| Net cash provided by (used in) operating activities | <u>\$ 69,633</u> | <u>\$ (53,898)</u> |

TOWN OF LEESBURG, VIRGINIA

**SPECIAL REVENUE FUND
COMBINING BALANCE SHEET
June 30, 2019**

| | <u>Balch Library Trust</u> |
|---|---------------------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash, cash equivalents, and investments | \$ 895,337 |
| Receivables | 550 |
| | <hr/> |
| Total assets | <u><u>\$ 895,887</u></u> |
| FUND BALANCE | |
| Restricted | 893,187 |
| Committed | 2,700 |
| | <hr/> |
| Total fund balance | <u><u>\$ 895,887</u></u> |

TOWN OF LEESBURG, VIRGINIA

**SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended June 30, 2019**

| | Balch Library Trust |
|----------------------------|---------------------------------|
| | <u> </u> |
| REVENUES | |
| Grants | \$ 8,700 |
| Contributions | 75,650 |
| Interest | <u> 19,468</u> |
| Total revenues | <u> 103,818</u> |
| EXPENDITURES | |
| Contractual services | <u> 23,811</u> |
| Total expenditures | <u> 23,811</u> |
| Net change in fund balance | 80,007 |
| Fund balance, beginning | <u> 815,880</u> |
| Fund balance, ending | <u><u> \$ 895,887</u></u> |

TOWN OF LEESBURG, VIRGINIA

**STATISTICAL SECTION
TABLE OF CONTENTS**

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

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

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

TABLE 1

TOWN OF LEESBURG, VIRGINIA

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 219,771,450 | \$ 223,911,574 | \$ 262,169,923 | \$ 260,710,155 | \$ 269,470,483 | \$ 253,108,079 | \$ 260,418,011 | \$ 283,018,215 | \$ 294,700,876 | \$ 305,543,608 |
| Restricted | 32,228 | 5,852,078 | 827,452 | 4,756,210 | 1,366,923 | 11,601,298 | 15,074,126 | 13,860,762 | 12,012,955 | 12,295,849 |
| Unrestricted | 17,659,597 | 10,977,713 | 11,180,851 | 12,031,291 | 11,475,555 | 9,767,484 | 12,371,943 | 12,634,883 | 10,367,657 | 11,415,206 |
| Total governmental activities net position | \$ 237,463,275 | \$ 240,741,365 | \$ 274,178,226 | \$ 277,497,656 | \$ 282,312,961 | \$ 274,476,861 | \$ 287,864,080 | \$ 309,513,860 | \$ 317,081,488 | \$ 329,254,663 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 144,847,942 | \$ 145,743,065 | \$ 111,237,616 | \$ 113,816,486 | \$ 111,153,372 | \$ 106,179,841 | \$ 106,514,815 | \$ 116,239,800 | \$ 119,676,742 | \$ 120,511,325 |
| Unrestricted | 10,072,951 | 9,668,200 | 17,410,647 | 15,324,067 | 15,884,417 | 16,970,074 | 17,627,323 | 22,415,979 | 22,418,522 | 29,606,252 |
| Total business-type activities net position | \$ 154,920,893 | \$ 155,411,265 | \$ 128,648,263 | \$ 129,140,553 | \$ 127,037,789 | \$ 123,149,915 | \$ 124,142,138 | \$ 138,655,779 | \$ 142,095,264 | \$ 150,117,577 |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 364,619,392 | \$ 369,654,639 | \$ 373,407,539 | \$ 374,526,641 | \$ 380,623,855 | \$ 359,287,920 | \$ 366,932,826 | \$ 399,258,015 | \$ 414,377,618 | \$ 426,054,933 |
| Restricted | 32,228 | 5,852,078 | 827,452 | 4,756,210 | 1,366,923 | 11,601,298 | 15,074,126 | 13,860,762 | 12,012,955 | 12,295,849 |
| Unrestricted | 27,732,548 | 20,645,913 | 28,591,498 | 27,355,358 | 27,359,972 | 26,737,558 | 29,999,266 | 35,050,862 | 32,786,179 | 41,021,458 |
| Total primary government net position | \$ 392,384,168 | \$ 396,152,630 | \$ 402,826,489 | \$ 406,638,209 | \$ 409,350,750 | \$ 397,626,776 | \$ 412,006,218 | \$ 448,169,639 | \$ 459,176,752 | \$ 479,372,240 |

Note:

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

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

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

TABLE 2

TOWN OF LEESBURG, VIRGINIA

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

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Legislative | \$ 1,108,873 | \$ 1,929,726 | \$ 2,242,274 | \$ 2,063,474 | \$ 1,647,737 | \$ 358,882 | \$ 252,822 | \$ 258,238 | \$ 275,494 | \$ 266,921 |
| Executive | 5,214,847 | 4,193,418 | 3,709,476 | 3,536,663 | 5,101,778 | 2,072,643 | 2,502,210 | 2,162,353 | 2,011,487 | 2,250,835 |
| Legal | 423,836 | 405,086 | 416,116 | 556,900 | 428,396 | 812,884 | 730,310 | 764,127 | 850,797 | 1,449,665 |
| Finance and administrative services | 2,379,609 | 2,262,397 | 2,082,232 | 2,187,457 | 2,122,300 | 4,427,627 | 4,623,142 | 4,906,502 | 5,574,621 | 5,577,072 |
| Public safety | 11,040,678 | 11,365,062 | 11,701,344 | 12,564,971 | 12,760,923 | 13,236,510 | 13,091,832 | 12,749,163 | 13,696,258 | 14,103,272 |
| Public works | 15,021,938 | 15,522,536 | 15,319,444 | 17,834,560 | 13,281,259 | 15,310,127 | 17,881,225 | 20,915,538 | 21,626,022 | 22,771,022 |
| Parks and recreation | 7,875,032 | 8,002,606 | 7,721,607 | 7,905,724 | 8,545,134 | 8,084,695 | 8,474,752 | 7,323,433 | 8,550,169 | 8,611,563 |
| Balch Library | 641,171 | 627,711 | 596,845 | 586,263 | 638,586 | 635,782 | 666,442 | 670,011 | 521,563 | 540,759 |
| Planning and zoning | 1,773,789 | 1,914,347 | 1,395,917 | 1,498,275 | 1,544,011 | 1,554,970 | 1,634,254 | 1,649,401 | 2,050,272 | 1,892,780 |
| Plan review | 1,697,742 | 1,569,932 | 1,216,828 | 1,303,118 | 1,332,438 | 1,251,101 | 1,346,812 | 1,329,164 | 1,351,632 | 1,460,785 |
| Airport | - | - | 2,444 | 7,237,878 | 1,784,308 | 1,737,100 | 1,887,605 | 1,949,301 | 2,145,464 | 2,313,619 |
| Interest | 2,438,740 | 2,518,659 | 2,746,447 | 2,312,731 | 2,574,971 | 2,948,021 | 3,078,679 | 2,966,378 | 2,299,739 | 2,056,929 |
| Total governmental activities | 49,616,255 | 50,311,480 | 49,150,974 | 59,588,014 | 51,761,841 | 52,430,342 | 56,170,085 | 57,643,609 | 60,953,518 | 63,295,222 |
| Business-type activities: | | | | | | | | | | |
| Airport | 1,709,784 | 1,803,947 | 1,660,120 | - | - | - | - | - | - | - |
| Utilities | 17,607,146 | 17,888,463 | 18,063,523 | 17,842,677 | 19,421,203 | 18,923,084 | 19,288,252 | 19,168,447 | 19,891,648 | 20,814,411 |
| Total business-type activities | 19,316,930 | 19,692,410 | 19,723,643 | 17,842,677 | 19,421,203 | 18,923,084 | 19,288,252 | 19,168,447 | 19,891,648 | 20,814,411 |
| Total government | 68,933,185 | 70,003,890 | 68,874,617 | 77,430,691 | 71,183,044 | 71,353,426 | 75,458,337 | 76,812,056 | 80,845,166 | 84,109,633 |
| Program revenue: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Legislative | - | - | - | - | - | - | - | 319,340 | - | - |
| Public safety | 408,032 | 595,640 | 498,411 | 563,856 | 733,367 | 582,487 | 441,899 | 398,197 | 431,632 | 700,562 |
| Public works | 177,294 | 175,474 | 154,495 | 155,931 | 368,345 | 390,712 | 265,239 | 115,470 | 177,044 | 159,506 |
| Parks and recreation | 4,871,682 | 4,772,869 | 4,670,693 | 4,785,743 | 4,919,355 | 4,921,047 | 4,990,892 | 4,938,988 | 5,076,884 | 5,121,409 |
| Plan review | - | - | - | - | - | - | - | 1,280,528 | 896,791 | 948,850 |
| Planning and zoning | 262,270 | 261,447 | 283,241 | 237,689 | 706,135 | 649,181 | 513,145 | 1,919,609 | 252,393 | 382,255 |
| Airport | - | - | - | - | - | - | - | - | 101,252 | 81,960 |
| Operating grants and contributions: | | | | | | | | | | |
| Executive | - | - | - | - | - | 255,441 | 259,066 | - | 861,824 | 789,810 |
| Public safety | 1,167,353 | 1,084,691 | 988,734 | 1,030,390 | 1,002,002 | 1,018,162 | 1,562,618 | 1,216,964 | 1,104,541 | 1,119,632 |
| Public works | 2,633,224 | 3,052,260 | 2,987,613 | 3,046,021 | 3,442,583 | 3,462,282 | 3,848,932 | 4,529,490 | 4,295,620 | 4,086,213 |

