



Popular Annual Financial Report

for the
Fiscal Year Ended
June 30, 2020



Photo: Leesburg Town Hall

What is a Popular Annual Financial Report?

The Popular Annual Financial Report (PAFR) is a supplement to the Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR). Financial numbers are extracted from the Town's CAFR, but the PAFR is not audited and does not conform to generally accepted accounting principles (GAAP). In addition, the PAFR includes financial information for the Town's General Fund only. Information about the Utilities Fund, Capital Projects Fund, and NVTA Fund is not included.

Citizens are encouraged to read the CAFR and the full financial disclosures within the document which include detailed financial statements, notes, schedules and reports. The CAFR is prepared in accordance with GAAP and is audited in conformity with generally accepted auditing standards by a firm of certified public accountants. For Fiscal Year 2020, the Town's auditor was Brown, Edwards & Company LLC. The CAFR is available in its entirety on the Town website at www.leesburgva.gov/cafr.

Town Officials

The Town of Leesburg operates under the council-manager form of government. The Town Council is the governing body of the Town and is empowered by the Town charter to make policy.

Town Council Members are elected at-large for staggered, four-year terms and the Mayor is elected for a two-year term.

The Council adopts Town ordinances, establishes Town policies, sets tax rates, sets water and sewer rates, and adopts the annual operating and capital budgets.

The Council hires the Town Manager and the Town Attorney. The Town Manager serves as the Town's chief executive officer and hires all other Town employees.

TOWN COUNCIL

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

TOWN STAFF

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

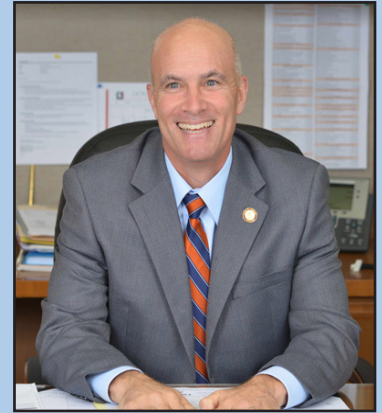
Town Manager's Message

I am pleased to present the Town of Leesburg's first-ever Popular Annual Financial Report.

Every year, the Town is required by law to produce a Comprehensive Annual Financial Report (CAFR). While the annual budget document maps out how the Town plans to fund its operations for the coming year, the CAFR reflects our actual revenues and expenditures for the past year. However, the CAFR is a dense, number-heavy document, and you practically need a degree in accounting to make sense of it. This new report – our Popular Annual Financial Report – provides residents with an easy-to-read explanation of the Town's finances during Fiscal Year 2020 (July 1, 2019 through June 30, 2020).

This report is the result of hard work by the Town's Accounting Division staff, and I am very proud of their accomplishment that adds to our public transparency. If you have comments, questions, or suggestions for improvements, I encourage you to reach out to Clark Case, our Director of Finance and Administrative Services, at ccase@leesburgva.gov or 703-771-2720.

As always, it is an honor to serve as your Town Manager. Please feel free to contact me at kdentler@leesburgva.gov or 703-771-2700.




Kaj Dentler, Town Manager

Community Profile

The Town of Leesburg, Virginia, was established in 1758 as the seat of newly created Loudoun County. Until the latter half of the 20th century, Leesburg remained a small country town, serving the needs of surrounding farms. Following the opening of Washington Dulles International Airport on the eastern edge of Loudoun County in 1962, both the county and the town began to experience the rapid growth that has characterized the region since then. The completion of the Dulles Greenway Toll Road in 1995, providing easy access to the entire Washington, D.C. Metropolitan area, further fueled that growth.

Today, the Town of Leesburg is the largest town in the Commonwealth of Virginia with a population in excess of 50,000. Leesburg's diverse economic base, steady growth, and strong management have earned the Town the highest credit rating possible for a municipal government: AAA ratings from all three major rating agencies (Fitch Ratings, Standard & Poor's, and Moody's).

Leesburg remains the center of government for Loudoun County, with the Loudoun County Courthouse and the County's main administrative offices located in downtown. The Town sits on the border between the now-suburban eastern part of Loudoun County and the rural west, offering residents and visitors the best of both worlds.

Home to a robust selection of shops, restaurants, and live music venues, Leesburg's historic downtown is one of the best preserved and most recognizable in Virginia. Outside of downtown, Leesburg boasts an impressive and diverse array of business districts and shopping centers, including the Village at Leesburg and the Leesburg Premium Outlets.

