



Popular Annual Financial Report

for the
Fiscal Year Ended
June 30, 2021



Photo: On approach into Leesburg Executive Airport

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Town Council

Kelly Burk, Mayor
Fernando Martinez, Vice Mayor
Ara Bagdasarian
Zach Cummings
Suzanne Fox
Kari Nancy
Neil Steinberg

Introduction

December 29, 2021

We are pleased to present the Popular Annual Financial Report (PAFR) for Fiscal Year 2021, covering the period from July 1, 2020 to June 30, 2021. Part of our commitment to open and transparent government, the PAFR is designed to give residents and taxpayers an overview of the Town's finances and financial position in an easy-to-read format.

The PAFR is a supplement to the Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR). Financial numbers in the PAFR are extracted from the Town's ACFR, 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.

Residents are encouraged to read the ACFR and the full financial disclosures within the document which include detailed financial statements, notes, schedules, and reports. The ACFR 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 2021, the Town's auditor was Brown, Edwards & Company LLC. The ACFR is available in its entirety on the Town website at www.leesburgva.gov/acfr.

We hope this report provides readers with a better understanding of the Town's financial activities over the past year.



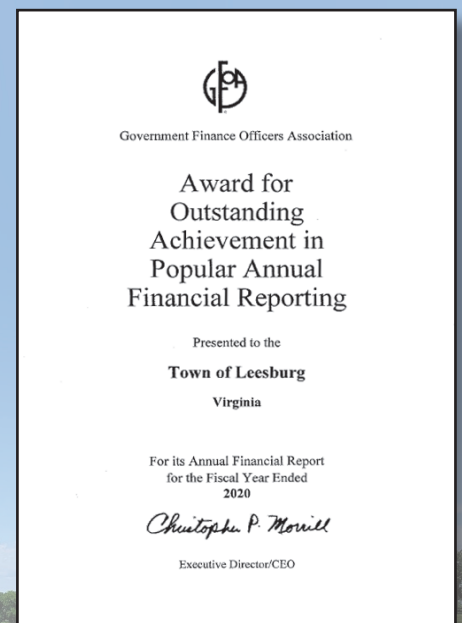
Kaj Dentler
Town Manager



Clark G. Case
Director of Finance
and Administrative Services

Last year, the Government Finance Officers Association (GFOA) presented the Town with its Award for Outstanding Achievement in Popular Annual Financial Reporting for the Town's *first ever* PAFR.

This award places Leesburg among GFOA's "Triple Crown" winners for Fiscal Year 2020, the Town having received awards for all three yearly financial documents: the Budget Document, the Annual Comprehensive Financial Report, and the Popular Annual Financial Report.



Major Accomplishments

New Interchange at Battlefield Parkway & Route 7

Construction on the interchange, which eliminated traffic signals on Route 7 at Battlefield Parkway and Cardinal Park Drive, broke ground in October 2019 and was completed in November 2021. In addition to improved traffic flow on Route 7, the new interchange provides safe pedestrian passage across the busy 6-lane highway. The \$77.3 million project was jointly funded by the Commonwealth of Virginia, Loudoun County, the Northern Virginia Transportation Authority, and the Town of Leesburg.



Remote Air Traffic Control Tower

Since 2015, the Leesburg Executive Airport has been the North American test site for a new air traffic control technology. A "crow's nest" of cameras on the roof of the airport terminal building transmit a 360° view of the airfield to a series of high-definition video panels in the remote tower center (RTC), located in a nearby building. Controllers in the RTC have exactly the same experience as if they were in a tower on the airfield. As a result of the testing at Leesburg, the Federal Aviation Administration has approved this technology for use in the United States.



Locally Leesburg

Locally Leesburg highlights the unique businesses that call Leesburg home, making our town a destination of choice for businesses, visitors, and residents. Each week, a different business is featured in a short video that is posted to the Town's social media channels and website. Since its launch in February 2021, *Locally Leesburg* has introduced over three dozen local businesses, ranging from restaurants and microbreweries to retail shops and consulting firms. See the entire video archive at www.leesburgva.gov/locallyleesburg.



Tuscarora Creek Flood Mitigation

The section of Tuscarora Creek that runs along the backyards of homes on Shenandoah Street and through Brandon Park was turned into a meandering stream, with wide riparian buffers on either side. This new configuration slows down the water, reducing flooding, improving water quality, and creating a wildlife-friendly habitat. Over 15,000 trees, plants, and shrubs now line the creek, attracting species like Great Blue Herons, White Egrets, crawfish, and Monarch Butterflies.



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. The opening of Washington Dulles International Airport on the eastern edge of Loudoun County in 1962, and the completion of the Dulles Greenway Toll Road in 1995, has fueled the rapid growth that has characterized the region since then.