(Continued)

TABLE 2

TOWN OF LEESBURG, VIRGINIA

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

| | Fiscal Year | | | | | | | | | |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Program revenue: (Continued) | | | | | | | | | | |
| Governmental activities: (Continued) | | | | | | | | | | |
| Operating grants and contributions: (Continued) | | | | | | | | | | |
| Parks and recreation | \$ - | \$ - | \$ - | \$ 1,843 | \$ - | \$ - | \$ 586 | \$ 5,000 | \$ 4,500 | \$ 4,500 |
| Balch Library | 5,000 | 372,994 | 5,500 | 5,000 | 12,379 | 13,500 | 8,872 | - | - | - |
| Airport | - | - | - | 135,711 | 99,197 | 125,775 | 113,578 | 82,780 | 218,889 | 259,073 |
| Capital grants and contributions: | | | | | | | | | | |
| Executive | - | - | - | - | 137,400 | - | - | 36,298 | - | - |
| Public works | 58,817,099 | 6,783,738 | 9,163,209 | 9,498,970 | 5,081,809 | - | 8,557,324 | 12,719,606 | 21,434,223 | 15,795,097 |
| Parks and recreation | 5,000 | 71,625 | 8,000 | - | - | 3,234,028 | - | - | - | - |
| Balch Library | 250,000 | - | - | - | - | - | - | - | - | - |
| Airport | - | - | - | 3,957,230 | 916,850 | 1,420,215 | 304,166 | - | - | - |
| Total governmental activities program revenue | <u>68,596,954</u> | <u>17,170,738</u> | <u>18,759,896</u> | <u>23,418,384</u> | <u>17,419,422</u> | <u>16,072,830</u> | <u>20,866,317</u> | <u>27,562,270</u> | <u>34,855,593</u> | <u>29,448,867</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Airport | 716,920 | 1,092,572 | 1,182,366 | - | - | - | - | - | - | - |
| Utilities | 13,517,737 | 14,792,146 | 15,053,935 | 15,225,178 | 15,620,127 | 16,841,860 | 18,639,231 | 22,387,305 | 23,873,384 | 26,416,360 |
| Operating grants and contributions: | | | | | | | | | | |
| Airport | 504,350 | 27,615 | 65,443 | - | - | - | - | - | - | - |
| Utilities | 514,154 | 118,656 | 69,245 | - | 2,176,412 | 1,592,787 | 571,739 | - | - | - |
| Capital grants and contributions: | | | | | | | | | | |
| Airport | 1,282,262 | 194,898 | 633,503 | - | - | - | - | - | - | - |
| Utilities | 5,899,418 | 6,239,546 | 4,066,836 | 4,417,288 | 271,759 | 321,724 | 571,739 | 12,128,538 | 2,811,012 | 2,229,789 |
| Total business-type activities program revenues | <u>22,434,841</u> | <u>22,465,433</u> | <u>21,071,328</u> | <u>19,642,466</u> | <u>18,068,298</u> | <u>18,756,371</u> | <u>19,782,709</u> | <u>34,515,843</u> | <u>26,684,396</u> | <u>28,646,149</u> |
| Total government program revenues | <u>91,031,795</u> | <u>39,636,171</u> | <u>39,831,224</u> | <u>43,060,850</u> | <u>35,487,720</u> | <u>34,829,201</u> | <u>40,649,026</u> | <u>62,078,113</u> | <u>61,539,989</u> | <u>58,095,016</u> |
| Net (expense) revenue: | | | | | | | | | | |
| Governmental activities | 19,004,305 | (33,140,742) | (30,391,078) | (36,169,630) | (34,342,419) | (36,357,512) | (35,303,768) | (30,081,339) | (26,097,925) | (33,846,355) |
| Business-type activities | 3,117,911 | 2,773,023 | 1,347,685 | 1,799,789 | (1,352,905) | (166,713) | 1,521,168 | 15,347,396 | 6,792,748 | 7,831,738 |
| Total government net expense | <u>22,122,216</u> | <u>(30,367,719)</u> | <u>(29,043,393)</u> | <u>(34,369,841)</u> | <u>(35,695,324)</u> | <u>(36,524,225)</u> | <u>(33,782,600)</u> | <u>(14,733,943)</u> | <u>(19,305,177)</u> | <u>(26,014,617)</u> |

(Continued)

TABLE 2

TOWN OF LEESBURG, VIRGINIA

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

| | Fiscal Year | | | | | | | | | |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| General property | \$ 12,196,527 | \$ 12,536,096 | \$ 12,943,508 | \$ 13,723,821 | \$ 13,665,498 | \$ 13,907,905 | \$ 14,184,837 | \$ 14,811,321 | \$ 15,635,984 | \$ 16,611,960 |
| Communication sales and use | 6,107,069 | 6,412,866 | 6,717,220 | 6,621,637 | 6,343,455 | 6,767,712 | 7,234,856 | 7,426,112 | 7,230,196 | 7,528,737 |
| Meals | 3,326,332 | 3,672,760 | 4,418,067 | 4,695,048 | 4,827,853 | 5,021,455 | 5,247,114 | 5,275,413 | 5,841,127 | 5,939,892 |
| Business and occupational licenses | 2,708,180 | 2,880,044 | 2,860,659 | 3,072,266 | 3,292,385 | 3,326,739 | 3,152,175 | 3,482,857 | 3,620,884 | 3,727,985 |
| Utility | 1,489,727 | 1,542,597 | 1,495,345 | 1,546,528 | 1,564,500 | 1,559,559 | 1,525,755 | 1,521,738 | 1,544,206 | 1,530,840 |
| Cigarette | 805,298 | 872,047 | 1,133,071 | 1,047,206 | 980,759 | 934,508 | 905,450 | 872,841 | 821,296 | 726,665 |
| Other | 2,429,978 | 2,459,485 | 2,565,675 | 2,558,425 | 2,785,727 | 2,486,346 | 2,892,316 | 2,879,141 | 3,252,683 | 3,494,156 |
| Intergovernmental, non-categorical aid | 1,567,285 | 1,573,674 | 1,562,312 | 1,595,780 | 1,594,257 | 1,881,123 | 2,756,311 | 11,200,431 | 2,516,960 | 1,638,232 |
| Use of money and property | 440,731 | 686,183 | 514,491 | 1,768,730 | 1,796,693 | 1,785,866 | 2,185,769 | 2,581,923 | 2,410,130 | 3,181,950 |
| Miscellaneous and lease income | 993,681 | 1,086,819 | 901,963 | 1,608,459 | 813,747 | 676,490 | 611,090 | 257,235 | 82,456 | 287,813 |
| Transfers | 2,201,852 | 2,696,261 | 28,715,628 | 1,907,496 | 1,492,850 | 1,501,662 | 1,723,931 | 1,422,107 | 1,324,800 | 1,351,300 |
| Total governmental activities | <u>34,266,660</u> | <u>36,418,832</u> | <u>63,827,939</u> | <u>40,145,396</u> | <u>39,157,724</u> | <u>39,849,365</u> | <u>42,419,604</u> | <u>51,731,119</u> | <u>44,280,722</u> | <u>46,019,530</u> |
| Business-type activities: | | | | | | | | | | |
| Use of money and property | 59,215 | 84,837 | 254,237 | 562,996 | 194,274 | 66,363 | 236,150 | 350,671 | 312,200 | 901,174 |
| Miscellaneous | 295,623 | 328,773 | 350,704 | 411,370 | 548,717 | 546,126 | 424,837 | 237,681 | 481,091 | 640,701 |
| Transfers | (2,201,852) | (2,696,261) | (28,715,628) | (1,907,496) | (1,492,850) | (1,501,662) | (1,723,931) | (1,422,107) | (1,324,800) | (1,351,300) |
| Total business-type activities | <u>(1,847,014)</u> | <u>(2,282,651)</u> | <u>(28,110,687)</u> | <u>(933,130)</u> | <u>(749,859)</u> | <u>(889,173)</u> | <u>(1,062,944)</u> | <u>(833,755)</u> | <u>(531,509)</u> | <u>190,575</u> |
| Total primary government | <u>32,419,646</u> | <u>34,136,181</u> | <u>35,717,252</u> | <u>39,212,266</u> | <u>38,407,865</u> | <u>38,960,192</u> | <u>41,356,660</u> | <u>50,897,364</u> | <u>43,749,213</u> | <u>46,210,105</u> |
| Changes in net position: | | | | | | | | | | |
| Governmental activities | 53,270,965 | 3,278,090 | 33,436,861 | 3,975,766 | 4,815,305 | 3,491,853 | 7,115,836 | 21,649,780 | 18,182,797 | 12,173,175 |
| Business-type activities | 1,270,897 | 490,372 | (26,763,002) | 866,659 | (2,102,764) | (1,055,886) | 458,224 | 14,513,641 | 6,261,239 | 8,022,313 |
| Total primary government | <u>\$ 54,541,862</u> | <u>\$ 3,768,462</u> | <u>\$ 6,673,859</u> | <u>\$ 4,842,425</u> | <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>\$ 20,195,488</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 a parentheses are net expenses indicating that expenses were greater than program revenues, and the revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.

