



Annual Comprehensive Financial Report

for the
Fiscal Year Ended
June 30, 2022



Photo: Town Green, decorated for the holidays

TOWN OF LEESBURG, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED
June 30, 2022

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

December 9, 2022

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the Town of Leesburg (the Town) for the fiscal year ended June 30, 2022. This report is designed to fairly present the financial position of governmental activities, business-type activities, and each major fund of the Town in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual requirements. The ACFR includes all disclosures necessary to enable the reader to gain an understanding of the financial affairs of the Town. The Management's Discussion and Analysis (MD&A) section of the ACFR summarizes the Town's financial position, and activities for the fiscal year ended June 30, 2022.

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

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

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

Profile of the Town

The Town is in the Virginia Piedmont between the foothills of the Blue Ridge Mountains and the Potomac River, 35 miles northwest of Washington, D.C. The Town covers approximately 12.65 square miles, with elevations ranging from 275 feet to 425 feet above sea level.

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

During the War of 1812, the Town served as the temporary 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. It was placed on the National Registry of Historic Places in 1970 and is often cited as one of the best preserved and most picturesque downtowns in Virginia. Leesburg has been recognized by the following media outlets in the recent years:

- #5 Best Cities for Families in the U.S. by Livability.com
- #5 Best Place in Virginia to Live by HomeSnacks
- #7 Best Place for Young Families in Virginia by NerdWallet
- Leesburg was ranked as the best small town in Virginia, and 12th in the nation in 2019 by WalletHub
- The Town of Leesburg was cited in 2022 as the most beautiful town in Virginia, by TheTravel.com.
- Leesburg placed 8th in 2022 on Fortune's 25 Best Places to Live for Families Ranking.

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 (including emergency management and public information), 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 3.6% to 2.5%. The decrease in unemployment was due to recovery from the COVID-19 Emergency and the Town continues to be well below the Virginia and national rates of unemployment. This can be attributed in large part to Leesburg's location in Northern Virginia and its proximity to Washington, D.C. and the federal government and the Town's concentration of high technology employers.

As with other jurisdictions, the Town continues to recover from financial and economic impacts, due to COVID-19. Revenues associated with the restaurant, entertainment, travel, and hospitality industries increased significantly over fiscal year 2021, however, revenues from Recreation programs and Transient and Occupancy Taxes (hotel tax) are still recovering. Residential property values have continued to increase throughout the COVID-19 Emergency and commercial real estate values have been stable. Sales Tax revenues from consumer spending have significantly outperformed estimates and last year's revenues. Investment earnings have started to recover due to the Federal Reserve increasing short-term interest rates to combat inflation. Federal and state revenues have been robust due to the Coronavirus Aid, Relief and Economic Security (CARES) Act funding and the American Rescue Plan Act of 2022 (ARPA). ARPA funding at \$5.9 million is available in two equal tranches over two years available for use in Fiscal Years 2022 and 2023. While it is significantly less than the \$48.6 million that was originally projected due to means testing rules imposed by the US Department of the Treasury, it has been allocated in both years to cover Town revenues lost to the pandemic. In planning for a future based on economic uncertainty, the Town needs to communicate to residents, the business community, and the workforce the following: 1) how it is going to operate in the future, especially over the next four fiscal years; 2) what services will be provided and at what levels; and 3) what type of organization it will be. The Town continues to address these concerns and the fiscal year 2022 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,

while setting aside significant sustainability reserves for emergencies and expected higher capital project construction costs.

The fiscal year 2022 budget was adopted based on the Town Council's established strategic goal to achieve long-term budget sustainability in addition to its established strategic focus areas of:

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

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

COVID-19 Impact and Response

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization, and resulted in the declaration of a state of emergency for the Commonwealth of Virginia on March 12, 2020, and a national emergency on March 13, 2020. The Council confirmed the declaration of a local emergency on March 18, 2020. Throughout fiscal year 2022, federal, state, and local jurisdictions lifted restrictions, allowing pre-pandemic activities to resume. A full recovery has not been realized uniformly by all businesses however the Town's restaurant and general business community has exceeded pre-pandemic levels.

The Town expects the lingering effects of the outbreak to abate over time although supply chain disruptions and high inflation continue to present challenges. The Town has relaxed departmental procedures but is well-positioned to quickly restore protections should the pandemic resurge. Recruiting for staff vacancies, especially in police, technically skilled positions and at utilities plants has become very challenging.

The Town is closely monitoring the global, national, regional, and local economies to determine next steps should strong actions by the Federal Reserve cause the economy to fall into recession or should inflation continue to rise. In developing its projections for the fiscal year ended June 30, 2022, and for the fiscal year ending June 30, 2023, Town staff elected to use a conservative scenario from information and forecasts prepared by a variety of economists and regional information sources including the Town's own internal tracking metrics.

All forecasts are based upon the best information available to the Town staff at the time of the presentation and may be subject to substantial uncertainty. The Town staff is pursuing a flexible strategy of responding to conditions as new data becomes available. Town staff will continue to monitor the impacts of supply chain issues and rising inflation on Town finances and operations and will continue to provide quarterly updates to the Town Council which will be available to the public on the Town's website: <https://www.leesburgva.gov/> on the Town Council's agendas page.

Financial Condition

The Town Government continues to be in very sound financial condition as demonstrated by the financial statements and schedules included in this ACFR. Within the context of a fiscally prudent budget, the Town has maintained its level of services to its residents and taxpayers, achieved many programmatic goals, and enhanced the quality of life of the residents of the Town. The Town's management is seeing steady economic improvement from the Covid 19 pandemic and is cautiously optimistic that government and businesses will continue to recover and grow.

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. To meet these demands, management has developed the following initiatives:

- Successfully carry out the Council's policies on long-term budget stability.
- Set and achieve high standards for customer service for all departments.
- Continued focus on employee productivity and operational efficiency to maintain or reduce costs in the face of increased service demands and the pressures of inflation.
- Accelerate the application of technology as financially feasible to improve access to Town services, to improve communication with all residents, and to enable increased remote working and service delivery opportunities in compliance with cyber security demands.
- Continued emphasis on an organizational culture that focuses on improving the quality of life for our residents and businesses.
- Focus federal grant revenues and other one-time funding sources into capital projects and other one-time spending programs.

The Town's investment policy is limited by the Virginia Security for Public Deposits Act in utilizing depositories that have been qualified for investments by the Commonwealth of Virginia. Accordingly, deposits were either insured by the Federal Deposit Insurance Corporation (FDIC) or highly collateralized. Funds are invested in cash and cash equivalents with maturities planned to coincide with cash needs. Idle funds available for longer periods of time are invested in the State-maintained Local Government Investment Pool (LGIP), the State Non-Arbitrage Pool (SNAP), the VACo/VML Virginia Investment Pool, and fully collateralized Certificates of Deposit at highly rated banks. These investments fund General Fund and Utilities Fund operations and are the most affected by the Federal Reserve's actions.

The Town's investments set aside to fund the future costs of retired employee health insurance, known as Other Post-Employment Benefits or OPEB, are governed by separate state statutes and a separate Town policy that allows for the investment of long-term assets in high quality bonds and equities. The Town's OPEB assets are invested in a Town Council authorized independent trust where the assets are held by US Bank as trustee and managed by PFM, Inc. with the expectation that the assets will generate market-based returns with low fees.

Budgetary Accounting and Internal Controls

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

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

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.

Notable Transactions and Actions

The Capital Projects Fund and the Northern Virginia Transportation Authority (NVTA) 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. The NVTA Fund provided funding to the Capital Projects Fund for the completion in fiscal year 2022 of the Route 7 and Battlefield Parkway Interchange Project. This \$77 million project's impact can be seen across the Town's financial statement increasing assets and comprising significant passed through revenues and expenditures for the Virginia Department of Transportation (VDOT) managed project. While VDOT managed the construction of the project, the Town obtained the NVTA, and federal Regional Surface Transportation Project grants funding and the Town now owns 41% of the interchange.

The Town Council set aside significant General Fund reserves in fiscal year 2022 from one-time revenues resulting from staff vacancies and cost control measures taken during the pandemic that created unassigned fund balances or excess of revenues over expenditures in fiscal years 2021 and 2022. A reservation of General Fund unassigned fund balance requires a majority vote of Town Council to create the reserve or to use or appropriate funds previously reserved, except when the reservation is required by statute such as contractual commitments or outstanding purchase orders.

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

Capital projects cost overruns reserve for inflation or unforeseen items	\$2,000,000
Revenue stabilization and resiliency reserve for recessionary shortfalls	2,000,000
Reserved for Tree Bank spending	35,620
Reserved by statute for Real Estate tax assessment appeal refund	500,000
Year over year increase in reserved for encumbrances/purchase orders	509,645
Supplemental Appropriations during fiscal year 2022:	
Wirt Street facility renovation	600,000
Second fiber connection to Police	350,000
Town-wide video project	500,000
Zoning ordinance rewrite	335,000
Economic Development strategic plan	100,000
New cloud-based phone system	100,000
Traffic study	250,000
Capital intensity factors study	250,000
Bridge load analysis	100,000
Ida Lee memorial - Potter's Field	15,000
Parks and Recreation Commission signage	35,000
Commission on Public Art project request	12,000
Smart Technology for Town Garage	150,000
Update to the Town's traffic model	<u>125,000</u>
Subtotal of supplemental appropriations	2,922,000
 Total material fiscal year 2022 reservations of General Fund balance	 <u>\$7,967,265</u>

These reservations of General Fund unassigned fund balance provided for statutory reserve requirements, significant improvements in fiscal resilience and sustainability, funding for projects that the Town could not commit to until after Covid impacts had been determined, and funded initiatives related to improving the Town's cyber infrastructure and security.

The Town's fiscal year 2022 ending unassigned fund balance in the general fund was \$22,336,003 or \$963,383 less than the unassigned fund balance from fiscal year 2021. This represents 37.22% of the General Fund expenditures which is well above the Town Council's 20% policy minimum. While the unassigned fund balances and substantial reserves are the result of one-time revenues, the Town has substantial fiscal flexibility and is well-positioned to be resilient in the face of economic unknowns.

Other Information

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

Certificate of Achievement for Excellence. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Town a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. 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 ACFR 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 33-year tradition of conforming to the Certificate of Achievement Program requirements and standards. We are submitting this ACFR to GFOA to determine its eligibility for another certificate for fiscal year 2022.

For the Fiscal Year ended June 30, 2022, the Town won the coveted "Triple-Crown" of GFOA awards, winning awards for its Annual Comprehensive Financial Report, Budget and Capital Improvement Program document and its first ever Popular Annual Financial Report (PAFR). Only a very few local governments win all three awards in a given year.

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 Diane Starkey, Controller; Willis Felegie, Accounting Manager; Carrie Curry, Staff Accountant; Jessica Chervenka Accounting Associate; Lisa Haley, Deputy Director of Finance and Administrative Services; Cole Fazenbaker, Budget Officer; Holland Schellhase, Senior Management Analyst, for their technical expertise, teamwork, review, and dedicated service in the preparation of this ACFR.