Today, the Town of Leesburg is the largest town in the Commonwealth of Virginia. 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'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.

Leesburg By the Numbers

48,250
2020 CENSUS
POPULATION

Business
Licenses
2,835

12.65
Square
Miles



447 vehicles & equipment
263 roadway lane miles
61 traffic signals

Public Works

PARKS 17 parks
370 acres



6 playgrounds

35,500+
annual calls
for service

90 Sworn
Officers



380 full time
employees



16,616
Housing Units

121 units built
in FY 2021

\$140,013
Avg Household Income
[158% of national average]

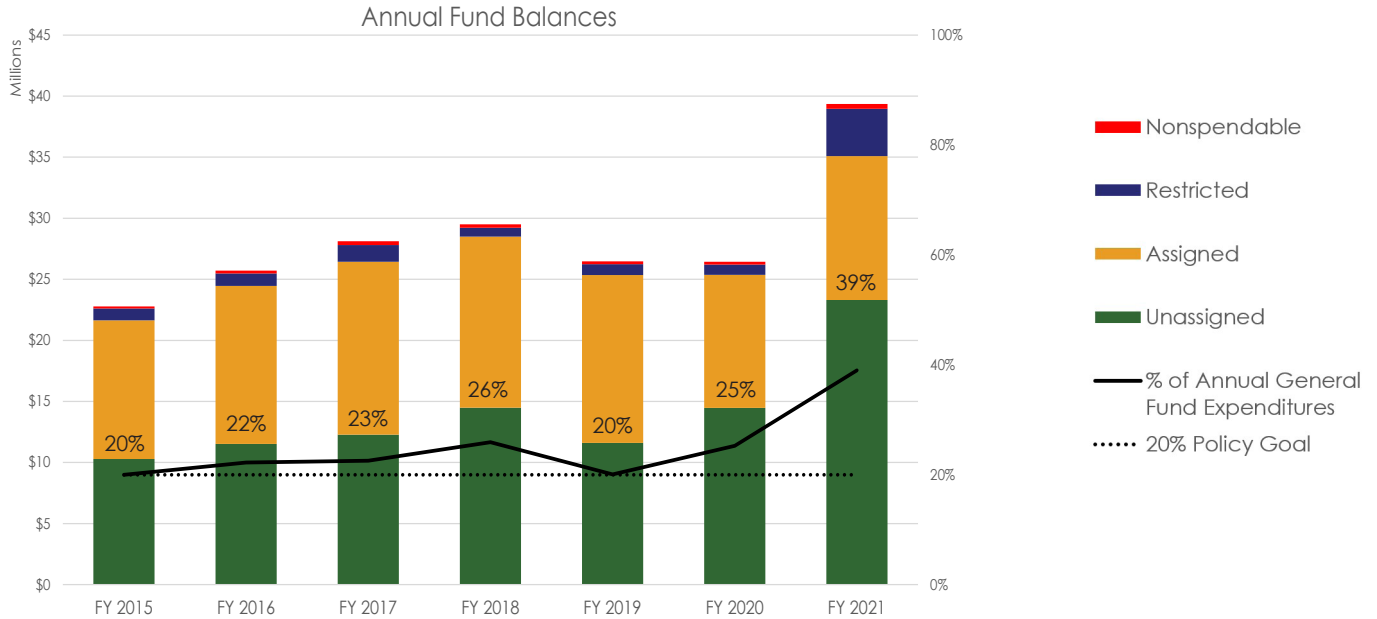
*largest town in
Virginia*



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 2021, both the unassigned and restricted fund balances increased significantly, due to the federal and state COVID-related grant funding as well as cost-cutting measures including a hiring freeze and refinancing town debt. 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.

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.