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

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

TABLE 3

TOWN OF LEESBURG, VIRGINIA

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

| Function / Program | Fiscal Year | | | | | | | | | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental activities: | | | | | | | | | | |
| Legislative | \$ 23,606 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 319,340 | \$ - | \$ - |
| Executive | - | - | - | - | 137,400 | 255,441 | 259,066 | 36,298 | 861,824 | 789,810 |
| Legal | | | | | | | | | | |
| Parks and recreation | 4,876,682 | 4,844,494 | 4,678,693 | 4,787,586 | 4,919,355 | 4,921,047 | 4,991,478 | 4,943,988 | 5,081,384 | 5,125,909 |
| Balch Library | 255,000 | 372,994 | 5,500 | 5,000 | 12,379 | 16,500 | 8,872 | - | - | - |
| Planning and zoning | 262,270 | 261,447 | 283,241 | 237,689 | 706,135 | 649,181 | 513,145 | 1,919,609 | 252,393 | 382,255 |
| Public works | 61,627,617 | 10,011,472 | 12,305,317 | 12,700,922 | 8,892,737 | 7,087,022 | 12,671,495 | 17,364,566 | 25,906,887 | 20,040,816 |
| Public safety | 1,575,385 | 1,680,331 | 1,487,145 | 1,594,246 | 1,735,369 | 1,600,649 | 2,004,517 | 1,615,161 | 1,536,173 | 1,820,194 |
| Plan review | - | - | - | - | - | - | - | 1,280,528 | 896,791 | 948,850 |
| Airport | - | - | - | 4,092,941 | 1,016,047 | 1,545,990 | 417,744 | 82,780 | 320,141 | 341,033 |
| Total governmental activities | <u>68,620,560</u> | <u>17,170,738</u> | <u>18,759,896</u> | <u>23,418,384</u> | <u>17,419,422</u> | <u>16,075,830</u> | <u>20,866,317</u> | <u>27,562,270</u> | <u>34,855,593</u> | <u>29,448,867</u> |
| Business-type activities: | | | | | | | | | | |
| Airport | 2,503 | 1,315,085 | 1,881,312 | - | - | - | - | - | - | - |
| Utilities | 19,931,309 | 21,150,348 | 19,190,016 | 19,642,466 | 18,068,298 | 18,756,371 | 20,809,420 | 34,515,843 | 26,684,396 | 28,646,149 |
| Total business-type activities | <u>19,933,812</u> | <u>22,465,433</u> | <u>21,071,328</u> | <u>19,642,466</u> | <u>18,068,298</u> | <u>18,756,371</u> | <u>20,809,420</u> | <u>34,515,843</u> | <u>26,684,396</u> | <u>28,646,149</u> |
| Total government | <u>\$ 88,554,372</u> | <u>\$ 39,636,171</u> | <u>\$ 39,831,224</u> | <u>\$ 43,060,850</u> | <u>\$ 35,487,720</u> | <u>\$ 34,832,201</u> | <u>\$ 41,675,737</u> | <u>\$ 62,078,113</u> | <u>\$ 61,539,989</u> | <u>\$ 58,095,016</u> |

Note:

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

TABLE 4**TOWN OF LEESBURG, VIRGINIA**

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

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Fund: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 153,473 | \$ - |
| Unreserved | - | - | - | 831,316 | - |
| Nonspendable | 3,756,141 | 3,365,873 | 151,402 | - | 155,411 |
| Restricted | 5,711,725 | 5,852,078 | 827,452 | - | 973,799 |
| Committed | 1,400,000 | 1,400,000 | - | - | - |
| Assigned | 2,059,742 | 2,717,261 | 6,774,757 | 7,144,209 | 8,747,716 |
| Unassigned | 8,529,064 | 9,103,329 | 9,395,933 | 10,041,113 | 10,958,360 |
| Total general fund | \$ 21,456,672 | \$ 22,438,541 | \$ 17,149,544 | \$ 18,170,111 | \$ 20,835,286 |
| All Other Governmental Funds: | | | | | |
| Committed, reported in: | | | | | |
| Capital projects fund | \$ - | \$ 2,878,070 | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Capital projects fund | 12,939,512 | - | 5,299,780 | 6,672,522 | 7,750,173 |
| Special revenue funds | - | - | - | - | - |
| Assigned, reported in: | | | | | |
| Capital projects fund | - | - | 945,427 | (5,137,844) | (12,805,982) |
| Total all other government funds | \$ 12,939,512 | \$ 2,878,070 | \$ 6,245,207 | \$ 1,534,678 | \$ (5,055,809) |

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund: | | | | | |
| Nonspendable | \$ 159,370 | \$ 217,801 | \$ 302,316 | \$ 277,338 | \$ 224,707 |
| Restricted | 985,772 | 1,025,170 | 1,379,857 | 716,204 | 888,975 |
| Committed | - | - | - | - | - |
| Assigned | 11,349,940 | 12,940,397 | 14,145,306 | 14,010,719 | 13,744,579 |
| Unassigned | 10,286,067 | 11,521,249 | 12,288,356 | 14,494,275 | 11,610,081 |
| Total general fund | \$ 22,781,149 | \$ 25,704,617 | \$ 28,115,835 | \$ 29,498,536 | \$ 26,468,342 |
| All Other Governmental Funds: | | | | | |
| Restricted, reported in: | | | | | |
| Capital projects fund | \$ 10,615,526 | \$ 12,595,634 | \$ 12,480,905 | \$ 14,277,505 | \$ 14,487,721 |
| Other governmental funds | - | - | - | 1,130,864 | 893,187 |
| Committed, reported in: | | | | | |
| Capital projects fund | 2,131,395 | 5,044,819 | 10,557,120 | 2,180,641 | 14,347,994 |
| Assigned, reported in: | | | | | |
| Capital projects fund | - | - | - | 1,271,396 | - |
| Unassigned, reported in: | | | | | |
| Capital projects fund | (1,779,735) | (3,980,575) | (9,581,537) | - | (8,405,774) |
| Total all other government funds | \$ 10,967,186 | \$ 13,659,878 | \$ 13,456,488 | \$ 18,860,406 | \$ 21,323,128 |

Note:

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

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

TABLE 5

TOWN OF LEESBURG, VIRGINIA
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues: | | | | | | | | | | |
| General property taxes | \$ 12,363,461 | \$ 12,503,998 | \$ 12,854,369 | \$ 13,606,085 | \$ 13,814,622 | \$ 13,568,504 | \$ 14,389,962 | \$ 14,816,811 | \$ 15,692,223 | \$ 16,763,012 |
| Other local taxes | 16,866,584 | 15,585,903 | 16,981,945 | 17,327,161 | 17,618,402 | 17,939,057 | 18,864,268 | 14,031,990 | 15,080,196 | 15,419,538 |
| Permits, privilege fees, and regulatory licenses | 437,125 | 432,971 | 435,554 | 391,407 | 1,073,586 | 1,032,766 | 772,765 | 1,280,528 | 1,366,410 | 1,368,371 |
| Fines and forfeitures | 402,164 | 576,328 | 482,049 | 544,411 | 718,350 | 530,509 | 341,152 | 378,181 | 426,404 | 558,857 |
| Use of money and property | 440,731 | 686,183 | 514,491 | 1,768,730 | 1,796,693 | 1,785,866 | 2,185,769 | 2,574,671 | 2,403,511 | 3,181,950 |
| Charges for services | 4,879,989 | 4,796,131 | 4,689,237 | 4,807,401 | 4,935,266 | 4,980,152 | 5,097,258 | 5,075,406 | 5,263,363 | 5,422,620 |
| Contributions and proffers | 2,139,318 | 1,853,390 | 342,739 | 594,544 | 1,646,901 | 1,318,658 | 961,402 | 2,260,800 | 3,989,498 | 1,616,097 |
| Grants | - | - | - | - | - | - | - | 5,250 | - | 8,700 |
| Miscellaneous | 993,681 | 1,086,819 | 901,963 | 1,608,459 | 813,747 | 676,490 | 611,090 | 257,235 | 77,206 | 279,113 |
| Intergovernmental | 9,170,344 | 8,715,734 | 12,354,864 | 17,460,860 | 12,815,853 | 12,249,130 | 15,380,716 | 24,919,385 | 32,456,282 | 23,620,180 |
| Total revenues | 47,693,397 | 46,237,457 | 49,557,211 | 58,109,058 | 55,233,420 | 54,081,132 | 58,604,382 | 65,595,007 | 76,760,343 | 68,238,438 |
| Expenditures: | | | | | | | | | | |
| Legislative | 1,103,242 | 919,953 | 960,836 | 949,680 | 1,645,525 | 395,084 | 249,418 | 247,809 | 280,712 | 255,452 |
| Executive | 3,395,350 | 3,431,910 | 3,127,240 | 3,345,634 | 4,065,619 | 1,919,530 | 2,251,468 | 1,887,672 | 1,689,964 | 1,886,653 |
| Legal | 411,839 | 401,794 | 412,454 | 517,214 | 470,940 | 854,433 | 738,157 | 761,453 | 835,408 | 1,449,337 |
| Finance and administrative services | 2,360,863 | 2,252,013 | 2,073,242 | 2,196,207 | 1,985,483 | 4,459,503 | 4,921,814 | 4,795,874 | 5,417,654 | 5,540,062 |
| Public safety | 11,140,380 | 10,883,307 | 11,262,769 | 12,551,566 | 12,507,687 | 13,488,315 | 13,242,169 | 12,467,978 | 13,325,521 | 14,069,073 |
| Public works | 11,456,058 | 11,385,261 | 11,590,650 | 11,851,505 | 11,494,248 | 11,332,942 | 12,878,286 | 14,391,996 | 14,173,810 | 14,360,321 |
| Parks and recreation | 7,418,434 | 7,321,436 | 6,916,341 | 7,462,632 | 7,833,710 | 8,060,847 | 7,845,039 | 7,640,573 | 7,627,827 | 7,701,535 |
| Balch Library | 457,606 | 449,682 | 454,610 | 440,057 | 457,866 | 459,214 | 488,583 | 490,644 | 505,607 | 536,704 |
| Planning and zoning | 1,720,029 | 1,938,591 | 1,382,400 | 1,489,006 | 1,562,694 | 1,591,679 | 1,663,251 | 1,650,178 | 2,021,595 | 1,881,100 |
| Plan review | 1,679,684 | 1,566,111 | 1,248,341 | 1,295,785 | 1,384,016 | 1,314,564 | 1,388,654 | 1,333,740 | 1,334,333 | 1,464,977 |
| Airport | - | - | 2,444 | 706,939 | 688,604 | 660,000 | 716,544 | 771,312 | 743,773 | 750,389 |
| Capital projects | 8,458,203 | 11,072,955 | 9,673,741 | 15,175,508 | 12,144,131 | 8,317,589 | 8,880,704 | 10,341,003 | 15,936,356 | 13,470,015 |
| Debt service: | | | | | | | | | | |
| Principal | 3,156,627 | 3,187,341 | 8,184,465 | 3,026,278 | 1,799,341 | 2,300,000 | 2,505,000 | 5,020,000 | 5,377,001 | 5,582,241 |
| Interest and fiscal charges | 2,256,417 | 2,523,094 | 2,544,404 | 2,698,505 | 2,611,718 | 3,530,190 | 2,997,383 | 3,004,766 | 2,584,951 | 2,484,035 |
| Debt issuance cost | - | - | - | - | - | - | - | 226,075 | - | - |
| Total expenditures | 55,014,732 | 57,333,448 | 59,833,937 | 63,706,516 | 60,651,582 | 58,683,890 | 60,766,470 | 65,031,073 | 71,854,512 | 71,431,894 |
| Excess of revenues over (under) expenditures | (7,321,335) | (11,095,991) | (10,276,726) | (5,597,458) | (5,418,162) | (4,602,758) | (2,162,088) | 563,934 | 4,905,831 | (3,193,456) |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | 2,730,718 | 3,687,699 | 2,648,127 | 2,489,417 | 2,292,323 | 2,350,030 | 6,930,644 | 5,164,734 | 3,982,397 | 9,660,299 |
| Transfers out | (528,866) | (1,671,281) | (3,206,258) | (581,921) | (799,473) | (848,368) | (5,423,779) | (3,742,627) | (2,657,597) | (8,308,999) |
| Issuance of debt | 22,540,000 | - | 8,253,567 | - | - | 17,830,000 | - | - | 555,988 | 1,342,833 |
| Proceeds of refunding bonds | - | - | 10,251,077 | - | - | 9,710,000 | - | 13,029,935 | - | - |
| Payment to refunded bond escrow agent | (7,428,090) | - | (10,980,442) | - | - | (9,710,000) | - | (14,218,960) | - | - |
| Premium (discount) on issuance debt | 321,752 | - | 1,388,795 | - | - | 3,239,954 | - | 1,410,812 | - | - |
| Proceeds from sale of property | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses), net | 17,635,514 | 2,016,418 | 8,354,866 | 1,907,496 | 1,492,850 | 22,571,616 | 1,506,865 | 1,643,894 | 1,880,788 | 2,694,133 |
| Net changes in fund balances | \$ 10,314,179 | \$ (9,079,573) | \$ (1,921,860) | \$ (3,689,962) | \$ (3,925,312) | \$ 17,968,858 | \$ (655,223) | \$ 2,207,828 | \$ 6,786,619 | \$ (499,323) |
| Debt service as a percentage of noncapital expenditures: | | | | | | | | | | |
| Total debt service | \$ 5,413,044 | \$ 5,710,435 | \$ 10,728,869 | \$ 5,724,783 | \$ 4,411,059 | \$ 5,830,190 | \$ 5,502,383 | \$ 8,024,766 | \$ 7,961,952 | \$ 8,066,276 |
| Total expenditures | \$ 55,014,732 | \$ 57,333,448 | \$ 59,833,937 | \$ 63,706,516 | \$ 60,651,582 | \$ 58,683,890 | \$ 60,766,470 | \$ 65,031,073 | \$ 71,854,512 | \$ 71,431,894 |
| Less: capital outlay | (8,290,088) | (10,821,569) | (9,801,397) | (15,621,225) | (15,485,939) | (11,091,705) | (10,812,959) | (10,341,003) | (14,369,653) | (10,284,912) |
| Noncapital expenditures | \$ 46,724,644 | \$ 46,511,879 | \$ 50,032,540 | \$ 48,085,291 | \$ 45,165,643 | \$ 47,592,185 | \$ 49,953,511 | \$ 54,690,070 | \$ 57,484,859 | \$ 61,146,982 |
| Debt service as a percentage of noncapital expenditures | 11.58% | 12.28% | 21.44% | 11.91% | 9.77% | 12.25% | 11.02% | 14.67% | 13.85% | 13.19% |

TABLE 6

TOWN OF LEESBURG, VIRGINIA

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

| | Fiscal Year | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | |
| General Property Taxes | \$ 13,568,504 | \$ 14,389,962 | \$ 14,816,811 | \$ 15,692,223 | \$ 16,763,012 |
| Other Local Taxes | 17,939,057 | 18,864,268 | 14,031,990 | 15,080,196 | 15,419,538 |
| Permits, Fees, and Licenses | 1,027,582 | 772,765 | 1,280,528 | 1,366,410 | 1,368,371 |
| Fines and Forfeitures | 530,509 | 341,152 | 378,181 | 426,404 | 558,857 |
| Use of Money and Property | 1,505,164 | 1,858,388 | 2,224,138 | 2,297,508 | 3,072,979 |
| Charges for Services | 4,980,152 | 5,097,258 | 5,075,406 | 5,263,363 | 5,422,620 |
| Contributions and Proffers | 322,341 | 978,676 | 290,320 | 384,168 | 362,744 |
| Miscellaneous | 675,833 | 179,817 | 250,028 | 57,689 | 259,645 |
| Intergovernmental | 8,591,204 | 9,182,482 | 16,125,460 | 15,415,325 | 15,487,579 |
| Loan proceeds | - | - | - | 555,988 | 201,441 |
| Transfer from other funds | 2,319,710 | 4,171,689 | 3,059,596 | 2,613,846 | 2,713,486 |
| Total revenues | <u>51,460,056</u> | <u>55,836,457</u> | <u>57,532,458</u> | <u>59,153,120</u> | <u>61,630,272</u> |
| Expenditures | | | | | |
| Legislative | 395,084 | 249,418 | 247,809 | 280,712 | 255,452 |
| Executive | 1,919,530 | 2,251,468 | 1,887,672 | 1,689,964 | 1,886,653 |
| Legal | 854,433 | 738,157 | 761,453 | 835,408 | 1,449,337 |
| Finance and administrative services | 4,459,503 | 4,921,814 | 4,795,874 | 5,417,654 | 5,540,062 |
| Public Safety | 13,488,315 | 13,242,169 | 12,467,978 | 13,325,521 | 14,069,073 |
| Public Works | 11,332,942 | 12,878,286 | 14,391,996 | 14,173,810 | 14,360,321 |
| Parks and Recreation | 8,060,847 | 7,845,039 | 7,640,573 | 7,627,827 | 7,701,535 |
| Balch Library | 459,214 | 488,583 | 490,644 | 505,607 | 512,893 |
| Planning and Zoning | 1,591,679 | 1,663,251 | 1,650,178 | 2,021,595 | 1,881,100 |
| Plan Review | 1,314,564 | 1,388,654 | 1,333,740 | 1,334,333 | 1,464,977 |
| Airport | 660,000 | 716,544 | 771,312 | 743,773 | 750,389 |
| Total expenditures | <u>49,514,193</u> | <u>52,912,989</u> | <u>55,121,240</u> | <u>56,971,723</u> | <u>64,660,466</u> |
| Net change in fund balances | 1,945,863 | 2,923,468 | 2,411,218 | 2,181,397 | (3,030,194) |
| Fund balance, beginning of year | <u>20,835,286</u> | <u>22,781,149</u> | <u>25,704,617</u> | <u>27,317,139</u> | <u>29,498,536</u> |
| Fund balance, end of year | <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> |