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

Sincerely,



Kaj Dentler
Town Manager



Clark G. Case
Director of Finance and Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

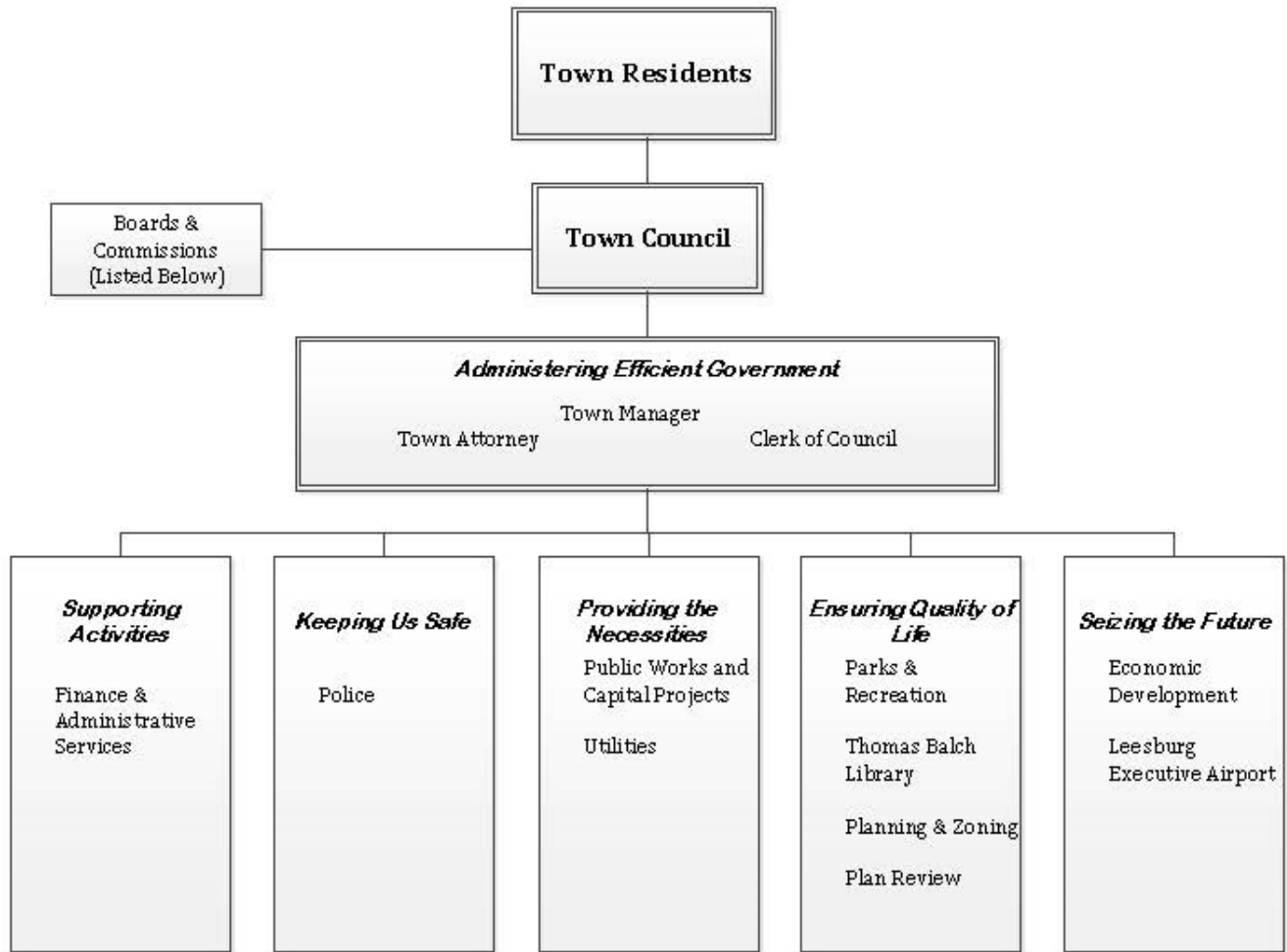
**Town of Leesburg
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO



- | | | | |
|--|---------------------------------|--|---------------------------------|
| Airport Commission | Board of Architectural Review | Board of Zoning Appeals | Commission on Public Arts |
| Environmental Advisory Commission | Economic Development Commission | Technology & Communications Commission | Thomas Balch Library Commission |
| Parks & Recreation Advisory Commission | Planning Commission | Standing Residential Traffic Committee | Tree Commission |
| Diversity Commission | | | |

TOWN OF LEESBURG, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

TOWN COUNCIL

Kelly Burk, Mayor
Fernando “Marty” Martinez, Vice Mayor
Suzanne Fox
Kari Nacy
Ara Bagdasarian
Zach Cummings
Neil Steinberg

TOWN OFFICIALS

Kaj Dentler Town Manager
Keith Markel Deputy Town Manager
Chris Spera Town Attorney
Eileen Boeing Clerk of Council
Gregory C. Brown Police Chief
Renee LaFollette..... Director of Public Works and Capital Projects
Amy Wyks..... Director of Utilities
Rich Williams..... Director of Parks and Recreation
David, JamesDirector of Planning and Zoning
William AckmanDirector 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
Rodriguez, Kara..... Public Information Officer

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leesburg, Virginia (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 4 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Leesburg's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 9, 2022

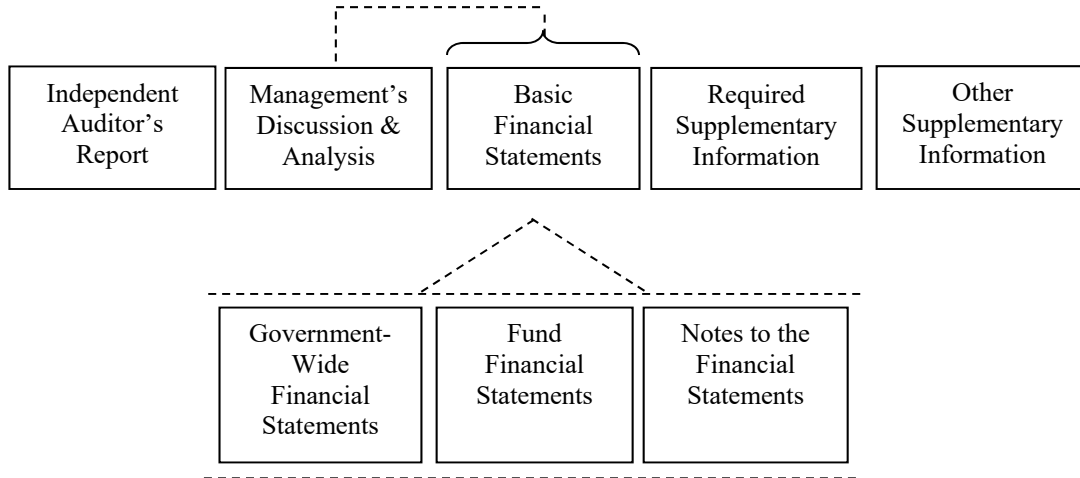
**TOWN OF LEESBURG
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2022**

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, 2022. 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 Annual Comprehensive Financial Report (ACFR).

USING THE FINANCIAL SECTION OF THIS ACFR

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

COMPONENTS OF THE FINANCIAL SECTION



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

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the entire Town using accounting methods 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.

GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The Town's net position represents the residual amount of cumulative assets, deferred outflows of resources over present liabilities and deferred inflows of resources as of the fiscal year ended June 30, 2022. The revenues and expenses for the current fiscal year are the principal factors affecting the change in the Town's net position, as shown in Exhibit 2. The Town's net position is one way to measure the Town's financial health, as increases or decreases in net position are one indicator of whether its financial position is improving or declining. Further analysis can be achieved by comparing the changes in the revenue, expenses, assets, and liabilities to the prior year ACFR's Statement of Activities and Statement of Net Position. Other financial reports as well as nonfinancial factors need to be considered, such as changes in the Town's property tax base, the condition of the Town's infrastructure, the Town's overall budget and capital improvement program to assess the overall financial health of the Town.

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

Governmental activities: Most of the Town's basic services are reported in the General Fund including general government; public safety; community development; parks and recreation; library; airport, and public works. Combined with capital improvement projects, accounted for in the Northern Virginia Transportation Authority (NVTA) and Capital Projects Fund, these funds comprise most of the Town's 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 most or all, 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 ACFR showing results of activities as self-supporting operations.

FUND FINANCIAL STATEMENTS

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

The Town has three types of funds:

Governmental Funds – The Town has three major governmental funds, the General Fund, the Capital Projects Fund, and the NVTA Special Revenue Fund. Accounting for the basic governmental services, the General Fund is the largest of the governmental funds and functions as the main operating fund of the Town. The Capital Projects Fund accounts for the daily operations of the Division of Capital Projects in the Department of Public Works & Capital Projects including the design, architecture and construction of major capital projects and helps provide control over the resources that have been segregated for those projects. The Special Revenue Fund is used to account for revenue from the NVTA which is utilized for approved street and road upgrades. The Other Governmental Special Revenue Fund is a non-major governmental fund established for the purchase of collecting contributions and providing 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 soon to support the Town's operations.

FUND FINANCIAL STATEMENTS (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 2022 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 like private business enterprises, where costs are recovered primarily through user charges or fees. However, the funds are distinguished by the type of user – external versus internal. Whereas an enterprise fund is used to account for any activity for which a fee is charged to external users for goods or services, an internal service fund is used to account for the provision of goods or services by one department to another department.

Proprietary fund financial statements provide both short-term and long-term financial information in the Statement of Net Position (Exhibit 8), the Statements of Revenues, Expenses and Changes in Net Position (Exhibit 9) along with the Statement of Cash Flows (Exhibit 10). These financial statements are prepared 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 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 2022

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

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022 (CONTINUED)

Total net position of the Town on a government-wide basis is \$570.0 million as of June 30, 2022, of which \$381.4 million is attributable to the Town's governmental activities and \$188.6 million to business type activities (Exhibit 1). The government-wide total net position that is unrestricted is \$78.3 million, of which \$28.2 million is unrestricted for governmental activities and \$50.1 million is unrestricted for business-type activities. The Statement of Activities (Exhibit 2) presents all the factors attributed to the \$49.4 million or 8.5 percent increase in the Town's net position from \$520.6 million in fiscal year 2021 to \$570.0 million in fiscal year 2022. This increase of \$49.4 million is due to an increase of \$9 million in governmental activities revenue and a decrease in government activities expenses of \$21.1 million and an increase of \$12.6 million in business-type activities, excluding prior years restatements. The increases in governmental net position were largely due to an increase in transfers of \$6.3 million and a decrease in Public Works' expenses of \$21.4 million. There was a change in beginning fund balance to correct prior period balances for various CIP projects.

Total fund balance of the Town's Governmental Funds is \$61.6 million as of June 30, 2022, of which \$46.5 million is attributable to the Town's General Fund; \$13.9 million is attributable to the Town's Capital Projects Fund; \$65 thousand is attributable to NVTAs Special Revenue Fund; and \$1.0 million is attributable to Other Non-major Governmental Funds (Exhibit 3). The Governmental Funds total fund balance that is unassigned is \$22.3 million. The Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 5) presents all the factors attributed to the \$5.5 million increase in the total fund balance from \$56.1 million, as restated, for fiscal year 2021. This increase of \$5.5 million is due to an increase of \$7.1 million in the fund balance of the General Fund, a decrease of \$1.5 million in the Capital Projects Fund and a decrease of \$.2 million in Other Non-major Government Funds. The increase in General Fund balance is due to the factors mentioned above as an increase in transfer revenue and an increase in Public Works expenditures.

The total net position of the Town's Enterprise Funds is \$190.4 million of which \$188.6 million is attributable to the Town's Utilities Fund and \$1.8 million is attributable to the Town's Internal Service Fund on June 30, 2022 (Exhibit 8). The Utilities Fund's unrestricted net position is \$50.1 million, and the Internal Service Fund's unrestricted net position is \$1.8 million. The Statement of Revenue, Expenses and Changes in Net Position (Exhibit 9) presents all the factors attributed to the Utilities Fund's \$12.6 million or 7.2 percent increase from \$176.0 million in fiscal year 2021 to \$188.6 million in fiscal year 2022. This increase in net position was due to a \$4.2 million increase in nonoperating revenue, due to an increase in Installation and Connection Charges of \$4.2 million; a decrease in capital contributions of \$4.3 million; and an adjusted increase to the beginning fund balance of \$12.3 required to correct CIP projects.

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, 2022 and 2021.