Located on the southern edge of town, the Leesburg Executive Airport is the second busiest general aviation airport in Virginia. The airport is a less congested option to Dulles Airport for private business jets and the recently opened customs clearance facility is already attracting more international flights. Despite the increased business traffic, Leesburg Executive Airport remains a popular home base for recreational flyers with four flight schools operating at the airfield.

Leesburg offers residents a variety of residential choices, ranging from downtown apartments and condominiums to large estate homes. The Town's proximity to Washington, D.C., growing arts and music scene, abundant outdoor recreational opportunities, and Loudoun County's excellent public schools ensure that Leesburg will continue to grow for many years into the future.

*largest town in
Virginia*

PARKS 17 parks
370 acres
6 playgrounds



53,727
POPULATION

48,000+
annual calls
for service




81 Sworn
Officers



16,386
Housing Units

210 units built
in FY 2020

\$109,176
Avg Household Income
[181% of national average]

 **448** vehicles & equipment
263 roadway lane miles
63 traffic signals

Public Works

2,759 business licenses

*Loudoun
County Seat*

12.65
Square
Miles

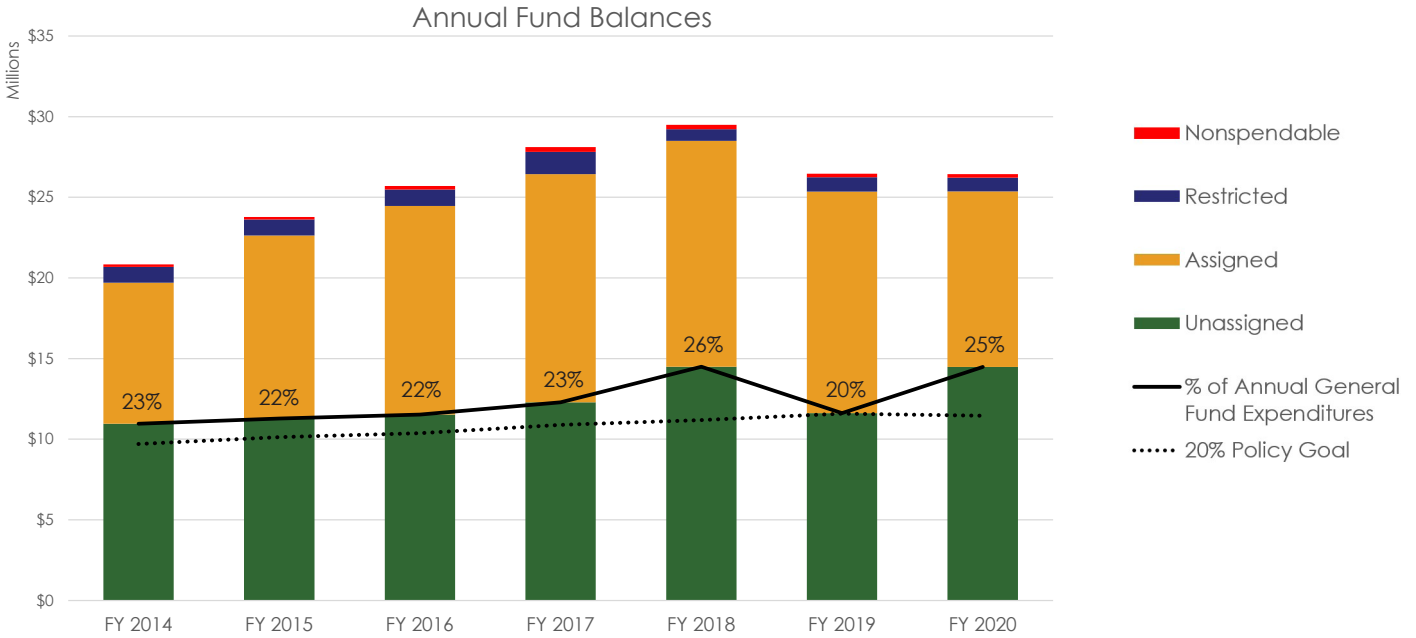
380 full time employees



Fiscal Year 2020 General Fund: Annual Fund Balance

The General Fund is the basic operating fund of the Town and its everyday activities are recorded there. These items include activities such as public safety, trash and recycling collection, parks and recreation programs, the Town's airport, maintaining Town-

owned facilities and streets, and collecting taxes and other local revenue. The Annual Fund Balance is the excess of what the Town owns (assets) over what the Town owes (liabilities).