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

TABLE 7

TOWN OF LEESBURG, VIRGINIA

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

| Fiscal Year June 30, | General Property Including Interest and Penalty | Utility | Cable TV Franchise | Sales and Use | Communication Sales and Use | Bank Franchise | Cigarette | Meals | Transient Occupancy | Business and Occupational Licenses | Motor Vehicle Licenses | Other | Totals |
|---------------------------------|--|----------------|-------------------------------|--------------------------|--|---------------------------|------------------|--------------|--------------------------------|---|---------------------------------------|--------------|---------------|
| 2010 | \$ 12,363,461 | \$ 1,489,727 | \$ 104,425 | \$ 3,841,961 | \$ 2,265,108 | \$ 763,421 | \$ 805,298 | \$ 3,326,332 | \$ 567,223 | \$ 2,708,180 | \$ 781,127 | \$ 213,782 | \$ 29,230,045 |
| 2011 | 12,503,998 | 1,542,597 | 136,471 | 4,158,970 | 2,253,896 | 734,655 | 872,047 | 3,672,760 | 628,452 | 2,880,044 | 792,369 | 167,538 | 30,343,797 |
| 2012 | 12,854,369 | 1,495,345 | 155,894 | 4,509,128 | 2,208,092 | 791,656 | 1,133,071 | 4,418,067 | 661,939 | 2,860,659 | 812,863 | 143,323 | 32,044,406 |
| 2013 | 13,606,085 | 1,546,528 | 170,620 | 4,407,688 | 2,213,949 | 744,156 | 1,047,206 | 4,695,048 | 671,353 | 3,072,266 | 753,280 | 219,016 | 33,147,195 |
| 2014 | 13,814,622 | 1,564,500 | 252,006 | 4,167,178 | 2,176,277 | 875,046 | 980,759 | 4,827,853 | 689,778 | 3,292,385 | 806,461 | 162,436 | 33,609,301 |
| 2015 | 13,568,504 | 1,559,559 | 262,888 | 4,610,450 | 2,157,262 | 912,666 | 934,508 | 5,021,455 | 643,315 | 3,326,739 | 843,185 | 87,180 | 33,927,711 |
| 2016 | 14,389,962 | 1,525,755 | 266,397 | 5,141,458 | 2,093,398 | 987,523 | 905,450 | 5,247,114 | 736,315 | 3,152,175 | 829,452 | 288,954 | 35,563,955 |
| 2017 | 14,816,810 | 1,521,737 | 274,095 | 5,384,169 | 2,041,943 | 985,261 | 872,841 | 5,368,976 | 791,255 | 3,389,293 | 897,488 | 175,628 | 36,519,497 |
| 2018 | 15,692,000 | 1,544,206 | 269,834 | 5,252,089 | 1,978,108 | 1,274,610 | 821,296 | 5,841,127 | 866,352 | 3,620,884 | 890,662 | 221,059 | 38,272,225 |
| 2019 | 16,763,010 | 1,530,840 | 255,908 | 5,693,638 | 1,835,099 | 1,330,907 | 726,665 | 5,939,892 | 862,456 | 3,727,985 | 1,086,694 | 214,101 | 39,967,195 |
| Change 2010-2019 | 36% | 3% | 145% | 48% | -19% | 74% | -10% | 79% | 52% | 38% | 39% | 0% | 37% |

Note:

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

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 | |
| 2010 | \$ 5,557,189,300 | \$ 425,625,374 | \$ 106,373,774 | \$ 1,762,446 | \$ 6,090,950,894 |
| 2011 | 5,675,717,100 | 498,450,685 | 108,083,816 | 1,613,618 | 6,283,865,219 |
| 2012 | 5,802,517,900 | 528,113,712 | 108,553,642 | 891,242 | 6,440,076,496 |
| 2013 | 6,085,462,040 | 481,548,404 | 105,809,512 | 737,446 | 6,673,557,402 |
| 2014 | 6,438,888,020 | 447,867,148 | 111,087,100 | 695,117 | 6,998,537,385 |
| 2015 | 6,643,105,870 | 388,770,026 | 108,441,453 | 653,035 | 7,140,970,384 |
| 2016 | 6,718,865,180 | 428,519,647 | 117,080,280 | 549,045 | 7,265,014,152 |
| 2017 | 7,081,200,240 | 412,219,300 | 116,315,393 | 426,223 | 7,610,161,156 |
| 2018 | 7,529,930,110 | 385,548,796 | 117,980,215 | 514,888 | 8,033,974,009 |
| 2019 | 7,889,996,600 | 409,437,516 | 120,153,718 | 549,604 | 8,420,137,438 |

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

Notes:

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

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

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

TOWN OF LEESBURG, VIRGINIA

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

| Tax Year January 1, | Residential Property | Commercial Property | Public Service Corporation | Nontaxable | Total Assessed Value | Total Taxable Assessed Value | Percent Change | Total Direct Tax Rate | Actual Taxable Value | Value as a Percentage of Actual Value |
|------------------------|-------------------------|------------------------|----------------------------------|----------------|----------------------------|------------------------------------|-------------------|--------------------------|----------------------------|---|
| 2010 | \$ 4,099,937,100 | \$ 1,457,252,200 | \$ 106,373,774 | \$ 725,232,500 | \$ 6,388,795,574 | \$ 5,663,563,074 | (1.2) % | 0.195 | \$ 5,663,563,074 | 100 % |
| 2011 | 4,225,241,300 | 1,450,475,800 | 108,083,816 | 817,713,100 | 6,601,514,016 | 5,783,800,916 | 2.1 | 0.195 | 5,783,800,916 | 100 |
| 2012 | 4,344,339,200 | 1,458,178,700 | 108,553,642 | 811,703,300 | 6,722,774,842 | 5,911,071,542 | 2.2 | 0.195 | 5,911,071,542 | 100 |
| 2013 | 4,549,312,500 | 1,536,149,540 | 105,809,512 | 811,261,540 | 7,002,533,092 | 6,191,271,552 | 4.7 | 0.192 | 6,191,271,552 | 100 |
| 2014 | 4,896,036,280 | 1,542,851,740 | 111,087,100 | 848,001,120 | 7,397,976,240 | 6,549,975,120 | 5.8 | 0.183 | 6,547,329,473 | 100 |
| 2015 | 5,080,543,570 | 1,562,562,300 | 108,441,453 | 868,365,540 | 7,619,912,863 | 6,751,547,323 | 3.1 | 0.183 | 6,643,105,870 | 98 |
| 2016 | 5,136,906,120 | 1,581,959,060 | 117,080,280 | 928,613,880 | 7,764,559,340 | 6,835,945,460 | 1.3 | 0.186 | 6,718,865,180 | 98 |
| 2017 | 5,395,167,440 | 1,686,032,800 | 116,315,393 | 977,061,440 | 8,174,577,073 | 7,197,515,633 | 5.3 | 0.184 | 7,081,200,240 | 98 |
| 2018 | 5,732,121,450 | 1,797,808,660 | 117,980,215 | 1,021,297,320 | 8,669,207,645 | 7,647,910,325 | 6.3 | 0.184 | 7,529,930,110 | 98 |
| 2019 | 6,106,845,300 | 1,783,151,300 | 120,153,718 | 1,015,217,970 | 9,025,368,288 | 8,010,150,318 | 4.7 | 0.184 | 7,889,996,600 | 98 |

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

**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 |
| 2010 | \$ 0.195 | \$ 1.00 | \$ 1.300 | \$ 4.20 | \$ 1.50 | \$ 5.20 |
| 2011 | 0.195 | 1.00 | 1.285 | 4.20 | 1.48 | 5.20 |
| 2012 | 0.195 | 1.00 | 1.235 | 4.20 | 1.43 | 5.20 |
| 2013 | 0.192 | 1.00 | 1.205 | 4.20 | 1.40 | 5.20 |
| 2014 | 0.183 | 1.00 | 1.155 | 4.20 | 1.34 | 5.20 |
| 2015 | 0.183 | 1.00 | 1.135 | 4.20 | 1.32 | 5.20 |
| 2016 | 0.186 | 1.00 | 1.145 | 4.20 | 1.33 | 5.20 |
| 2017 | 0.184 | 1.00 | 1.125 | 4.20 | 1.31 | 5.20 |
| 2018 | 0.184 | 1.00 | 1.085 | 4.20 | 1.27 | 5.20 |
| 2019 | 0.184 | 1.00 | 1.045 | 4.20 | 1.23 | 5.20 |

Notes:

- (1) These rates are per \$100.00 of assessed value for real estate and personal property.
- (2) The Commonwealth of Virginia has no limitations on local tax rates.
- (3) Real property taxes are due in semi-annual installments by June 5 and December 5, and become delinquent thereafter. As of January 1, 2019, Loudoun County bills, collects and administers real estate taxes for the Town.
- (4) No discounts are allowed for early payment.
- (5) Residents of incorporated towns in the Commonwealth of Virginia are subject to real property and personal property taxes levied by the town and the county where they reside.
- (6) The assessed values of all real estate components are taxed at the same rate.