Table 1
Summary Statement of Net Position
Comparison as of June 30, 2022 and 2021 (\$ in Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Assets and Deferred Outflows of Resources</u>						
Current and Other Assets	\$ 104,623	\$ 127,067	\$ 63,508	\$ 54,146	\$ 168,131	\$ 181,213
Capital Assets, net	397,859	366,263	192,477	189,011	590,336	555,274
Total Assets	502,482	493,330	255,985	243,157	758,467	736,487
Deferred Outflows of Resources	11,911	11,099	4,599	4,459	16,510	15,558
Total Assets and Deferred Outflow of Resources	514,393	504,429	260,584	247,616	774,977	752,045
<u>Liabilities and Deferred Inflows of Resources</u>						
Current Liabilities	15,279	26,640	9,038	9,218	24,317	35,858
Long-term Liabilities	72,025	73,000	54,348	60,029	126,373	133,029
Total Liabilities	87,304	99,640	63,386	69,247	150,690	168,887
Deferred Inflows of Resources	45,727	60,257	8,572	2,337	54,299	62,594
Total Liabilities and Deferred Inflows of Resources	133,031	159,897	71,958	71,584	204,989	231,481
<u>Net Position</u>						
Net Investment in Capital Assets	342,443	309,534	138,503	132,795	480,946	442,329
Restricted	10,766	13,689	-	-	10,766	13,689
Unrestricted	28,153	21,309	50,123	43,237	78,276	64,546
Total Net Position	\$ 381,362	\$ 344,532	\$ 188,626	\$ 176,032	\$ 569,988	\$ 520,564

Total net position for the Town's governmental activities increased approximately \$36.8 million or 10.7 percent, to \$381.4 million. This net increase is comprised predominantly of an increase in Net Investment in Capital Assets of \$32.9 million. In comparison, net position for business-type activities increased approximately \$12.6 million to \$188.6 million when compared to the opening balance of \$176.0 million. This increase is comprised predominantly of an increase in Unrestricted Net Position of \$6.9 million. This was comprised of a \$.7 million change in beginning Internal Service Fund balance for the removal of termination of plan liability and the remainder was from the net operating income of the Utilities Fund and the Self-Insurance Fund.

The General Fund is the main operating fund of the Town; its total fund balance increased significantly to \$46.5 million from \$39.4 million for fiscal year 2021 (Exhibit A-1). Of this total, the unassigned fund balance was \$22.3 million, a decrease of \$1 million from \$23.3 million or -4.3% from fiscal year 2021. At the end of fiscal year 2022, the unassigned fund balance of \$22.4 million was 37.1% of General Fund expenditures of \$60.1 million. In comparison, at the end of fiscal year 2021, the unassigned fund balance was \$23.3 million, equal to 39.8% percent of total General Fund expenditures of \$58.5 million. The Assigned Fund Balance Designated for Future Years' Expenditures increased \$.5 million because of an increase in the amount of open purchase orders and contractual expenses carried over to fiscal year 2023. The increases in General Fund assigned fund balances were due to assignment by Town Council of one-time revenues to sustainability and resiliency reserves and supplemental appropriations.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

The Capital Projects Fund accounts for financial resources to be used for the acquisition and/or construction of Town infrastructure including facilities, streets, curbs, sidewalks, and other capital projects. As of June 30, 2022, the Capital Projects fund balance was \$13.9 million (Exhibit 3) compared to \$15.4 million in 2021. 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 2022 was a deficit of \$8.6 million, due to contract commitments on capital projects that were not yet fully funded, since all funding was fully committed to future projects and the Town has moved to the use of a line of credit for funding projects whereas unassigned fund balance for fiscal year 2021 was zero.

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, 2022, the NVTA total fund balance was \$0.07 million which was restricted for commitments related to projects approved for construction.

Statement of Activities

Table 2 summarizes and compares the Statement of Activities (Exhibit 2) for the Town for the fiscal years ended June 30, 2022 and 2021.

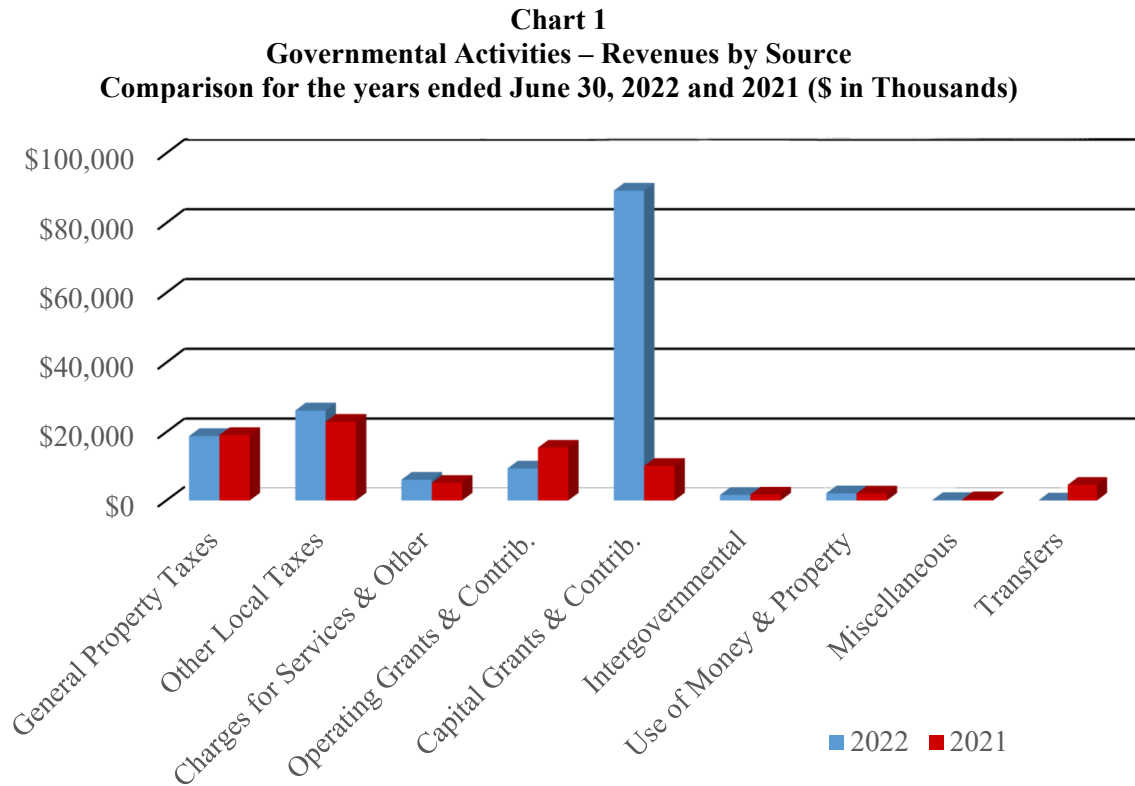
Table 2
Summary of Statement of Activities
Comparison for the years ended June 30, 2022 and 2021 (\$ in Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	2022	2021	2022	2021	2022	2021
REVENUES						
General Revenues:						
Property Taxes	\$ 18,835	\$ 19,155	\$ -	\$ -	\$ 18,835	\$ 19,155
Other Local Taxes	26,242	23,007	-	-	26,242	23,007
Other	3,870	4,126	681	528	4,551	4,654
Program Revenues:						
Charges for Services	6,063	5,146	34,666	28,104	40,729	33,250
Operating Grants and Contributions	9,371	15,427	-	-	9,371	15,427
Capital Grants and Contributions	89,273	10,098	2,394	520	91,667	10,618
Total Revenues	153,654	76,959	37,741	29,152	191,395	106,111
EXPENSES						
Legislative	393	285	-	-	393	285
Executive	2,594	3,477	-	-	2,594	3,477
Legal	1,616	1,094	-	-	1,616	1,094
Parks and Recreation	7,871	7,093	-	-	7,871	7,093
Finance	6,497	6,376	-	-	6,497	6,376
Balch Library	580	482	-	-	580	482
Planning and Zoning	2,124	1,967	-	-	2,124	1,967
Public Works	79,248	21,333	-	-	79,248	21,333
Public Safety	12,970	13,742	-	-	12,970	13,742
Plan Review	1,535	1,494	-	-	1,535	1,494
Airport	2,171	1,668	-	-	2,171	1,668
Townwide	-	5,485	-	-	-	5,485
Interest	1,805	2,013	-	-	1,805	2,013
Water and Sewer	-	-	23,383	21,657	23,383	21,657
Total Expenses	119,404	66,509	23,383	21,657	142,787	88,166
Change in Net Position before transfers	34,250	10,450	14,358	7,495	48,608	17,945
Transfers in (out)	1,764	(4,562)	(1,764)	4,562	-	-
Increase in Net Position	36,014	5,888	12,594	12,057	48,608	17,945
Net Position, Beginning of Year	345,348	338,645	176,032	163,975	521,380	502,620
Net Position, End of Year	\$ 381,362	\$344,533	\$ 188,626	\$ 176,032	\$ 569,988	\$ 520,565

Governmental Activities

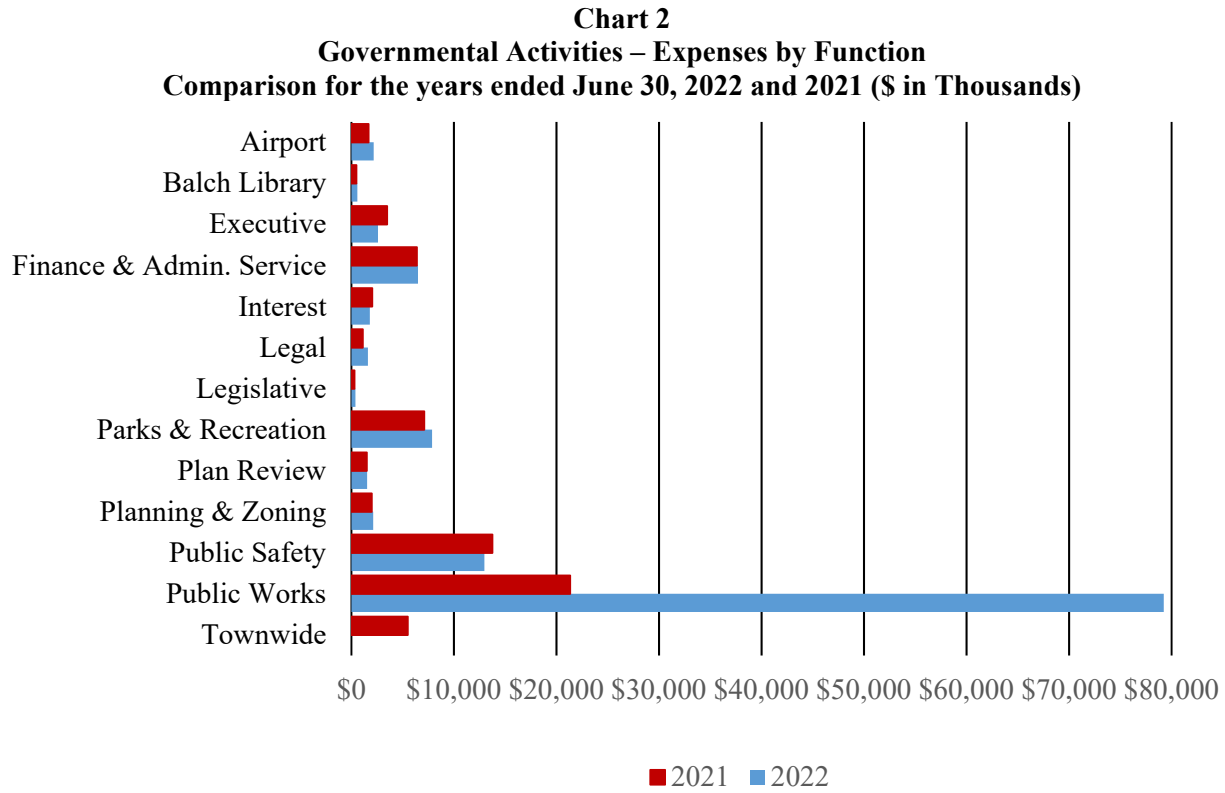
As shown in Table 2 above, total revenue for the Town's governmental activities was \$153.7 million for fiscal year 2022 compared to \$77.0 million for fiscal year 2021. Table 2 also indicates total expenses for governmental activities for fiscal year 2022 were \$119.4 million, compared to \$66.5 million in fiscal year 2021. The increase in revenues were mainly due to an increase in Capital Grants and Contributions of \$79.2 million. The increase in expenses is predominantly due to an increase in Public Works, due to the NVT A Route 7 and Battlefield Parkway Interchange project being completed.