The fund balance is broken down into four components:

- Nonspendable:** Items not in a cash form or that cannot be spent.
- Restricted:** Funds restricted to a certain purpose.
- Assigned:** Funds that have been set aside by Town Council action or committed by a contract or purchase order.
- Unassigned:** Funds available for capital projects, balancing the budget, and other purposes that maintain the level of services for our taxpayers.

The Town has a policy to maintain an unassigned fund balance equal to 20% of annual General Fund expenditures, in order to ensure financial stability for the Town (represented by the dotted line in the chart above). In Fiscal Year 2020, due to the Town Council's adopted policies and proactive management actions, the Town was able to maintain the unassigned fund balance at the 20% policy (represented by the solid black line on the chart above), despite the COVID pandemic crisis. Maintaining a healthy fund balance reduces the need to borrow money or cut services in times of crisis. It also provides a more secure and consistent cash flow to cover the Town's operating needs.

Fiscal Year 2020 General Fund: Net Position

The annual fund balance is also the General Fund's "beginning net position" for the next fiscal year. Changes in net position are calculated by comparing revenue with expenditures, similar to balancing your checkbook. When revenue exceeds expenditures, the Town's net position improves. When expenditures exceed revenue, our net position declines.

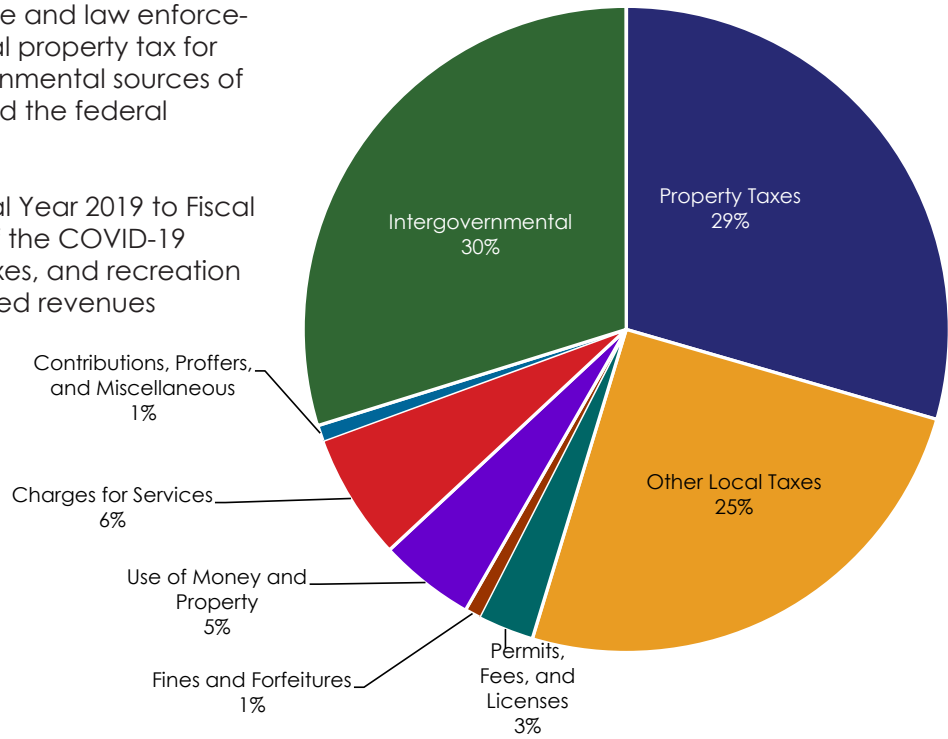
	Fiscal Year 2019	Fiscal Year 2020
Beginning Net Position	\$29,498,536	\$26,468,342
Total Revenues	+ \$61,620,272	+ \$59,317,999
Total Expenditures	- \$64,660,466	- \$59,350,421
Ending Net Position	\$26,468,342	\$26,435,920

In Fiscal Year 2020, the net position decreased due to the COVID-19 pandemic which impacted anticipated revenues from the restaurant, entertainment, recreation, and hospitality sectors. Despite the decrease, the Town's financial position remains strong.

General Fund Revenue Sources

The Town's revenue comes from many sources. Real estate and other taxes are the largest source with intergovernmental sources second. Intergovernmental sources include revenue from the Commonwealth of Virginia in the form of sales and communication taxes, funding for highway maintenance and law enforcement, and state relief for personal property tax for motor vehicles. Other intergovernmental sources of revenue are Loudoun County and the federal government.