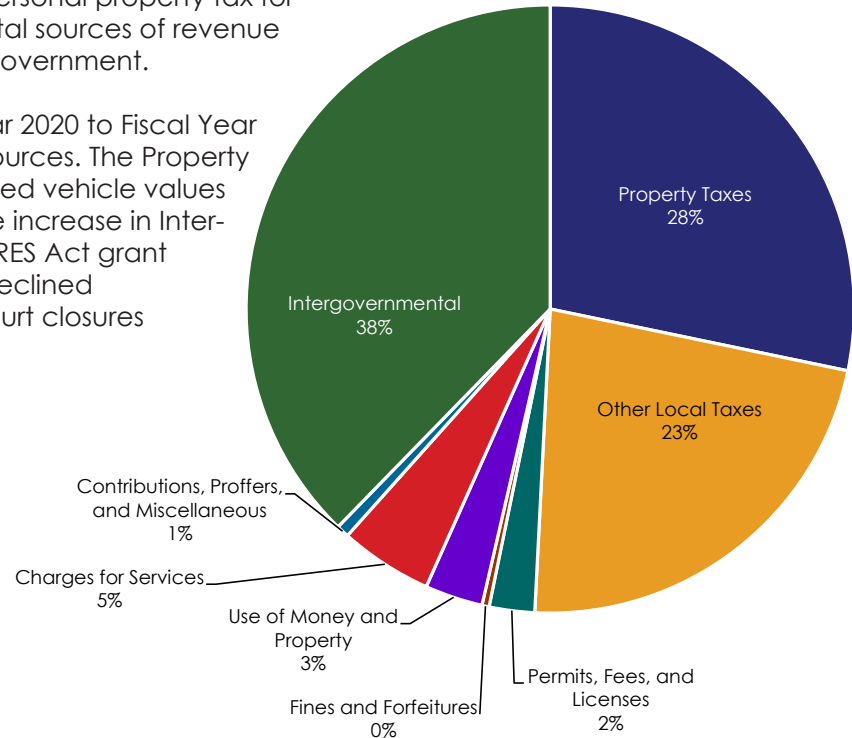
	Fiscal Year 2020	Fiscal Year 2021
Beginning Net Position	\$26,468,342	\$26,435,920
Total Revenues	+ \$59,317,999	+ \$72,871,924
Total Expenditures	- \$59,350,421	- \$59,952,872
Ending Net Position	\$26,435,920	\$39,354,972

In Fiscal Year 2021, the net position increased due to COVID-related grant funding from the federal and state governments and management actions to reduce spending. Despite the on-going pandemic, the Town's financial position remains strong.

Where the Money Comes From

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 increase in revenue from Fiscal Year 2020 to Fiscal Year 2021 was due mainly to two revenue sources. The Property Taxes increase was the result of increased vehicle values and higher real estate assessments. The increase in Intergovernmental revenue reflects the CARES Act grant funding. Fine and forfeitures revenue declined due to less police enforcement and court closures related to the COVID-19 pandemic.



Revenue Source	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Property Taxes	\$16,763,012	\$16,540,635	\$18,814,097
Other Local Taxes	\$15,419,538	\$14,140,990	\$15,012,966
Permits, Fees, and Licenses	\$1,368,371	\$1,582,992	\$1,607,244
Fines and Forfeitures	\$558,857	\$426,867	\$252,776
Use of Money and Property	\$3,072,979	\$2,684,433	\$2,050,266
Charges for Services	\$5,422,620	\$3,556,396	\$3,285,712
Contributions, Proffers, and Miscellaneous	\$622,389	\$438,454	\$448,668
Intergovernmental	\$15,487,579	\$16,725,951	\$25,104,481
Total	\$58,715,345	\$56,096,718	\$66,576,210

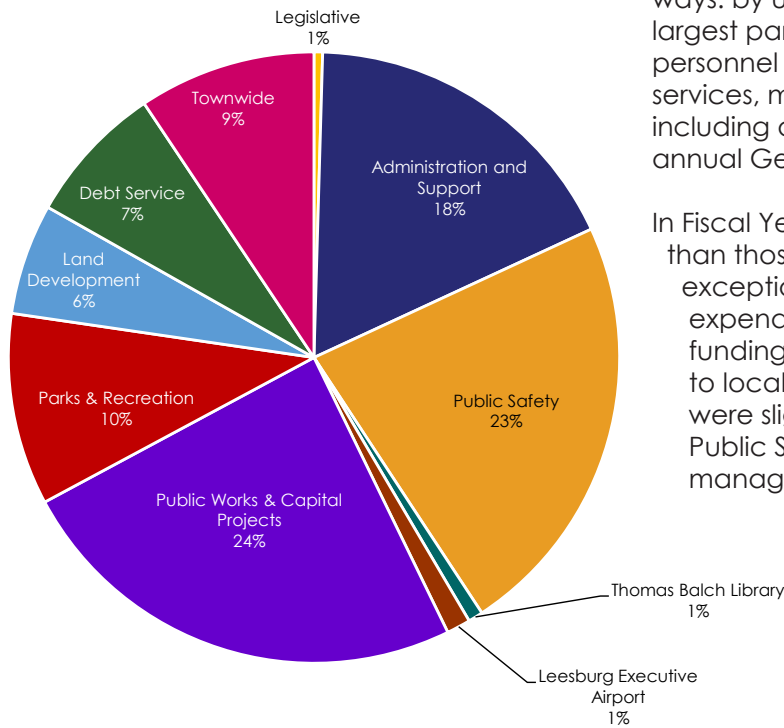
Note: The charts and tables on pages 6 and 7 include only departmental revenues and expenditures. This information is from Exhibit 5, on page 12, of the Annual Comprehensive Financial Report. The table at the bottom of page 5 reflects all General Fund revenues and expenditures, including transfers in and out, such as payments to the General Fund from the Utilities Fund, the Capital Projects Fund, and the NVTA Fund, as well as the proceeds of bond sales.