Chart 1 below shows the sources of all governmental revenue for fiscal years 2022 and 2021:



Taxes constitute one the largest sources of Town revenue totaling approximately \$45.1 million, with general property taxes of \$18.8 million in 2022 and \$19.1 in 2021 (Table 2). As of fiscal year 2020, Loudoun County began billing and collecting local property taxes including real estate and personal property. As a result of aligning practices with Loudoun County, the Town began to concentrate more specifically collection procedures for older tax balances and commercial taxes. Other local taxes, \$26.2 million in 2022 and \$23.0 million in 2021, are generated through business and occupational licenses and consumption-based taxes such as taxes on meals, sales and use, cigarettes and utilities. The Town saw an increase of \$.9 million in the Charges for Services from \$5.1 million in 2021 to \$6.1 million in 2022.

Chart 2 below illustrates total expenses by function.



Public Works was the Town’s largest function with the Town’s cost of service totaling \$79.2 million or 66.3 percent of total expenses. The increase in expenditures is due to the \$55 million grant expenditures issued to VDOT for the development and completion of the Route 7 and Battlefield Highway Interchange project. With the on-going uncertainty of revenue due COVID-19, the Town has taken an aggressive stance on monitoring and controlling expenses. In fiscal year 2022, another major program change was Townwide activities. In FY21, total Townwide expenditures were \$5.5 million, which included grant payments to local business for COVID-19 relief that was made available due to the Coronavirus Aid, Relief, and Economic Security Act (CARES) funding.

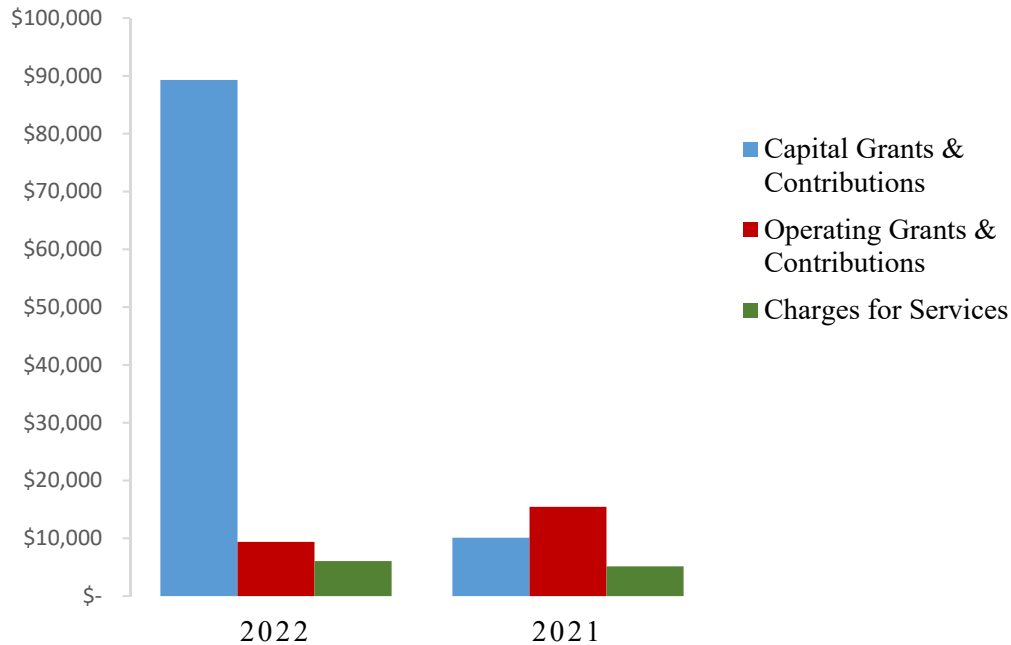
Table 3 below illustrates that general revenue, primarily in the form of taxes, charges for services and state aid, is essential to providing support for the services offered by the Town. These governmental activities generate revenue that assists in offsetting the cost of these services. Table 3 presents the total cost of services and the net cost after fees generated by the activities and allowances for program-specific governmental aid as an integral part of the Town’s governmental activities. The Town generates charges for services primarily from fees for parks and recreation memberships and classes, public safety fines, zoning fees and permits. The Town utilizes grants and contributions primarily for public safety, airport, and public works as much as possible. After recognizing the total revenue from these fees, grants, and contributions of \$104.7 million in 2022, the net cost of governmental activities was \$14.7 million, compared to total costs of \$119.4 million. In 2021, the Town recognized revenue from fees, grants, and contributions of \$30.7 million with a net cost of governmental activities of \$35.8 million.

Table 3
Net Cost of Governmental Activities
Comparison for the years ended June 30, 2022 and 2021 (\$ in Thousands)

<u>Function:</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2022	2021	2022	2021
Legislative	\$ 393	\$ 285	\$ 393	\$ 285
Executive	2,594	3,477	(505)	378
Legal	1,616	1,095	1,616	1,095
Parks & Recreation	7,871	7,094	4,693	3,916
Finance & Admin. Services	6,497	6,374	6,497	6,374
Balch Library	580	482	580	482
Planning & Zoning	2,124	1,967	616	459
Public Works	79,248	21,333	65,150	7,235
Public Safety	12,970	13,742	4,505	5,277
Plan Review	1,535	1,494	1,535	1,494
Airport	2,171	1,668	1,849	1,346
Townwide	-	5,485	-	5,485
Interest	1,805	2,013	1,805	2,013
Totals	\$ 119,404	\$ 66,509	\$ 88,734	\$ 35,839

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 \$.9 million, program revenue for Operating Grants and Contributions decrease \$6.1 million and Capital Grants and Contributions increase \$79.2 million. The decrease in Operating Grants & Contributions was due CARES Funding. The increase in Capital Grants and Contributions was mainly due to NVTA funding for the Route 7 and Battlefield Parkway Interchange project.

Chart 3
Governmental Activities – Program Revenue
Comparison for the years ended June 30, 2022 and 2021 (\$ in Thousands)



Business-type Activities

Table 2 summarizes the business-type activities for fiscal year 2022 and indicates the Utilities Fund Government-wide Net Position increased by \$12.6 million of which \$5.4 million was generated by net income from operations, \$7.8 million from one-time installation and connection fees restricted for expansion of the utilities system, and from assets pledged to the Town by developers. 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 2022 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 2022, the Utilities Fund’s total assets, deferred outflows of resources, liabilities, and deferred inflows of resources were \$256.0 million, \$4.6 million, \$63.5 million, and \$8.6 million, respectively. Total Net Position for fiscal year 2022 was \$188.6 million of which \$50.1 million is unrestricted. In fiscal year 2022, the Internal Service Fund’s total assets and liabilities were \$1.8 million and \$.1 million, respectively. Total net position for fiscal year 2022 was \$1.8 million, all of which was unrestricted. This change in net position in the Self Insurance Fund was the result of reclassifying cost of health insurance plans from a liability to an unrestricted net position and \$.4 million in above expected health insurance costs.

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 2021 was \$24.5 million compared to \$26.9 million for fiscal year 2022.

Total operating expenses increased by \$1.7 million to \$21.6 million in fiscal year 2022. When combined with the \$2.5 million increase in operating revenue the Utilities Fund recognized operating income of \$5.4 million for fiscal year 2022. Non-operating revenues and expenses provided a net increase of \$4.2 million. The \$12.6 million increase in net position is mainly due to non-operating revenues of \$6.6, which includes one-time installation and connection fees, and an efficient operation, which allows for 30.5% of net income to total operating 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 \$46.5 million, \$13.9 million, and \$0.07 million respectively. With a fund balance of \$1.1 million for the non-major fund, the governmental funds total fund balance of \$61.6 million for fiscal year 2022 (Exhibit 3) is an increase of \$5.5 million from \$56.1 million in 2021.

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, 2022 and 2021.

Table 4
Governmental Fund Balances
Comparison for the years ended June 30, 2022 and 2021 (\$ in Thousands)

	2022	2021	Change
Non-Spendable			
Lease deposit	\$ 167	\$ 167	\$ -
Inventory	3	6	(3)
Prepaid Expenses	338	221	117
Restricted			
Balch Library	1,083	1,267	(184)
Parks and Recreation	51	51	-
NVTA	65	65	-
Police	147	147	-
Bond Proceeds	4,226	-	4,226
Proffers	5,707	8,493	(2,786)
Gas Tax	2,971	2,971	-
Parking-in-lieu	390	390	-
Esummons	352	307	45
Committed			
Balch Library	-	-	-
Capital Projects - Road	1,953	1,692	261
Capital Projects - Storm Drainage	269	15	254
Capital Projects - General Governmental	1,678	1,169	509
Capital Projects - Airport	8,505	237	8,268
Capital Projects - Parks and Recreation	130	316	(186)
Capital Projects - Administration	-	-	-
Assigned			
Debt Service Reserve	9,754	9,754	-
Other Reserves	7,494	35	7,459
Designated for Future Years	2,518	5,460	(2,942)
Unassigned			
	13,750	23,299	(9,549)
Total Fund Balances	\$ 61,551	\$ 56,062	\$ 5,489

The General Fund is the main operating fund of the Town; its total fund balance increased during fiscal year 2022 by 15.3 percent or \$7.1 million to \$46.5 million (Exhibit 5). Of this total, the Unassigned Fund Balance was \$22.3 million (Exhibit 3) or 48 percent of the total General Fund. In comparison, at the end of fiscal year 2021, the unassigned fund balance was \$23.3 million or 59.2 percent the total General Fund total fund balance. The assigned fund balance designated for future years increased by \$.5 million.

The Capital Projects Fund accounts for financial resources to be used for the acquisition and/or construction of Town infrastructure including facilities, streets, curbs, sidewalks, and other capital projects. As of June 30, 2022, the Capital Projects fund balance was \$13.9 million (Exhibit 3) compared to \$15.4 million in 2021. 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 2021 had a zero balance and unassigned fund balance for fiscal year 2022 had a deficit of \$8.6 million, due to the Town's use of a line of credit to just in time finance capital construction, so project commitments open at year end are not fully funded until payment is ready to be made.

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS (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, 2022, the NVTa total fund balance was \$0.07 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, 2022 (\$ in Thousands)

	Fiscal Year 2022		
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
<u>Revenues:</u>			
Taxes	\$ 33,865	\$ 33,865	\$ 37,731
Intergovernmental	15,574	18,538	19,531
Other	9,502	9,517	8,466
Total Revenues	58,941	61,920	65,728
<u>Expenditures:</u>			
Expenditures	65,366	70,288	60,145
Deficiency of Revenue under Expenditure	(6,425)	(8,368)	5,583
<u>Other Financing Sources:</u>			
Transfers, net	2,959	3,029	1,503
Use of fund balance	3,466	3,650	-
Issuance of debt	-	-	40
Total Revenues	6,425	6,679	1,543
Change in Fund Balance	\$ -	\$ (1,689)	\$ 7,126

General Fund revenues came in higher than the budget by \$3.8 million. Revenues collected exceeded budget projections for General Property Taxes, Other Local Taxes and Intergovernmental by \$1.6 million, \$2.3 million, and \$1.0 million, respectively (Exhibit 7). General property taxes, including personal property taxes came in over budget by \$1.6 million. Due to the transition of the personal property tax billing to Loudoun County, the Town has budgeted conservatively, but COVID-19 emergency resulted in significant vehicle sales increases in 2022, particularly in used vehicles and increased real estate values in the Leesburg area, which were beyond projections.

General Fund (Continued)

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

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

The original budgeted expenditures increased by \$4.9 million for fiscal year 2022 (Exhibit 7). This increase is a result of appropriation of Town-wide expenditures for capital projects, use of Cares Act funding to reimburse the Town for the cost of public safety salaries and the transfer of gasoline tax into the General Fund for support of transit services that are budgeted and paid from General Fund and not from the Capital Projects Fund.

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, 2022 and 2021.