TABLE 11

TOWN OF LEESBURG, VIRGINIA

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

| Taxpayer | 2019 | | | 2010 | | |
|---------------------------------------|------------------------|------|---|------------------------|------|---|
| | 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 | \$ 270,036,580 | 1 | 3.37 % | \$ 126,340,400 | 1 | 2.23 % |
| CRP/TRC Leesburg Retail Owner LLC | 127,005,120 | 2 | 1.59 | | | |
| KJ Met Leesburg Property LLC | 81,323,010 | 3 | 1.02 | | | |
| PP Leesburg Investors LLC | 67,078,310 | 4 | 0.84 | | | |
| Federal Realty Investment Trust | 60,264,230 | 5 | 0.75 | | | |
| C H Realty III/Battlefield LLC | 59,896,930 | 6 | 0.75 | 49,693,300 | 3 | 0.88 |
| RPAI Leesburg Fort Evans LLC | 59,843,960 | 7 | 0.75 | | | |
| Bellmeade Owner LLC | 51,939,310 | 8 | 0.65 | | | |
| Potomac Station (E&A) LLC | 47,242,970 | 9 | 0.59 | 27,940,600 | 9 | 0.49 |
| Toll Road Investors Partnership II LP | 39,548,600 | 10 | 0.49 | | | |
| Carlyle/Cypress Leesburg LLC | | | | 84,937,000 | 2 | 1.50 |
| Battlefield FE LP | | | | 46,920,300 | 4 | 0.83 |
| Windsor at Fieldstone Ltd Partnership | | | | 42,499,100 | 5 | 0.75 |
| Washington-VA Tradnl Dev Sites Inc | | | | 42,150,300 | 6 | 0.74 |
| F R Leesburg Plaza LP | | | | 38,980,000 | 7 | 0.69 |
| Fund IX CB Leesburg LLC | | | | 34,062,300 | 8 | 0.60 |
| NA Properties Inc | | | | 27,663,500 | 10 | 0.49 |
| | <u>\$ 864,179,020</u> | | <u>10.80 %</u> | <u>\$ 521,186,800</u> | | <u>9.20 %</u> |

TOWN OF LEESBURG, VIRGINIA

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

| <u>Calendar Year</u> | <u>Taxes Levied for the Calendar Year</u> | <u>Collected Within the Calendar Year of the Levy</u> | | <u>Collections in Subsequent Years</u> | <u>Total Collections through September 30, 2019</u> | |
|----------------------|---|---|-------------------------------|--|---|-------------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2010 | \$ 10,454,264 | \$ 10,308,720 | 98.61 % | \$ 145,461 | \$ 10,454,181 | 100.00 % |
| 2011 | 10,686,708 | 10,538,460 | 98.61 | 148,248 | 10,686,708 | 100.00 |
| 2012 | 10,985,052 | 10,800,230 | 98.32 | 183,423 | 10,983,653 | 99.99 |
| 2013 | 11,372,301 | 11,238,473 | 98.82 | 133,809 | 11,372,282 | 100.00 |
| 2014 | 11,586,879 | 11,448,839 | 98.81 | 135,563 | 11,584,401 | 99.98 |
| 2015 | 11,951,870 | 11,821,082 | 98.91 | 125,554 | 11,946,636 | 99.96 |
| 2016 | 12,302,314 | 12,121,029 | 98.53 | 173,454 | 12,294,483 | 99.94 |
| 2017 | 12,879,257 | 12,653,736 | 98.25 | 195,475 | 12,849,212 | 99.77 |
| 2018 | 13,654,178 | 13,428,080 | 98.34 | 195,999 | 13,624,079 | 99.78 |
| 2019 | 14,345,336 (1) | 7,207,925 | 50.25 | - | 7,207,925 | 50.25 |

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

| <u>Calendar Year</u> | <u>Taxes Levied for the Calendar Year</u> | <u>Collected Within the Calendar Year of the Levy</u> | | <u>Collections in Subsequent Years</u> | <u>Total Collections through September 30, 2019</u> | |
|----------------------|---|---|-------------------------------|--|---|-------------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2010 | \$ 3,675,295 | \$ 3,191,156 | 86.83 % | \$ 482,725 | \$ 3,673,881 | 99.96 % |
| 2011 | 3,576,777 | 2,933,515 | 82.02 | 639,423 | 3,572,938 | 99.89 |
| 2012 | 2,711,235 | 2,226,970 | 82.14 | 477,143 | 2,704,112 | 99.74 |
| 2013 | 2,976,406 | 2,513,570 | 84.45 | 407,605 | 2,921,175 | 98.14 |
| 2014 | 284,978 (2) | 269,307 | 94.50 | 15,590 | 284,897 | 99.97 |
| 2015 | 2,930,148 (3) | 2,679,717 | 91.45 | 194,937 | 2,874,654 | 98.11 |
| 2016 | 3,030,471 | 2,753,137 | 90.85 | 203,188 | 2,956,325 | 97.55 |
| 2017 | 3,320,943 | 2,746,748 | 82.71 | 376,898 | 3,123,646 | 94.06 |
| 2018 | 3,207,577 | 2,840,544 | 88.56 | 368,685 | 3,209,229 | 100.05 |
| 2019 | 3,035,157 | 2,472,048 | 81.45 | - | 2,472,048 | 81.45 |

Note:

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

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

(3) The Real Estate portion of Public Service Corporation is included in years 2012-2019 under Personal Property Tax levied and collected.

TOWN OF LEESBURG, VIRGINIA

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

| Fiscal Year June 30, | Governmental Activities | | Business-Type Activities | | Total Primary Government | Percentage of Per Capita Personal Income | Debt Per Capita | General Bonded Debt | Percentage of Actual Taxable Value of Property | General Bonded Debt |
|-------------------------|--------------------------------|------------------|-----------------------------|--------------------------------|--------------------------------|---|-----------------------|---|---|--------------------------------------|
| | General Obligation Bonds | Notes Payable | Revenue Bonds | General Obligation Bonds | | | | Outstanding General Obligation Bonds | | Outstanding Debt Per Capita |
| 2010 | \$ 58,356,575 | \$ - | \$ 7,876,307 | \$ 64,372,534 | \$ 130,605,416 | 4.87 % | 3,065 | \$ 122,729,109 | 2.17 % | 3,162 |
| 2011 | 55,175,219 | - | 6,282,575 | 62,995,669 | 124,453,463 | 4.37 | 2,791 | 118,170,888 | 2.04 | 2,650 |
| 2012 | 59,994,727 | - | 4,204,897 | 63,735,361 | 127,934,985 | 4.33 | 2,775 | 123,730,088 | 2.09 | 2,683 |
| 2013 | 56,946,559 | - | 4,204,897 | 63,074,316 | 124,225,772 | 4.28 | 2,598 | 120,020,875 | 1.94 | 2,510 |
| 2014 | 57,234,740 | - | 4,204,897 | 62,564,875 | 124,004,512 | 4.17 | 2,508 | 119,799,615 | 1.83 | 2,423 |
| 2015 | 70,620,000 | - | 3,886,950 | 61,375,000 | 135,881,950 | 4.38 | 2,662 | 131,995,000 | 1.99 | 2,586 |
| 2016 | 72,747,433 | - | 3,234,264 | 64,682,401 | 140,664,098 | 4.44 | 2,673 | 137,429,834 | 2.05 | 2,612 |
| 2017 | 68,240,268 | - | 2,558,534 | 63,572,170 | 134,370,972 | 4.10 | 2,478 | 131,812,438 | 1.86 | 2,431 |
| 2018 | 62,453,834 | 555,988 | 1,858,946 | 61,892,273 | 126,761,041 | 3.71 | 2,351 | 124,346,107 | 1.65 | 2,306 |
| 2019 | 56,750,109 | 1,702,735 | 1,134,659 | 60,302,566 | 119,890,069 | 3.14 | 2,224 | 117,052,675 | 1.48 | 2,171 |

- Notes:
- (1) Details regarding the Town’s outstanding debt may be found in the notes to the financial statements.
 - (2) Population and personal income data can be found in Table 17.
 - (3) See Table 9 for property value data.
 - (4) The outstanding amounts of the bonds are presented inclusive of premiums and discounts.

TOWN OF LEESBURG, VIRGINIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2019

(Unaudited)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|-----------------------------------|-----------------------------|--|--|
| Loudoun County, Virginia | \$1,702,877,166 | 9.62 % | \$ 163,761,727 |
| Town Direct Debt | | | <u>58,452,844</u> |
| Total direct and overlapping debt | | | <u><u>\$ 222,214,571</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
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|---|-------------------------|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Debt limit | \$ 566,688,673 | \$ 578,516,198 | \$ 590,906,536 | \$ 619,696,514 | \$ 654,732,947 | \$ 664,310,587 | \$ 671,886,518 | \$ 708,120,024 | \$ 719,751,563 | \$ 801,015,032 |
| Total net debt applicable to limit | <u>58,871,267</u> | <u>55,683,926</u> | <u>59,915,619</u> | <u>56,946,559</u> | <u>57,234,740</u> | <u>70,620,000</u> | <u>68,115,000</u> | <u>68,240,268</u> | <u>62,453,834</u> | <u>58,452,844</u> |
| Available legal debt margin | <u>\$ 507,817,406</u> | <u>\$ 522,832,272</u> | <u>\$ 530,990,917</u> | <u>\$ 562,749,955</u> | <u>\$ 597,498,207</u> | <u>\$ 593,690,587</u> | <u>\$ 603,771,518</u> | <u>\$ 639,879,756</u> | <u>\$ 657,297,729</u> | <u>\$ 742,562,188</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 10.39% | 9.63% | 10.14% | 9.19% | 8.74% | 10.63% | 10.14% | 9.64% | 8.68% | 7.30% |
| Legal debt margin calculation for fiscal year 2019 | | | | | Summary of outstanding debt: | | | | | |
| Assessed value of real estate | <u>\$ 8,010,150,318</u> | | | | Gross bonded debt | | | | | |
| | | | | | \$ 118,755,410 | | | | | |
| | | | | | Less: enterprise debt | | | | | |
| | | | | | <u>60,302,566</u> | | | | | |
| Debt limit (10% of assessed value) | 801,015,032 | | | | General obligation debt: | | | | | |
| Debt applicable to limit: | | | | | <u>\$ 58,452,844</u> | | | | | |
| Net direct debt outstanding | <u>58,452,844</u> | | | | | | | | | |
| Available legal debt margin | <u>\$ 742,562,188</u> | | | | | | | | | |