The decline in revenue from Fiscal Year 2019 to Fiscal Year 2020 is due to the impact of the COVID-19 pandemic. Meals taxes, hotel taxes, and recreation program fees were the anticipated revenues hardest hit.



Revenue Source	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Property Taxes	\$15,692,223	\$16,763,012	\$16,540,635
Other Local Taxes	\$15,080,196	\$15,419,538	\$14,140,990
Permits, Fees, and Licenses	\$1,366,410	\$1,368,371	\$1,582,992
Fines and Forfeitures	\$426,404	\$558,857	\$426,867
Use of Money and Property	\$2,297,528	\$3,072,979	\$2,684,433
Charges for Services	\$5,263,363	\$5,422,620	\$3,556,396
Contributions, Proffers, and Miscellaneous	\$441,857	\$622,389	\$438,454
Intergovernmental	\$15,415,325	\$15,487,579	\$16,725,951
Total	\$55,983,306	\$58,715,345	\$56,096,718

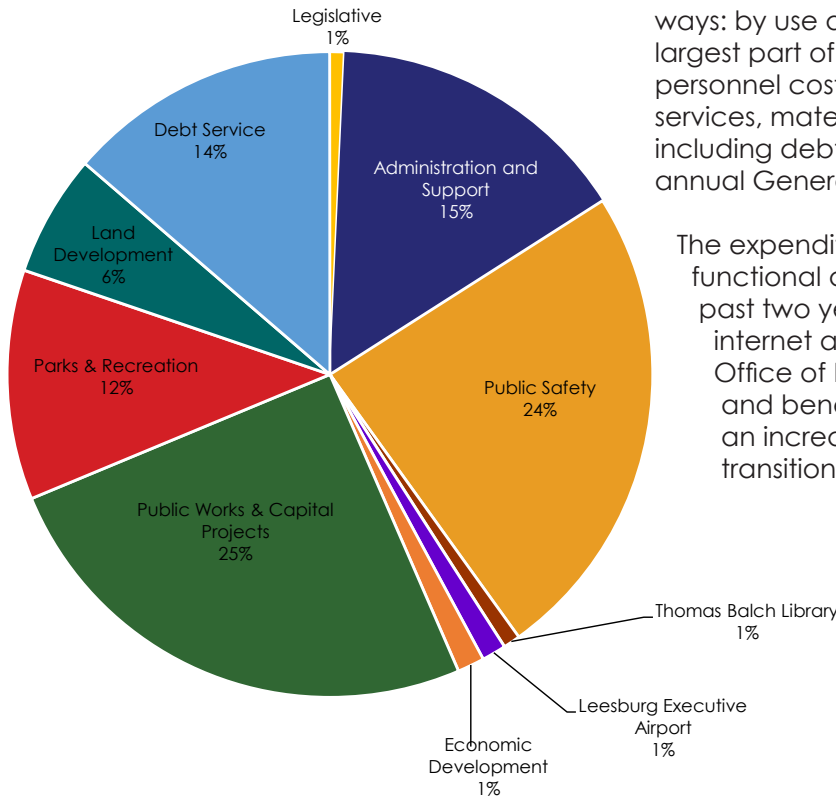
Note: The charts and tables on pages 6 and 7 include only departmental revenues and expenditures. The table at the bottom of page 5 reflects all General Fund revenues and expenditures, including transfers in and out, such as payments to the General Fund from the Utilities Fund, the Capital Projects Fund, and the NVTAFund, as well as the proceeds of bond sales.

General Fund Expenditures by Function

The Town must balance its budget each year. In other words, expenditures cannot exceed revenue.

General Fund expenditures are broken down two ways: by use and by functional area. By use, the largest part of the Town's General Fund budget is for personnel costs, followed by operations (contractual services, materials, supplies, etc.), and capital outlay, including debt service. The chart on this page shows annual General Fund expenditures by functional area.

The expenditures in the Administration and Support functional area increased significantly over the past two years due to setting up independent internet and email systems, the creation of an Office of Emergency Management, salary and benefit adjustments for existing staff, and an increase in costs for the consolidated billing transition to Loudoun County.