Table 6
Capital Assets
Comparison as of June 30, 2022 and 2021 (\$ in Thousands)

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
Land	\$ 64,788	\$ 64,219	\$ 569	\$ 1,577	\$ 1,577	\$ -
Buildings and improvement	87,124	87,138	(14)	-	-	-
Water and sewer plant	-	-	-	127,319	125,194	2,125
Water and sewer lines	-	-	-	158,862	151,772	7,090
Equipment and software	12,465	12,422	43	5,955	5,363	592
Vehicles	7,680	7,193	487	3,996	3,511	485
Infrastructure and street	357,288	310,215	47,073	-	-	-
Hangars	6,057	6,057	-	-	-	-
Terminals	6,678	6,678	-	-	-	-
Runway	16,570	16,570	-	-	-	-
Construction in progress	14,671	21,607	(6,936)	3,862	4,541	(679)
Total Capital Assets	573,321	532,099	41,222	301,571	291,958	9,613
Accumulated depreciation and amortization	(175,461)	(165,836)	(9,625)	(109,094)	(102,947)	(6,147)
Total Capital Assets, Net	\$ 397,860	\$ 366,263	\$ 31,597	\$ 192,477	\$ 189,011	\$ 3,466

Capital Assets (Continued)

The Town's Governmental Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2022, and 2021 amounted to approximately \$397.9 million and \$366.3 million, respectively. The net increase in capital assets (including additions, retirements, depreciation, and amortization) was \$31.6 million for governmental activities with the largest increase due to the completion of the Route 7 and Battlefield Parkway interchange.

The Business-type Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2022, amounted to approximately \$192.5 million for the Utilities Fund compared to \$189.0 million in 2021.

The Town Council approved Fiscal Year 2022 – 2027 Capital Improvement Program (CIP) is a six-year, \$210.1 million program of public improvements for the Town including \$37.3 million in streets and highways improvements, \$37.5 million in general government improvements, \$4.3 million in storm drainage improvements, \$23.5 million in airport improvements, \$10.4 million in parks improvements, \$85.8 million in water and sewer improvements, and \$11.4 million for associated administrative costs. Additional information pertaining to the Town's capital assets can be found in Note 6 of the notes to the financial statements.

Long-term Debt

The Town's current bond ratings are as follows:

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

The Town's legal limit for outstanding general obligation debt is 10.0 percent of total assessed real property within the Town, which was \$10.6 billion in fiscal year 2022, compared with \$9.5 billion in fiscal year 2021. The Town's total long-term obligations of \$60.4 million as of June 30, 2022 and \$57.7 million as of June 30, 2021, 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, 2022 and 2021 (\$ in Thousands)

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
General Obligation Bonds	\$ 55,273	\$ 53,154	\$ 2,119	\$ 55,381	\$ 57,779	\$ (2,398)
Totals	\$ 55,273	\$ 53,154	\$ 2,119	\$ 55,381	\$ 57,779	\$ (2,398)

Outstanding long-term debt for governmental activities as of June 30, 2022, is \$63.5 million reflecting an increase of \$2.8 million from fiscal year 2021. Outstanding long-term debt for business activities decreased from \$57.8 million as of June 30, 2021 to \$55.4 million as of June 30, 2022 (See Note 7). Additionally, the Town has notes payable of \$10.8 million drawn from the Bond Anticipation Note Line of Credit which was established to align with the long-range sustainability plan.

Long-term Debt (Continued)

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 predominant project.
- The Town is cognizant of its higher-than-average debt burden and will continue to offset its impact through rapid payback. An average payback of at least 60 percent in ten years will be maintained, except for projects with a known revenue stream. The Town's current amortization will retire over 72.8% of debt within 10 years.
- The Town will annually calculate target debt ratios. The Town's debt capacity will be maintained within the following predominately goals:
 - Debt service expenditures as a percentage of general fund expenditures will not exceed 15 percent. For fiscal year 2022, this percentage was 14.51 percent. For fiscal year 2021 this percentage was 7.23 percent due to a COVID-19 related restructuring and refinancing of the General Fund debt service. It will return to prior levels in fiscal years 2022 and beyond and the restructuring savings were reserved for use in fiscal years 2022, 2023 and 2024 by Town Council.
 - 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 2022, this percentage was 1.11 percent.
 - The Town will follow a policy of full disclosure in every annual financial report and financing official statement/offering document. The Town has a Council approved policy of complying with all continuing disclosure requirements under SEC Rule 15c2-12.
- The Town will maintain good communications about its financial condition with bond holders and credit rating institutions.

Additional information relative to the Town's long-term debt can be found in Note 7 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

- Unemployment rates are not maintained on a town basis. The unemployment rate for the County of Loudoun on June 30, 2022 was 2.5 percent. This was a decrease from the 3.6 percent rate on June 30, 2021. This rate compares to Virginia's rate of 2.8 percent and the national rate of 3.6 percent as of June 30, 2022. Loudoun County's unemployment rate peaked in April 2020 at 9.9 percent due to the COVID-19 pandemic and has steadily declined since then.
- The Town's population was estimated by the US Census Bureau in 2020 to be 54,488. The actual 2021 US Census Bureau official count was 48,908. Other towns in Loudoun County saw similar overestimates in population growth due the Census Bureau's flawed methodology, which tied town growth to county growth. Population estimates for the last ten years are provided in the statistical section of this report at Table 17. The current population estimate is 49,516.

Economic Factors (Continued)

- Per capita personal income is not kept on a town basis. However, the St. Louis Federal Reserve estimated the County of Loudoun's per capita personal income as of 2021 was \$90,254. Based on household income, Loudoun County was ranked one of the wealthiest counties in the nation in 2021.
- The Town government's full-time equivalency (FTE) employment increased in fiscal year 2022 by 5.5 FTE positions to a total of 386.0. Workforce numbers by department for the last ten years are provided in the statistical section of this report at Table 19.

Fiscal Year 2023 Budget and Rates

- For fiscal year 2023, the adopted budget for the General Fund is \$72.7 million, an increase of \$7.3 million or 11.2 percent, over fiscal year 2022. Revenues are comprised predominately of general taxes at 53.2 percent, intergovernmental assistance at 19.9 percent, other financing sources at 14.4 percent, charges for services at 7.2 percent, use of money & property at 2.8 percent, and other miscellaneous revenue at 2.5 percent.
- In fiscal year 2022, the Town continues to prioritize its services. In the General Fund, the public works department accounts for \$17.9 million and public safety accounts for \$16.3 million or 24.7 and 22.4 percent of the budgeted expenditures respectively.
- Tax rate for real property for tax year 2022 is 17.74¢ per \$100 of assessed value. The personal property tax rate remained unchanged at \$1.00 per \$100 of assessed value. Detail on the tax rates is provided in Table 10 of the statistical section of this report.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents (Note 2)	\$ 72,437,567	\$ 53,660,838	\$ 126,098,405
Receivables, net (Note 3)			
Property taxes	10,764,709	-	10,764,709
Utility taxes	130,568	-	130,568
Local taxes	1,931,016	-	1,931,016
Trade and other accounts	696,536	5,660,765	6,357,301
Due from other governments (Note 5)	6,232,145	-	6,232,145
Inventories	2,972	682,069	685,041
Internal balances (Note 8)	(305)	305	-
Prepaid items and deposit	505,087	46,070	551,157
Restricted cash (Note 2)	7,501,454	-	7,501,454
Leases receivable (Note 4)	4,420,424	3,457,694	7,878,118
Capital assets (Note 6)			
Nondepreciable	79,459,214	5,439,093	84,898,307
Depreciable, net	318,400,628	187,038,017	505,438,645
	<u>502,482,015</u>	<u>255,984,851</u>	<u>758,466,866</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 12 and 13)	6,028,953	1,602,633	7,631,586
Deferred outflows related to other postemployment benefits (Notes 10, 11, and 13)	4,858,863	1,291,596	6,150,459
Deferred loss on refunding of debt	1,022,794	1,704,453	2,727,247
	<u>11,910,610</u>	<u>4,598,682</u>	<u>16,509,292</u>
LIABILITIES			
Accounts payable	3,829,339	1,817,854	5,647,193
Due to other governments	76,827	-	76,827
Accrued payroll and other expenses	2,280,463	685,173	2,965,636
Accrued liabilities – other	413,616	-	413,616
Accrued interest	828,866	814,326	1,643,192
Retainage payable	112,047	221,921	333,968
Performance bonds	1,579,734	9,000	1,588,734
Reserve for proffers	2,491,037	-	2,491,037
Unearned revenue (Note 3)	3,562,980	-	3,562,980
Customer deposits	103,937	1,309,912	1,413,849

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES (Continued)			
Noncurrent liabilities			
Due within one year (Note 7)			
Compensated absences	\$ 2,207,961	\$ 631,227	\$ 2,839,188
Note payable	1,455,565	2,938	1,458,503
Bonds payable	5,905,985	3,546,015	9,452,000
Due in more than one year (Notes 7)			
Compensated absences	820,206	229,536	1,049,742
Note payable	3,706,269	7,911	3,714,180
Bonds payable, net	49,366,818	51,834,476	101,201,294
Net pension liability (Notes 12 and 13)	3,685,942	979,807	4,665,749
Other postemployment benefits (Notes 10, 11, and 13)	4,876,323	1,296,238	6,172,561
Total liabilities	<u>87,303,915</u>	<u>63,386,334</u>	<u>150,690,249</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension plan (Notes 12 and 13)	11,687,182	3,106,719	14,793,901
Deferred inflows related to other postemployment benefits (Notes 10, 11, and 13)	7,524,594	2,000,209	9,524,803
Deferred inflows related to leases (Note 4)	4,252,167	3,399,664	7,651,831
Deferred gain on refunding of debt	119,682	64,979	184,661
Grants (Note 3)	11,755,522	-	11,755,522
Property taxes (Note 3)	10,387,641	-	10,387,641
Total deferred inflows of resources	<u>45,726,788</u>	<u>8,571,571</u>	<u>54,298,359</u>
NET POSITION			
Net investment in capital assets	342,442,450	138,503,323	480,945,773
Restricted			
Restricted for capital projects	9,682,695	-	9,682,695
Restricted for Balch Library	1,083,372	-	1,083,372
Unrestricted	28,153,405	50,122,305	78,275,710
Total net position	<u>\$ 381,361,922</u>	<u>\$ 188,625,628</u>	<u>\$ 569,987,550</u>

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
Legislative	\$ 392,862	\$ -	\$ -	\$ -	\$ (392,862)		\$ (392,862)
Executive	2,594,181	-	626,970	-	(1,967,211)		(1,967,211)
Legal	1,616,223	-	-	-	(1,616,223)		(1,616,223)
Parks and recreation	7,870,812	4,421,423	4,500	-	(3,444,889)		(3,444,889)
Finance and administrative services	6,497,089	-	-	-	(6,497,089)		(6,497,089)
Balch Library	580,140	-	-	-	(580,140)		(580,140)
Planning and zoning	2,124,061	377,160	-	-	(1,746,901)		(1,746,901)
Public works	79,247,778	162,634	4,031,336	89,273,115	14,219,307		14,219,307
Public safety	12,970,372	317,789	1,298,482	-	(11,354,101)		(11,354,101)
Plan review	1,535,305	677,041	-	-	(858,264)		(858,264)
Airport	2,170,564	107,008	438,780	-	(1,624,776)		(1,624,776)
Townwide	-	-	2,971,104	-	2,971,104		2,971,104
Interest	1,805,035	-	-	-	(1,805,035)		(1,805,035)
Total governmental activities	119,404,422	6,063,055	9,371,172	89,273,115	(14,697,080)		(14,697,080)
Business-type activities:							
Utilities	23,384,160	34,665,765	-	2,394,458		\$ 13,676,063	13,676,063
Total business-type activities	23,384,160	34,665,765	-	2,394,458		13,676,063	13,676,063
Total government	\$ 142,788,582	\$ 40,728,820	\$ 9,371,172	\$ 91,667,573	(14,697,080)	13,676,063	(1,021,017)
General Revenues:							
Taxes:							
General property taxes, including penalties					18,834,777	-	18,834,777
Other local taxes:							
Communication sales and use					8,681,551	-	8,681,551
Meals					7,545,383	-	7,545,383
Business and occupational licenses					4,361,698	-	4,361,698
Utility					1,495,254	-	1,495,254
Cigarette					618,476	-	618,476
Other local taxes					3,540,511	-	3,540,511
Intergovernmental, non-categorical aid					1,614,703	-	1,614,703
Use of money and property					2,079,350	(72,008)	2,007,342
Gain on sale of assets					63,604	120,107	183,711
Miscellaneous					112,024	633,345	745,369
Transfers					1,764,000	(1,764,000)	-
Total general revenues and transfers, net					50,711,331	(1,082,556)	49,628,775
Change in net position					36,014,251	12,593,507	48,607,758
Net position, beginning, as restated (Note 15)					345,347,671	176,032,121	521,379,792
Net position, ending					\$ 381,361,922	\$ 188,625,628	\$ 569,987,550