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

TABLE 16

TOWN OF LEESBURG, VIRGINIA

**BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year June 30, | Utilities Fund | | | | | | | Coverage |
|-------------------------|-------------------------------|-----------------------|-----------------------------|--------------|--------------|--------------|------|----------|
| | Utility Service Charges | Operating Expenses | Net Available Revenue | Debt Service | | Total | | |
| | | | | Principal | Interest | | | |
| 2010 | \$ 15,878,286 | \$ 10,278,205 | \$ 5,600,081 | \$ 2,665,601 | \$ 2,751,430 | \$ 5,417,031 | 1.03 | |
| 2011 | 16,434,880 | 10,140,178 | 6,294,702 | 2,606,022 | 2,851,913 | 5,457,935 | 1.15 | |
| 2012 | 17,110,830 | 10,282,888 | 6,827,942 | 2,050,000 | 2,705,326 | 4,755,326 | 1.44 | |
| 2013 | 17,231,686 | 10,218,722 | 7,012,964 | 715,000 | 3,216,795 | 3,931,795 | 1.78 | |
| 2014 | 17,983,513 | 11,385,489 | 6,598,024 | 789,593 | 2,961,708 | 3,751,301 | 1.76 | |
| 2015 | 18,081,938 | 10,369,729 | 7,712,209 | 2,300,000 | 2,111,102 | 4,411,102 | 1.75 | |
| 2016 | 20,898,668 | 11,254,828 | 9,643,840 | 2,232,686 | 2,911,379 | 5,144,065 | 1.87 | |
| 2017 | 22,975,657 | 11,076,596 | 11,899,061 | 1,930,730 | 2,574,561 | 4,505,291 | 2.64 | |
| 2018 | 24,666,675 | 11,659,942 | 13,006,733 | 2,129,588 | 2,473,479 | 4,603,067 | 2.83 | |
| 2019 | 27,958,235 | 12,463,732 | 15,494,503 | 2,164,287 | 2,301,496 | 4,465,783 | 3.47 | |

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

**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 |
|---------------------------------|---------------------------|------------------------------------|---|--------------------------------------|
| 2010 | 43,055 | \$ 2,683,913,064 | \$ 62,979 | 5.30 % |
| 2011 | 44,589 | 2,847,929,166 | 66,042 | 5.00 |
| 2012 | 46,110 | 2,951,701,200 | 68,208 | 4.80 |
| 2013 | 47,817 | 2,900,407,268 | 66,517 | 4.70 |
| 2014 | 49,447 | 2,973,117,692 | 67,577 | 4.50 |
| 2015 | 51,045 | 3,099,325,362 | 70,046 | 3.70 |
| 2016 | 52,617 | 3,170,767,796 | 71,218 | 3.40 |
| 2017 | 54,215 | 3,277,877,100 | 73,100 | 2.90 |
| 2018 | 53,917 | 3,417,779,300 | 75,700 | 2.70 |
| 2019 | 53,917 | 3,820,135,200 | 81,200 | 2.40 |

Notes:

- (1) 2010: US Bureau of Census, 2010 Decennial Census.
2011-2019: U.S.Census Bureau Annual Population Estimates.

(2) Per capita and Personal Income information is not maintained for towns in Virginia. The amounts used here are for the County of Loudoun, Virginia, which the Town lies within. Information for per capita personal income is sourced from the Bureau of Economic Analysis' November 16, 2017 release for 2000 to 2016. 2017 to 2019 values are estimates from the Loudoun County Department of Management and Budget.

(3) Unemployment rates information is maintained for some towns in Virginia, including Leesburg. The information provided is sourced from the Bureau of Labor Statistics, Local Area Unemployment Statistics, September 18, 2019, month of June each year. Values of previous years have been revised.

TABLE 18

TOWN OF LEESBURG, VIRGINIA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

| Employer | 2019 | | Percentage of Total Employment | 2010 | |
|---------------------------------|------------------|-------------|---|------------------|-------------|
| | Employees | Rank | | Employees | Rank |
| Loudoun County Government | 2,500-3,000 | 1 | 12.9 % | 2,000-2,500 | 1 |
| Loudoun County Public Schools | 1,500-2,000 | 2 | 7.1 | 1,500-2,000 | 2 |
| Federal Aviation Administration | 500-1,000 | 3 | 2.5 | 500-1,000 | 3 |
| Town of Leesburg | 250-500 | 4 | 2.1 | 500-1,000 | 4 |
| Wegmans | 250-500 | 5 | 1.8 | 500-1,000 | 6 |
| K2M | 250-500 | 6 | 1.6 | - | - |
| Commonwealth of Virginia | 250-500 | 7 | 1.5 | - | - |
| Target | 250-500 | 8 | 1.2 | 250-500 | 7 |
| Walmart | 250-500 | 9 | 1.1 | - | - |
| Costco | 100-250 | 10 | 1.1 | 100-250 | 8 |
| Loudoun Medical Group | - | - | - | 500-1,000 | 5 |
| Giant Foods | - | - | - | 100-250 | 9 |
| Home Depot | - | - | - | 100-250 | 10 |

Sources: Town of Leesburg Economic Development Department, Virginia Employment Commission, 1st Quarter 2019.

TOWN OF LEESBURG, VIRGINIA

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

| Function/Program | Fiscal Year | | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 (3) | 2019 |
| Town Manager’s Office | 8.5 | 9.0 | 6.0 | 6.0 | 6.0 | 7.0 | 8.0 | 6.0 | 6.0 | 6.0 |
| Town Attorney | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 |
| Clerk of Council | 1.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 |
| Finance | 19.5 | 19.5 | 16.0 | 16.0 | 15.5 | 15.5 | 17.5 | 19.5 | 19.0 | 19.5 |
| Human Resources | 7.5 | 7.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Information Technology | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | 7.0 |
| Public Safety | 98.0 | 101.0 | 101.0 | 101.0 | 101.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 |
| Public Works & Capital Projects | 53.0 | 53.0 | 49.0 | 49.0 | 49.0 | 49.0 | 53.0 | 55.0 | 57.0 | 61.0 |
| Capital Projects Management | 11.0 | 10.0 | 10.6 | 10.6 | 9.4 | 6.0 | - | - | - | - |
| Utilities | 84.0 | 80.5 | 78.5 | 78.0 | 78.0 | 78.0 | 81.0 | 81.0 | 81.0 | 83.0 |
| Parks, Recreation and Cultural | 112.2 | 111.0 | 107.1 | 107.1 | 107.1 | 107.5 | 107.5 | 105.5 | 37.3 | 35.0 |
| Balch Library | 6.2 | 6.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 3.0 | 3.0 |
| Planning & Zoning | 16.0 | 16.0 | 11.0 | 11.0 | 12.0 | 12.0 | 12.0 | 12.0 | 14.0 | 14.0 |
| Plan Review | 14.0 | 12.0 | 9.0 | 9.0 | 9.0 | 9.0 | 8.0 | 8.0 | 8.0 | 9.0 |
| Economic Development | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Airport | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| | <u>446.4</u> | <u>441.2</u> | <u>411.4</u> | <u>410.9</u> | <u>410.2</u> | <u>412.2</u> | <u>415.2</u> | <u>416.2</u> | <u>349.3</u> | <u>355.5</u> |

Source: Town of Leesburg Fiscal Year Budgets.

Note:

(1) Plan Review department established in fiscal year 2009. Employees were transferred from Planning and Zoning and Public Works.