Where the Money Goes

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.

In Fiscal Year 2021, most program expenses were less than those incurred in Fiscal Year 2020. The one exception is Townwide expenses, which included expenditures related to the CARES Act grant funding. The largest Townwide expense was grants to local businesses, which totaled \$4.4 million. There were slight decreases in Administration & Support, Public Safety, and Parks & Recreation, as a result of management actions to reduce spending.



Functional Area	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Legislative	\$255,452	\$280,031	\$266,202
Administration and Support	\$8,876,052	\$9,458,349	\$10,319,403
Public Safety	\$14,069,073	\$13,813,223	\$13,243,794
Thomas Balch Library	\$512,893	\$492,145	\$457,314
Leesburg Executive Airport	\$750,389	\$705,488	\$737,823
Public Works & Capital Projects	\$14,360,321	\$14,455,259	\$14,255,891
Parks & Recreation	\$7,701,535	\$6,597,044	\$5,939,831
Land Development	\$3,346,077	\$3,555,161	\$3,432,528
Debt Service	\$8,066,276	\$7,832,041	\$4,351,377
Townwide		\$84,100	\$5,484,709
Total	\$57,938,068	\$57,272,841	\$58,488,872

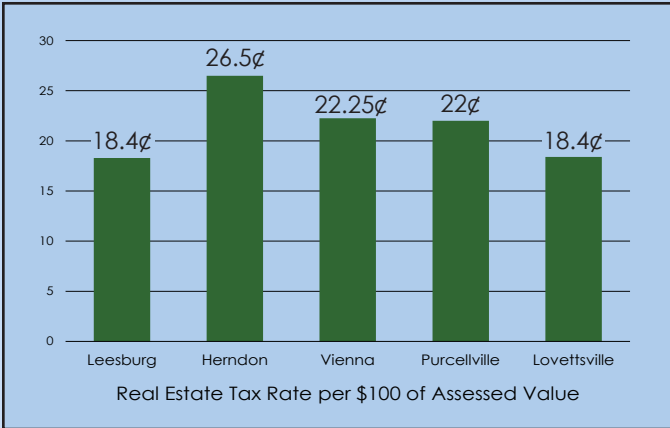
Administration and Support includes the Town Manager's Office, Town Attorney, Clerk of Council, Emergency Management, Public Information, Finance, Human Resources, Information Technology, and Economic Development.

Land Development includes the departments of Planning & Zoning and Plan Review.

Townwide was created in Fiscal Year 2020, largely to account for COVID-19 pandemic related expenditures. Previously, townwide expenses were included in Administration & Support.

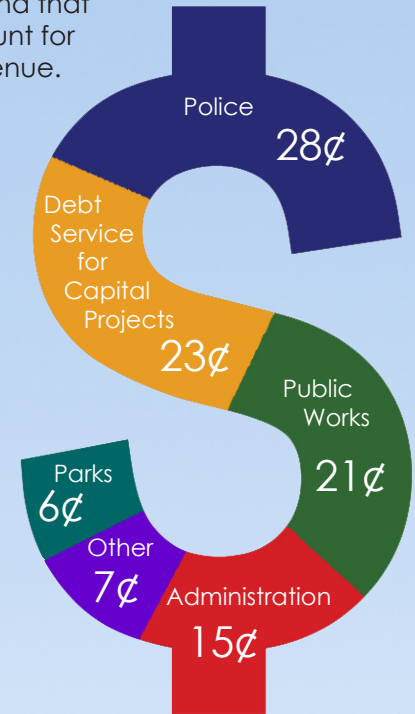
Real Property Tax Rates

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 28% of total revenue. As a result, local tax dollars are only a portion of the budget for each of the areas shown.



Major Employers

Over 2,800 employers, with more than 22,000 jobs, are located in Leesburg. Most of the Town's employers are small, locally-owned businesses.

The ten largest employers in Town are listed at right, in alphabetical order.

Employer	Sector
Commonwealth of Virginia	Government
Costco	Retail
Federal Aviation Administration	Aviation
Loudoun County Government	Government
Loudoun County Public Schools	Education
Loudoun Medical Group	Healthcare
Stryker (formerly K2M)	Medical Device Mfg
Target	Retail
Town of Leesburg	Government
Wegmans	Retail