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

TOWN OF LEESBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Capital Projects	NVTA	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash, cash equivalents, and investments	\$ 47,366,899	\$ 22,412,561	\$ -	\$ 1,083,372	\$ 70,862,832
Receivables (net of allowance for doubtful accounts)					
Property taxes, including penalties	10,764,709	-	-	-	10,764,709
Utility taxes	130,568	-	-	-	130,568
Local taxes	1,931,016	-	-	-	1,931,016
Accounts	415,962	-	-	-	415,962
Miscellaneous	-	49,782	-	-	49,782
Leases	4,420,424	-	-	-	4,420,424
Due from other governments	4,534,862	418,730	1,278,553	-	6,232,145
Deposits	167,004	-	-	-	167,004
Inventory	2,972	-	-	-	2,972
Prepaid items	299,181	38,902	-	-	338,083
Restricted cash	1,551,179	4,226,180	1,724,095	-	7,501,454
	<u>\$ 71,584,776</u>	<u>\$ 27,146,155</u>	<u>\$ 3,002,648</u>	<u>\$ 1,083,372</u>	<u>\$ 102,816,951</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,900,876	\$ 1,699,771	\$ 217,729	\$ -	\$ 3,818,376
Due to other governments	76,827	-	-	-	76,827
Due to other funds	305	-	-	-	305
Retainage payable	12,482	99,565	-	-	112,047
Accrued payroll	2,280,463	-	-	-	2,280,463
Accrued liabilities – other	413,616	-	-	-	413,616
Customer deposits	103,937	-	-	-	103,937
Performance bonds	1,579,734	-	-	-	1,579,734
Reserve for proffers	100,912	2,390,125	-	-	2,491,037
Unearned revenue	3,562,980	-	-	-	3,562,980
	<u>10,032,132</u>	<u>4,189,461</u>	<u>217,729</u>	<u>-</u>	<u>14,439,322</u>
DEFERRED INFLOWS OF RESOURCES					
Grants	-	9,036,052	2,719,470	-	11,755,522
Leases	4,252,167	-	-	-	4,252,167
Property taxes	10,819,186	-	-	-	10,819,186
	<u>15,071,353</u>	<u>9,036,052</u>	<u>2,719,470</u>	<u>-</u>	<u>26,826,875</u>

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Capital Projects	NVTA	Other Governmental Fund	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF					
RESOURCES, AND FUND BALANCES (Continued)					
FUND BALANCES					
Nonspendable					
Deposit	\$ 167,004	\$ -	\$ -	\$ -	\$ 167,004
Inventory	2,972	-	-	-	2,972
Prepaid costs	299,181	38,902	-	-	338,083
Restricted					
Thomas Balch Library Endowment Fund	-	-	-	1,083,372	1,083,372
NVTA	-	-	65,449	-	65,449
Parks and recreation (Symmington)	50,521	-	-	-	50,521
Police	146,600	-	-	-	146,600
Bond proceeds	-	4,226,180	-	-	4,226,180
Proffers	-	5,706,563	-	-	5,706,563
Gas tax	2,970,810	-	-	-	2,970,810
Parking in lieu	390,606	-	-	-	390,606
Esummons	352,146	-	-	-	352,146
Committed					
Capital Projects – general government	-	1,678,068	-	-	1,678,068
Capital Projects – parks and recreation	-	130,372	-	-	130,372
Capital Projects – streets and highways	-	1,952,937	-	-	1,952,937
Capital Projects – storm drainage	-	268,616	-	-	268,616
Capital Projects – airport	-	8,505,354	-	-	8,505,354
Assigned					
Debt service reserve	9,753,620	-	-	-	9,753,620
Other reserves	7,494,010	-	-	-	7,494,010
Expenditures designated for future years	2,517,818	-	-	-	2,517,818
Unassigned	22,336,003	(8,586,350)	-	-	13,749,653
Total fund balances	46,481,291	13,920,642	65,449	1,083,372	61,550,754
Total liabilities, deferred inflows of resources, and fund balances	\$ 71,584,776	\$ 27,146,155	\$ 3,002,648	\$ 1,083,372	\$ 102,816,951

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, 2022**

Total fund balances – governmental funds \$ 61,550,754

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	\$ 573,320,532	
Less accumulated depreciation and amortization	(175,460,690)	
Net capital assets		397,859,842

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

431,545

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	6,028,953	
Other postemployment benefits	4,858,863	
Deferred inflows related to:		
Pensions	(11,687,182)	
Other postemployment benefits	(7,524,594)	
Net pension liability	(3,685,942)	
Other postemployment benefit liability	(4,876,323)	(16,886,225)

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

Deferred loss on refunding of debt	1,022,794	
Deferred gain on refunding of debt	(119,682)	903,112

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

1,794,564

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	(55,272,803)	
Note payable	(5,161,834)	
Compensated absences	(3,028,167)	
Interest payable	(828,866)	(64,291,670)

Net position of governmental activities \$ 381,361,922

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, 2022

	General	Capital Projects	NVTA	Other Governmental Fund	Total Governmental Funds
REVENUES					
General property taxes	\$ 20,170,491	\$ -	\$ -	\$ -	\$ 20,170,491
Other local taxes	17,561,322	-	-	-	17,561,322
Permits, fees, and licenses	1,161,209	-	-	-	1,161,209
Fines and forfeitures	291,303	-	-	-	291,303
Use of money and property	2,067,931	11,419	-	-	2,079,350
Charges for services	4,610,543	-	-	-	4,610,543
Contributions and proffers	306,983	1,755,000	-	7,050	2,069,033
Miscellaneous	27,084	(103,908)	52,786	(177,970)	(202,008)
Intergovernmental	19,531,074	1,944,215	56,740,143	-	78,215,432
Total revenues	<u>65,727,940</u>	<u>3,606,726</u>	<u>56,792,929</u>	<u>(170,920)</u>	<u>125,956,675</u>
EXPENDITURES					
Current					
Legislative	347,356	-	-	-	347,356
Executive	2,323,690	-	-	-	2,323,690
Legal	1,597,631	-	-	-	1,597,631
Finance and administrative services	6,865,230	-	-	-	6,865,230
Public safety	13,459,096	-	-	-	13,459,096
Public works	14,542,898	-	55,000,000	-	69,542,898
Parks and recreation	7,218,136	-	-	-	7,218,136
Balch Library	550,510	-	-	10,275	560,785
Planning and zoning	2,132,944	-	-	-	2,132,944
Plan review	1,526,324	-	-	-	1,526,324
Airport	851,403	-	-	-	851,403
Capital projects	-	15,249,309	1,792,929	2,010	17,044,248
Debt service					
Principal	6,658,834	-	-	-	6,658,834
Interest and fiscal charges	2,070,717	-	-	-	2,070,717
Debt issuance costs	-	92,826	-	-	92,826
Total expenditures	<u>60,144,769</u>	<u>15,342,135</u>	<u>56,792,929</u>	<u>12,285</u>	<u>132,292,118</u>
Excess (deficiency) of revenues over expenditures	<u>5,583,171</u>	<u>(11,735,409)</u>	<u>-</u>	<u>(183,205)</u>	<u>(6,335,443)</u>
OTHER FINANCING SOURCES (USES)					
Sales of asset	-	136,043	-	-	136,043
Issuance of note payable	39,818	1,685,555	-	-	1,725,373
Issuance of long-term debt	-	14,549,343	-	-	14,549,343
Payments to refunding escrow agent	-	(6,418,707)	-	-	(6,418,707)
Transfers in	4,126,022	2,622,692	-	-	6,748,714
Transfers out	(2,622,692)	(2,362,022)	-	-	(4,984,714)
Total other financing sources (uses), net	<u>1,543,148</u>	<u>10,212,904</u>	<u>-</u>	<u>-</u>	<u>11,756,052</u>
Net change in fund balances	<u>7,126,319</u>	<u>(1,522,505)</u>	<u>-</u>	<u>(183,205)</u>	<u>5,420,609</u>
Fund balances, beginning, as restated (Note 15)	<u>39,354,972</u>	<u>15,443,147</u>	<u>65,449</u>	<u>1,266,577</u>	<u>56,130,145</u>
Fund balances, ending	<u>\$ 46,481,291</u>	<u>\$ 13,920,642</u>	<u>\$ 65,449</u>	<u>\$ 1,083,372</u>	<u>\$ 61,550,754</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, 2022**

Net change in fund balances – total governmental funds	\$	5,420,609
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	\$ 13,204,709	
Book value of assets disposed	(72,439)	
Less depreciation and amortization expense	(10,505,522)	
Excess of depreciation and amortization over capital outlay		2,626,748
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		28,970,108
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred revenue		(1,335,714)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayments of the principal on long-term debt consumes the current financial resources of governmental funds. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Debt issued or incurred:		
Issuance of debt and notes payable proceeds	(16,274,716)	
Payments to escrow for refunding	6,418,707	
Principal retired on:		
General obligation debt and notes payable	6,658,834	
		(3,197,175)
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	2,442,316	
Pension expense	(1,031,443)	
		1,410,873
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	122,914	
Other postemployment benefits income	1,343,380	
		1,466,294
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	40,591	
Compensated absences	(60,157)	
Amortization of premiums and deferred charges on refundings	317,917	
		298,351
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 and business-type activities in the Statement of Activities.		
Net revenue (expense) of internal service funds	354,157	
		354,157
Change in net position of governmental activities	\$	36,014,251

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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 18,584,500	\$ 18,584,500	\$ 20,170,491	\$ 1,585,991
Other local taxes	15,281,000	15,281,000	17,561,322	2,280,322
Permits, fees, and licenses	1,119,750	1,119,750	1,161,209	41,459
Fines and forfeitures	542,000	542,000	291,303	(250,697)
Use of money and property	2,204,809	2,204,809	2,067,931	(136,878)
Charges for services	5,205,115	5,205,115	4,610,543	(594,572)
Contributions	320,000	320,000	245,714	(74,286)
Proffers	71,000	86,000	61,269	(24,731)
Miscellaneous	39,300	39,300	27,084	(12,216)
Intergovernmental	15,573,964	18,537,801	19,531,074	993,273
Total revenues	<u>58,941,438</u>	<u>61,920,275</u>	<u>65,727,940</u>	<u>3,807,665</u>
EXPENDITURES				
Current				
Legislative	323,254	349,738	347,356	2,382
Executive	2,455,764	2,500,566	2,323,690	176,876
Legal	1,160,408	1,830,205	1,597,631	232,574
Finance and administrative services	7,146,133	7,508,405	6,865,230	643,175
Public safety	15,488,507	14,652,844	13,459,096	1,193,748
Public works	15,264,549	16,972,695	14,542,898	2,429,797
Parks and recreation	7,928,837	10,929,599	7,218,136	3,711,463
Balch Library	567,477	574,890	550,510	24,380
Planning and zoning	2,196,955	2,250,359	2,132,944	117,415
Plan review	1,567,867	1,569,824	1,526,324	43,500
Airport	852,602	907,061	851,403	55,658
Townwide expenditures	1,130,000	1,465,000	-	1,465,000
Debt service				
Principal	6,899,731	6,658,834	6,658,834	-
Interest and fiscal charges	2,384,262	2,117,525	2,070,717	46,808
Total expenditures	<u>65,366,346</u>	<u>70,287,545</u>	<u>60,144,769</u>	<u>10,142,776</u>
Excess (deficiency) of revenues over expenditures	<u>(6,424,908)</u>	<u>(8,367,270)</u>	<u>5,583,171</u>	<u>13,950,441</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	2,958,900	3,028,900	4,126,022	1,097,122
Transfers out	-	-	(2,622,692)	(2,622,692)
Issuance of note payable	-	-	39,818	39,818
Use of fund balance	3,466,008	3,649,803	-	(3,649,803)
Total other financing sources (uses), net	<u>6,424,908</u>	<u>6,678,703</u>	<u>1,543,148</u>	<u>(5,135,555)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,688,567)</u>	<u>\$ 7,126,319</u>	<u>\$ 8,814,886</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, 2022