Functional Area	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Legislative	\$412,810	\$396,921	\$407,778
Administration and Support	\$7,230,248	\$8,087,145	\$8,730,350
Public Safety	\$13,325,521	\$14,069,073	\$13,813,223
Thomas Balch Library	\$496,808	\$503,870	\$483,780
Leesburg Executive Airport	\$737,114	\$743,244	\$697,899
Economic Development	\$678,102	\$745,546	\$777,050
Public Works & Capital Projects	\$14,173,810	\$14,360,321	\$14,455,259
Parks & Recreation	\$7,611,855	\$7,687,126	\$6,584,126
Land Development	\$3,289,936	\$3,278,546	\$3,491,335
Debt Service	\$7,961,952	\$8,066,276	\$7,832,041
Total	\$55,918,156	\$57,938,068	\$57,272,841

Legislative includes the Town Council and the Town's 12 appointed boards and commissions.

Administration and Support includes Town Manager's Office, Town Attorney, Clerk of Council, Finance, Human Resources, Information Technology, and town-wide expenditures.

Land Development includes Planning & Zoning and Plan Review.

Major Employers

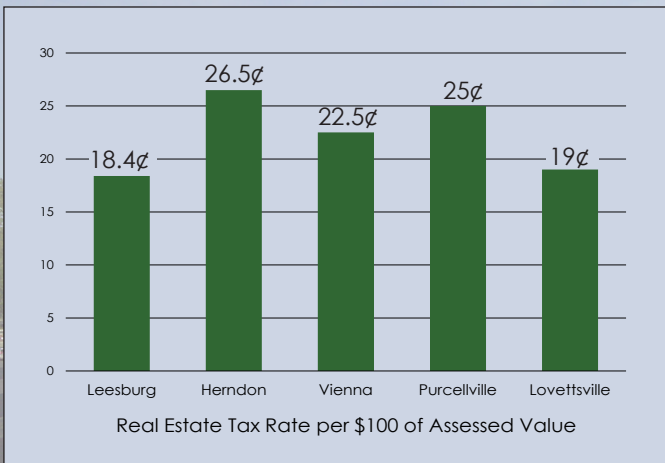
There are over 2,700 employers, with more than 22,000 jobs, located in the Town. Most of the Town's employers are small, locally-owned businesses.

The top nine employers are listed below. An additional 13 privately-owned businesses employ between 100 and 250 people each.

Company	Sector	Employee Range
Loudoun County Government	Government	2,500 - 5,000
Loudoun County Public Schools	Education	1,000 - 2,500
Federal Aviation Administration	Aviation	500 - 1,000
Commonwealth of Virginia	Government	250 - 500
Costco	Retail	250 - 500
Stryker (formerly K2M)	Medical Device Mfg	250 - 500
Target	Retail	250 - 500
Town of Leesburg	Government	250 - 500
Wegmans	Retail	250 - 500

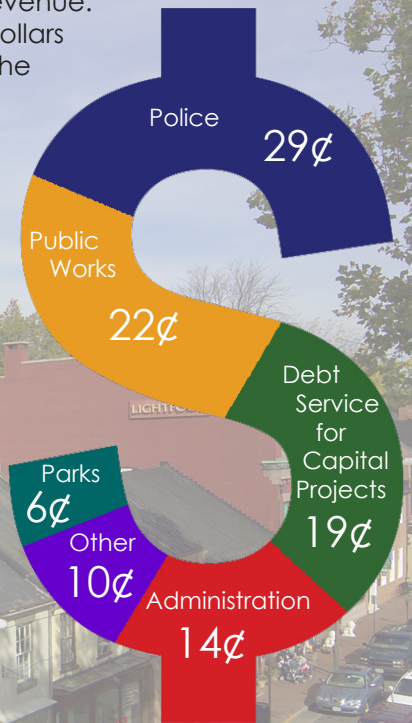
Real Property Tax Rates

Real estate taxes are based on real property assessments which are set by Loudoun County and the real property tax rate set by Town Council each year. Below are tax rates for Leesburg and surrounding towns (shown in descending order by population, from left to right). Real estate in Virginia is assessed at 100% of its fair value. Loudoun County now collects real estate taxes for the Town of Leesburg with due dates of June 5 and December 5.



Where Does My Tax Dollar Go?

The chart on page 7 shows how all of the Town's revenue is allocated by functional area. In contrast, the chart below shows how local property taxes are allocated. Bear in mind that property taxes account for only 29% of total revenue. As a result, local tax dollars are only a portion of the budget for each of the areas shown.



This report was prepared by the Accounting Division of the Department of Finance and Administrative Services and the Public Information Office. If you have comments or questions regarding this report, please contact Clark Case, Director of Finance and Administrative Services, at ccase@leesburgva.gov or 703-771-2720.