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

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

TABLE 20

TOWN OF LEESBURG, VIRGINIA

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS
(Unaudited)**

| Function/Program | Calendar Year | | | | | | | | | |
|---|---------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 (1) |
| Police: | | | | | | | | | | |
| Calls for service | 45,236 | 50,832 | 47,864 | 49,764 | 51,028 | 54,261 | 44,110 | 45,831 | 49,695 | 33,734 |
| Adult arrest | 1,302 | 1,468 | 1,244 | 1,063 | 1,189 | 710 | 635 | 1,156 | 934 | 636 |
| Juvenile arrest | 286 | 319 | 237 | 121 | 165 | 83 | 58 | 227 | 71 | 28 |
| Speeding citations only | 1,636 | 1,662 | 1,736 | 1,764 | 1,260 | 1,542 | 887 | 854 | 1,069 | 903 |
| Traffic citations | 7,328 | 6,795 | 5,567 | 5,580 | 7,064 | 4,827 | 4,115 | 5,572 | 7,714 | 5,275 |
| Administration: | | | | | | | | | | |
| Applications processed (full and part-time) | 1,244 | 1,712 | 1,879 | 1,276 | 2,528 | 3,141 | 2,744 | 3,134 | 2,886 | 2,345 |
| Positions advertised (full and part-time) | 16 | 42 | 70 | 56 | 109 | 132 | 115 | 113 | 103 | 92 |
| New hires (full and part-time) | 133 | 130 | 142 | 124 | 166 | 200 | 155 | 183 | 156 | 139 |
| Reportable accidents | 76 | 37 | 25 | 24 | 20 | 26 | 19 | 19 | 14 | 17 |
| All town training sessions | 34 | 20 | 47 | 38 | 29 | 30 | 40 | 50 | 49 | 53 |
| Public service: | | | | | | | | | | |
| Garbage collected (ton) | 16,829 | 18,024 | 18,185 | 13,639 | 13,183 | 15,489 | 16,309 | 15,541 | 15,842 | 12,322 |
| Recycle collected (ton) | 8,396 | 9,776 | 10,355 | 7,766 | 5,226 | 7,529 | 7,288 | 7,604 | 6,016 | 3,980 |
| Parks and recreation: | | | | | | | | | | |
| Recreation program attendance | 15,161 | 23,306 | 14,883 | 11,160 | 11,174 | 12,374 | 10,363 | 11,691 | 11,031 | 10,565 |
| Aquatics program attendance | 10,650 | 9,902 | 7,781 | 5,835 | 8,008 | 7,996 | 8,094 | 8,256 | 7,843 | 7,381 |
| Utilities: | | | | | | | | | | |
| New water connections | 67 | 94 | 116 | 87 | 116 | 59 | 106 | 132 | 114 | 172 |
| New wastewater connections | 67 | 85 | 100 | 84 | 114 | 57 | 105 | 132 | 111 | 161 |
| Average daily water consumption (mgd) | 4.30 | 4.30 | 4.29 | 4.28 | 4.25 | 4.20 | 4.15 | 4.11 | 4.06 | 4.16 |
| Average daily sewage treatment (mgd) | 5.00 | 4.88 | 4.46 | 4.42 | 4.27 | 4.05 | 4.09 | 3.95 | 4.55 | 4.33 |
| Airport: | | | | | | | | | | |
| Number of hangers rented | 41 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 |
| Number of tiedowns rented | 122 | 120 | 110 | 102 | 108 | 101 | 106 | 106 | 106 | 106 |
| Number of incidents on airport property | - | 1 | 1 | - | 2 | - | 1 | - | - | - |

Note:
(1) Through September 30.

Source: Various Town departments

TABLE 21

TOWN OF LEESBURG, VIRGINIA

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

| Function/Program | Fiscal Year | | | | | | | | | |
|--------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Police protection: | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Streets: | | | | | | | | | | |
| Primary (miles) | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 16 |
| Secondary (miles) | 91 | 91 | 92 | 92 | 92 | 92 | 92 | 93 | 93 | 93 |
| Traffic signals | 50 | 51 | 52 | 54 | 56 | 56 | 59 | 59 | 60 | 61 |
| Number of street lights | 2,614 | 2,654 | 2,700 | 2,791 | 2,920 | 2,993 | 3,089 | 3,165 | 3,180 | 3,221 |
| Parks and recreation: | | | | | | | | | | |
| Parks – number of acres | 361 | 361 | 361 | 361 | 361 | 370 | 370 | 370 | 370 | 370 |
| Major parks – number of acres | 265 | 265 | 265 | 265 | 265 | 265 | 265 | 265 | 265 | 265 |
| Neighborhood parks – number of acres | 96 | 96 | 96 | 96 | 96 | 105 | 105 | 105 | 105 | 105 |
| Baseball/softball diamonds | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Soccer/football fields | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Basketball courts | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Tennis courts | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Swimming pools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Parks with playground equipment | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Picnic shelters | 4 | 4 | 4 | 4 | 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 | 41,227 | 59,423 | 61,368 | 70,717 | 74,262 | 76,203 | 77,899 | 94,987 | 124,737 | 128,119 |
| Water: | | | | | | | | | | |
| Wells | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water lines (miles) | 215 | 218 | 217 | 218 | 218 | 218 | 218 | 218 | 220 | 223 |
| Fire hydrants | 2,367 | 2,459 | 2,589 | 2,598 | 2,595 | 2,606 | 2,606 | 2,606 | 2,724 | 2,792 |
| Storage capacity (mgd) | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of customers | 15,142 | 15,159 | 15,292 | 15,509 | 15,553 | 15,634 | 15,712 | 15,791 | 15,929 | 16,050 |
| Sewers: | | | | | | | | | | |
| Sanitary sewers (miles) | 175 | 169 | 172 | 172 | 172 | 174 | 174 | 174 | 176 | 178 |
| Storm sewers (miles) | 131 | 134 | 134 | 137 | 137 | 144 | 144 | 144 | 153 | 169 |
| Number of customers | 15,039 | 15,178 | 15,347 | 15,391 | 15,453 | 15,579 | 15,657 | 15,734 | 15,872 | 16,107 |
| Airport: | | | | | | | | | | |
| Hangers | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 |
| Tie-downs | 133 | 122 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |

Source: Various Town departments

TOWN OF LEESBURG, VIRGINIA

LEGAL DEBT MARGIN INFORMATION FOR BOND COVENANT CONTINUING DISCLOSURE
June 30, 2019
(Unaudited)

| | | <u>As of</u> <u>June 30, 2019</u> |
|---|------------------|--------------------------------------|
| Assessed Value of Real Estate | | \$ 8,010,150,318 |
| Legal Debt Limit-10% to total Assessed Value of Real Estate | | 801,015,032 |
| Total amount of debt applicable to debt margin (1) | \$ 118,755,410 | |
| Less: 1999 Revenue Bond (2) | <u>1,134,659</u> | |
| Net amount of debt applicable to debt margin | | <u>117,620,751</u> |
| Legal Margin for Creation of Additional Debt | | <u>\$ 683,394,281</u> |

Notes:

(1) See Table 15 Gross Bonded Debt.

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

COMPLIANCE SECTION

TOWN OF LEESBURG, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

| | Pass-Through Entity Identifying Number | Federal CFDA Number | Expenditures |
|--|---|------------------------------------|---------------------|
| DEPARTMENT OF JUSTICE | | | |
| Direct Payments: | | | |
| Bulletproof Vest Partnership | NA | 16.607 | \$ 8,537 |
| Pass-Through Payments: | | | |
| Northern Virginia Gang Task Force | | | |
| FBI Safe Streets Gang Task Force | NA | 16.544 | 15,505 |
| Pass-Through Payments: | | | |
| Town of Vienna, Virginia | | | |
| Gang-Free Schools and Communities-Community Based | | | |
| Youth Gang Prevention | 2010-DD-BX-0483 | 16.544 | 20,703 |
| Total Department of Justice | | | 44,745 |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Pass-Through Payments: | | | |
| Loudoun County | | | |
| Community Development Block Grant | NA | 14.228 | 8,891 |
| Total Department of Housing and Urban Development | | | 8,891 |
| DEPARTMENT OF TRANSPORTATION | | | |
| Direct Payments: | | | |
| Airport Improvement Program | 3-51-0027-039-2015 | 20.106 | 122,134 |
| Pass-Through Payments: | | | |
| Virginia Department of Transportation: | | | |
| Federal-Aid Highway Program – Lower Sycolin | U000-253-312 | 20.205 | 2,557,032 |
| Federal-Aid Highway Program – Historic Lighting Fixtures | EN06-253-124 | 20.205 | 392 |
| Federal Highway Safety Program (HSIP) | U000-253-337 | 20.205 | 28,411 |
| Total Highway Planning and Construction Center | | | 2,585,835 |
| Total Department of Transportation | | | 2,707,969 |
| Total Federal Expenditures | | | \$ 2,761,605 |

TOWN OF LEESBURG, VIRGINIA

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

Basis of Presentation

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

De Minimus Indirect Cost Rate

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

Outstanding Loan Balances

At June 30, 2019, the Town had no outstanding loan balances requiring continuing disclosure.

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

Honorable Members of Town Council
Town of Leesburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leesburg, Virginia (the “Town”), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated November 25, 2019.

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) to determine the 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 may exist that have not been identified.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Item 2019-001.**

Town of Leesburg's Response to Findings

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

Purpose of This Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 25, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Leesburg, Virginia's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2019. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 25, 2019

TOWN OF LEESBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2019

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

STATE COMPLIANCE MATTERS

Code of Virginia:

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

State Agency Requirements:

Highway Maintenance Funds

LOCAL COMPLIANCE MATTERS

Town Charter

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

TOWN OF LEESBURG, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **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** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The major program of the Town is:

| Name of Program | CFDA # |
|-----------------------------------|--------|
| Highway Planning and Construction | 20.205 |

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2019-001: Highway Maintenance

Condition:

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

Criteria:

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2019-001: Highway Maintenance (Continued)

Cause:

There was inconsistency in documenting work performed and rate used.

Effect:

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

Recommendation:

We recommend revisiting procedures around monitoring highway maintenance.

Management's Response (Unaudited):

In 2018, the Town implemented new procedures to address this including electronic tracking of timesheets, utilizing the GPS in the vehicles, and further oversight over the process.