	<u>Business-Type Activities – Enterprise Fund Utilities</u>	<u>Governmental Activities Internal Service Self Insurance Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 53,660,838	\$ 1,574,735
Receivables (net of allowance for doubtful accounts):		
Trade and other accounts	5,660,765	230,792
Leases	3,457,694	-
Due from other funds	305	-
Prepaid expenses	46,070	-
Inventories	682,069	-
	<u>63,507,741</u>	<u>1,805,527</u>
Total current assets		
NONCURRENT ASSETS		
Nondepreciable assets	5,439,093	-
Depreciable assets, net	187,038,017	-
	<u>192,477,110</u>	<u>-</u>
Total noncurrent assets		
	<u>255,984,851</u>	<u>1,805,527</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	1,602,633	-
Deferred outflows related to other postemployment benefits	1,291,596	-
Deferred loss on refunding	1,704,453	-
	<u>4,598,682</u>	<u>-</u>
Total deferred outflows of resources		
	<u>260,583,533</u>	<u>1,805,527</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, 2022

	<u>Business-Type Activities – Enterprise Fund Utilities</u>	<u>Governmental Activities Internal Service Self Insurance Fund</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 1,817,854	\$ 10,963
Accrued expenses	685,173	-
Accrued interest	814,326	-
Compensated absences	631,227	-
Retainage payable	221,921	-
Note payable	2,938	-
Bonds payable	3,546,015	-
Performance bonds payable	9,000	-
Customer deposits and contingent charges	1,309,912	-
Total current liabilities	<u>9,038,366</u>	<u>10,963</u>
NONCURRENT LIABILITIES		
Compensated absences	229,536	-
Net pension liability	979,807	-
Net other postemployment benefit liability	1,296,238	-
Note payable	7,911	-
Bonds payable, net	51,834,476	-
Total noncurrent liabilities	<u>54,347,968</u>	<u>-</u>
Total liabilities	<u>63,386,334</u>	<u>10,963</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	3,399,664	-
Deferred inflows related pension plan	3,106,719	-
Deferred inflows related to other postemployment benefits	2,000,209	-
Deferred gain on refunding	64,979	-
Total deferred inflows of resources	<u>8,571,571</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>71,957,905</u>	<u>10,963</u>
NET POSITION		
Net investment in capital assets	138,503,323	-
Unrestricted	50,122,305	1,794,564
Total net position	<u>\$ 188,625,628</u>	<u>\$ 1,794,564</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, 2022

	<u>Business-Type Activities – Enterprise Fund Utilities</u>	<u>Governmental Activities Internal Service Self Insurance Fund</u>
OPERATING REVENUES		
Charges for services	\$ 26,807,830	\$ 4,969,664
Other	136,031	-
Total operating revenues	<u>26,943,861</u>	<u>4,969,664</u>
OPERATING EXPENSES		
Personnel service	9,525,050	-
Contractual services	2,108,798	-
Depreciation and amortization	6,524,338	-
Materials and supplies	2,132,991	-
Continuous charges	1,289,476	-
Claims and settlements	579	-
Internal and other	(221)	-
Risk financing and benefit payments	-	4,615,507
Total operating expenses	<u>21,581,011</u>	<u>4,615,507</u>
Operating income	<u>5,362,850</u>	<u>354,157</u>
NONOPERATING REVENUES (EXPENSES)		
Investment loss	(72,008)	-
Gain on sale of assets	120,107	-
Rental, lease and other charges	497,314	-
Installation and connection charges	7,857,935	-
Interest and fiscal charges	(1,803,149)	-
Total nonoperating revenues (expenses), net	<u>6,600,199</u>	<u>-</u>
Income before contributions and transfers	<u>11,963,049</u>	<u>354,157</u>
TRANSFERS		
Transfers out	(1,764,000)	-
Total transfers	<u>(1,764,000)</u>	<u>-</u>
Capital contributions	2,394,458	-
Change in net position	12,593,507	354,157
Total net position, beginning – as restated (Note 15)	<u>176,032,121</u>	<u>1,440,407</u>
Total net position, ending	<u><u>\$ 188,625,628</u></u>	<u><u>\$ 1,794,564</u></u>

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self Insurance Fund
OPERATING ACTIVITIES		
Receipts from customers	\$ 26,131,245	\$ -
Receipts from interfund services provided	-	4,968,417
Claims and benefits paid	-	(4,838,142)
Payments to suppliers for goods and services	(6,540,334)	-
Payments to employees for services	(10,086,222)	-
Net cash provided by operating activities	<u>9,504,689</u>	<u>130,275</u>
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Advance from other funds	(305)	-
Transfers out	(1,764,000)	-
Net cash used in noncapital and related financing activities	<u>(1,764,305)</u>	<u>-</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Installation and connection charges	7,857,935	-
Acquisition and construction of capital assets	(7,108,136)	-
Proceeds from sale of capital assets	130,035	-
Proceeds from debt issuance	1,484,688	-
Principal paid on debt	(3,583,233)	-
Principal collected on leases	170,434	-
Interest collected on leases	21,267	-
Interest and fiscal charges	(2,116,980)	-
Net cash used in capital and related financing activities	<u>(3,143,990)</u>	<u>-</u>
INVESTING ACTIVITIES		
Investment loss	(93,275)	-
Rental, lease and other charges	268,850	-
Net cash provided by investing activities	<u>175,575</u>	<u>-</u>
Net increase in cash and cash equivalents	4,771,969	130,275
CASH AND CASH EQUIVALENTS		
Beginning	48,888,869	1,444,460
Ending	<u>\$ 53,660,838</u>	<u>\$ 1,574,735</u>

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022**

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self Insurance Fund
RECONCILIATION TO EXHIBIT 8		
Cash and cash equivalents	\$ 53,660,838	\$ 1,574,735
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 5,362,850	\$ 354,157
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	6,524,338	-
Pension expense, net of contributions	(375,043)	-
Other postemployment benefit expense, net of contributions	(389,773)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(969,380)	(1,247)
Prepaid expenses	(8,476)	-
Inventories	(153,581)	-
Increase (decrease) in:		
Accounts payable	(847,233)	(14,278)
Accrued liabilities	204,223	-
Insurance and benefit claims	-	(208,357)
Customer deposits and contingent charges	156,764	-
Net cash provided by operating activities	\$ 9,504,689	\$ 130,275
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	\$ 2,394,458	\$ -
Capital assets included in accounts payable	\$ 447,895	\$ -

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, 2022

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,325,596
Mutual funds-equity	7,971,806
Mutual funds-fixed income	<u>5,769,292</u>
Total assets	<u>15,066,694</u>
NET POSITION	
Net position restricted for other postemployment benefits (OPEB)	<u><u>\$ 15,066,694</u></u>

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2022

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	<u>\$ 619,147</u>
Total contributions	619,147
INVESTMENT INCOME	
Realized gain on sale of investments	739,772
Interest and dividends earned on investments	320,619
Net decrease in fair value of investments	<u>(3,661,342)</u>
Total additions, net	<u>(1,981,804)</u>
DEDUCTIONS	
Administrative fees	75,535
Benefit payments	<u>395,192</u>
Total deductions	<u>470,727</u>
Change in net position	(2,452,531)
Net position, beginning	<u>17,519,225</u>
Net position, ending	<u><u>\$ 15,066,694</u></u>

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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 NVT A Fund as a major fund and the Thomas Balch Library Endowment Fund as a nonmajor governmental fund.

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

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

D. Measurement Focus and Basis of Accounting

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

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022, General Fund supplemental appropriations totaling \$4,920,661 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 \$7,501,454 for governmental activities at June 30, 2022 and is comprised of bond proceeds, proffer reserves, performance bonds, police forfeitures, and funds to be used for future projects.

3. Investments

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

4. Property taxes

Real estate and personal property taxes are assessed annually by Loudoun County, Virginia (the "County"), for all property of record as of January 1. Real estate taxes are billed and collected by the County and remitted to the Town. Real estate taxes are levied annually on January 1 and are due in semi-annual installments on June 5 and December 5. Personal property taxes are levied annually on January 1 and are due in semi-annual installments on May 5 and October 5. The taxable values for Personal Property Tax Revenue is the 80% of assessed value. 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, 2022, estimated unbilled services included in accounts receivable and revenue amounted to approximately \$4.1 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, 2022

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 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.

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.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

11. Compensated absences

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

12. Long-term obligations

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

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

13. Bond premiums and discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bond discounts, net of amortization, are presented as reductions to the face amount of bonds payable on the accompanying Statement of Net Position. Bond premiums, net of amortization, are presented as an increase to the face amount of bonds payable on the accompanying Statement of Net Position. The actual amounts of bond premiums are presented in the schedule in Note 7, Long-Term Debt.

14. Performance bonds

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

15. Reserve for proffers

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

16. Deferred outflows/inflows of resources

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

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

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

16. Deferred outflows/inflows of resources (Continued)

- Governmental funds report unavailable revenue from property taxes and other receivables not collected within the availability period. These amounts are recognized as an inflow of resources in the period they become available.
- Tax collections or governmental grants received before the period in which they are eligible for use are shown as a deferred inflow.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Lease-related amounts are recognized at the inception of leases in which the Town is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

17. Pension and other postemployment benefits (OPEB)

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

18. Fund balances

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

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

18. Fund balances (Continued)

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 \$2.5 million have been classified as assigned fund balance. Capital Projects Fund encumbrances totaling approximately \$12.5 million have been classified as committed fund balance.

19. Net position

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

F. Other Significant Accounting Policies (Continued)

20. Use of estimates

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

Note 2. Deposits and Investments

Deposits

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

Investments

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

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

4. Certificates of Deposit

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

At year end, the Town has \$25 million in certificates of deposit.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

Investments (Continued)

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 \$15,066,694. The Trust is used for funding the Other Postemployment Benefit (OPEB). Additional details concerning this Trust are discussed further in Note 10.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

Investment Policy (Continued)

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

12. Federally Insured Certificates of Deposit (CDARS)

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

- a. The funds are initially invested by the Town through a financial institution that is participating in CDARS and that is located and doing business in Virginia.
- 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 \$14,075,109 with the VML/VACo Investment Pool.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

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, 2022 the Town’s investments in LGIP, SNAP, and the VML/VACo stable NAV liquidity pool are rated “AAAm.” The Town’s investment in the VML/VACo 1-3 Year High Quality Bond Fund is rated ‘AA+f/S1. All credit ratings presented in this paragraph are S&P Global ratings. The Town does not have a policy that addresses investment credit risk.

Interest Rate Risk

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

	Fair Value	Less Than 1 Year
LGIP	\$ 21,380,863	\$ 21,380,863
SNAP	4,226,180	4,226,180
U.S. Bank OPEB Trust	15,066,694	15,066,694
VML/VACo Investment Pool	14,075,109	14,075,109

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.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

The Town has the following recurring fair value measurements as of June 30, 2022:

- Money markets and mutual funds in the amount of \$15,066,694 are valued using quoted market prices (Level 1 inputs).

Investments		\$ 54,748,846
Deposits		<u>93,917,707</u>
Total deposits and investments		<u><u>\$ 148,666,553</u></u>
Reconciliation of deposits and investments		
Exhibit 1:		
Cash and cash equivalents		\$ 126,098,405
Cash and cash equivalents, restricted		<u>7,501,454</u>
Total Exhibit 1 deposits and investments		<u>133,599,859</u>
Exhibit 11:		
Investments		<u>15,066,694</u>
Total Exhibit 11 deposits and investments		<u>15,066,694</u>
Total Exhibits deposits and investments		<u><u>\$ 148,666,553</u></u>

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3. Receivables

Receivables, other than leases, at June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Internal Service Fund</u>	<u>Utilities Fund</u>	<u>Totals</u>
Property taxes, including penalties	\$ 11,014,709	\$ -	\$ -	\$ -	\$ 11,014,709
Utility taxes	130,568	-	-	-	130,568
Local taxes	1,931,016	-	-	-	1,931,016
Accounts	415,962	49,782	230,792	5,735,765	6,432,301
Gross receivables	13,492,255	49,782	230,792	5,735,765	19,508,594
Less allowance for uncollectable accounts	250,000	-	-	75,000	325,000
Net receivables	<u>\$ 13,242,255</u>	<u>\$ 49,782</u>	<u>\$ 230,792</u>	<u>\$ 5,660,765</u>	<u>\$ 19,183,594</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Second half real estate billed in advance	\$ 8,706,940	\$ 8,706,940
Second half personal property billed in advance	1,681,001	1,681,001
Delinquent property taxes receivable	431,545	-
Prepaid property taxes	-	528,115
Coronavirus State and Local Recovery Funds	-	2,963,837
Other	-	71,028
	<u>\$ 10,819,186</u>	<u>\$ 13,950,921</u>

The NVTAFund reported unearned revenue of \$2,719,470 in connection with funding from NVTAFund for various projects the Town has ongoing. The Capital Projects Fund reported unearned revenue of \$9,036,052 in connection with funding from Loudoun County for various projects the Town has ongoing. The General Fund reported unearned revenue of \$2,963,837 in connection with the American Rescue Plan Act for COVID-19 related costs. The General Fund also reported unearned revenue of \$15,407 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. The remaining balance consists of \$528,115 in prepaid taxes and \$55,621 in grants.

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 4. Leases Receivable

In 2022, the Town implemented the guidance of GASB No. 87, *Leases*, which for lessors requires recognizing a lease receivable and deferred inflows of resources in the financial statements.

The Town, as lessor, has entered into several non-cancellable lease agreements involving land and infrastructure, several of which are with global telecommunication providers. The Town uses an implicit interest rate or rate stated in the lease as a discount rate for each. The Town has leases receivable of \$3,457,694 and deferred inflows of resources of \$3,399,664 as of June 30, 2022 related to these leases in the Utilities Fund. The Town has leases receivable of \$20,018 and deferred inflows of resources of \$19,673 as of June 30, 2022 related to these leases in the General Fund. The total amount of inflows of resources, including lease revenue and interest revenue related to these leases, recognized during the fiscal year was \$249,732 for the Utilities Fund. The total amount of inflows of resources, including lease revenue and interest revenue related to these leases, recognized during the fiscal year was \$4,467 for the General Fund. The significant telecommunication related leases are as follows:

<u>Lease*</u>	<u>Fund</u>	<u>Contract Date</u>	<u>Maturity Date</u>
AT&T Carr 2 Tank	Utilities	04/01/2013	05/31/2023
New Cingular Hogback Tank	Utilities	06/09/2014	07/31/2024
T-Mobile Carr 2 Tank	Utilities	11/10/2009	04/11/2025
T-Mobile Hospital Tank	Utilities	08/24/2010	08/23/2025
AT&T Third Renewal	General	11/08/2021	11/27/2026

* Maturity date includes option years, if applicable.

The Town, as lessor, has entered into several non-cancellable lease agreements involving land, hangars, and buildings related to the airport. The leases provide for annual rental increases and pass-through of certain maintenance costs. The Town uses an implicit interest rate or rate stated in the lease as a discount rate for each. The Town has leases receivable of \$3,919,659 and deferred inflows of resources of \$3,872,645 as of June 30, 2022 related to these leases in the General Fund. The total amount of inflows of resources, including lease revenue and interest revenue related to these leases recognized during the fiscal year was \$444,834 for the General Fund. The significant leases related to the airport are as follows:

<u>Lease*</u>	<u>Contract Date</u>	<u>Maturity Date</u>
Federal Aviation – Building	04/11/2018	04/30/2038
Condo Hangars- Hangar	10/06/1982	10/07/2022
Hangar Pad – Site B – Land	07/01/2019	06/30/2039
Aviation Adventures – Building	06/01/2009	05/31/2024
Office Extension – Building	08/26/2015	01/31/2026
Aviation Fuel Tank	05/24/2021	06/30/2041

* Maturity date includes option years, if applicable.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4. Leases Receivable (Continued)

The Town, as lessor, has entered into several non-cancellable lease agreements involving right-of-way land access. The Town uses an implicit interest rate or rate stated in the lease as a discount rate for each. The Town has leases receivable of \$480,747 and deferred inflows of resources of \$359,850 as of June 30, 2022 related to these leases in the General Fund. The total amount of inflows of resources, including lease revenue and interest revenue, related to these leases recognized during the fiscal year was \$143,820 for the General Fund.

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

<u>Lease*</u>	<u>Fund</u>	<u>Contract Date</u>	<u>Maturity Date</u>
Public Works	General	03/13/2019	03/12/2024

* Maturity date includes option years, if applicable.

Below is a summary of leases receivable and deferred inflows of resources related to leases as of June 30, 2022:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Leases receivable			
Telecommunications land and infrastructure	\$ 20,018	\$ 3,457,694	\$ 3,477,712
Airport related	3,919,659	-	3,919,659
Right of way easements	480,747	-	480,747
Total leases receivable	<u>\$ 4,420,424</u>	<u>\$ 3,457,694</u>	<u>\$ 7,878,118</u>
Deferred inflows of resources			
Telecommunications land and infrastructure	\$ 19,673	\$ 3,399,664	\$ 3,419,337
Airport related	3,872,644	-	3,872,644
Right of way easements	359,850	-	359,850
Total deferred inflows of resources	<u>\$ 4,252,167</u>	<u>\$ 3,399,664</u>	<u>\$ 7,651,831</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Due from Other Governments

At June 30, 2022, amounts due from other governments were as follows:

General Fund:

County of Loudoun:	
Real estate taxes	\$ 2,505,283
Local sales taxes	1,248,048
Personal property taxes	260,022
Public service corporations	118,814
Traffic fines	11,665
Other	994
	4,144,826
Commonwealth of Virginia:	
Other taxes and grants	1,068
Car rental tax	32,947
Virginia Department of Aviation	40,405
Communication sales and use	247,300
	321,720
Federal Government:	
Department of Justice	12,187
	12,187
Other:	
Cigarette tax	56,129
	56,129
Total general fund	4,534,862

Capital Projects Fund:

Commonwealth of Virginia:	
Virginia Department of Transportation	178,201
Virginia Department of Aviation	5,548
	183,749

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Due from Other Governments (Continued)

Capital Projects Fund: (Continued)

Federal Government:

Department of Aviation	\$ <u>234,981</u>
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Total capital projects fund	<u>418,730</u>
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Northern Virginia Transportation Authority Fund:

Northern Virginia Transportation Authority	<u>1,278,553</u>
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Total governmental activities	<u><u>\$ 6,232,145</u></u>
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NVTA funding

The Town is awarded funding for various transportation projects by the NVTA. Funding is appropriated by the NVTA and the Town is eligible to draw down such funds as expenditures are incurred. The Town is also awarded Local Distribution Funds from the NVTA based on 30% of NVTA monthly revenue. These funds are distributed to Loudoun County to be distributed to the Town.

In addition to the 30% funding, the Town also has in place an agreement with the NVTA for work being done on the East Market (Rt. 7) and Battlefield Interchange. This project is funded by the NVTA, federal Regional Surface Transportation (“RSTP”) funds and is managed by the VDOT. The funding flows directly from the NVTA to the VDOT for the project; however, since the Town has administrative involvement with the project and a portion of project results in infrastructure assets belonging to the Town, the funding is recorded in the Town’s financial statements.

As of June 30, 2022, a significant portion of the East Market (Rt. 7)/Battlefield Interchange is complete. The Town recorded \$24.9 million in capital assets as a capital contribution in 2022.

Additionally, during 2022, the Town recognized revenues related to the project totaling \$55,000,000 which consisted of \$36,711,460 of NVTA funding and \$18,288,540 of RSTP funding. A corresponding expenditure is also reflected related to the ultimate funding which passed through to VDOT.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2022 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 64,218,747	\$ 569,675	\$ -	\$ -	\$ 64,788,422
Construction in progress	21,606,894	9,776,290	(16,712,392)	-	14,670,792
Total capital assets, not being depreciated	<u>85,825,641</u>	<u>10,345,965</u>	<u>(16,712,392)</u>	<u>-</u>	<u>79,459,214</u>
Capital assets, being depreciated and amortized:					
Buildings and improvements	87,138,400	22,193	-	(36,573)	87,124,020
Furniture and equipment	8,322,593	204,888	-	(128,475)	8,399,006
Computer equipment and software	4,099,100	170,360	-	(203,748)	4,065,712
Vehicles	7,192,851	1,071,514	-	(584,438)	7,679,927
Infrastructure	85,689,309	2,414,079	390,370	-	88,493,758
Streets	224,526,020	27,945,818	16,322,022	-	268,793,860
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	<u>446,273,308</u>	<u>31,828,852</u>	<u>16,712,392</u>	<u>(953,234)</u>	<u>493,861,318</u>
Less accumulated depreciation and for:					
Buildings and improvements	(40,527,053)	(1,986,900)	-	36,573	(42,477,380)
Furniture and equipment	(5,996,120)	(600,665)	-	95,696	(6,501,089)
Computer equipment and software	(3,292,051)	(266,327)	-	203,748	(3,354,630)
Vehicles	(3,554,781)	(550,519)	-	544,778	(3,560,522)
Infrastructure	(30,172,187)	(1,776,544)	-	-	(31,948,731)
Streets	(60,780,948)	(4,649,779)	-	-	(65,430,727)
Hangars	(3,176,217)	(181,404)	-	-	(3,357,621)
Runway	(15,020,198)	(345,560)	-	-	(15,365,758)
Terminals	(3,316,406)	(147,826)	-	-	(3,464,232)
Total accumulated depreciation	<u>(165,835,961)</u>	<u>(10,505,524)</u>	<u>-</u>	<u>880,795</u>	<u>(175,460,690)</u>
Total capital assets being depreciated, net	<u>280,437,347</u>	<u>21,323,328</u>	<u>16,712,392</u>	<u>(72,439)</u>	<u>\$ 318,400,628</u>
Governmental activities capital assets, net	<u>\$ 366,262,988</u>	<u>\$ 31,669,293</u>	<u>\$ -</u>	<u>\$ (72,439)</u>	<u>\$ 397,859,842</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 6. Capital Assets (Continued)

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

Governmental activities:		
Legislative	\$	16,091
Executive		278,649
Finance and administrative services		171,130
Public safety		410,958
Parks and recreation		993,952
Planning and zoning		2,284
Balch Library		10,880
Public works		7,631,377
Airport		<u>990,203</u>
Total depreciation expense – governmental activities	\$	<u><u>10,505,524</u></u>

Capital asset activity for the year ended June 30, 2022 for business-type activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,577,329	\$ -	\$ -	\$ 1,577,329
Construction in progress	<u>4,541,033</u>	<u>1,120,440</u>	<u>(1,799,709)</u>	<u>3,861,764</u>
Total capital assets, not being depreciated or amortized	<u>6,118,362</u>	<u>1,120,440</u>	<u>(1,799,709)</u>	<u>5,439,093</u>
Capital assets, being depreciated				
Water and sewer plant	125,193,665	2,125,100	-	127,318,765
Water and sewer lines	151,771,858	7,220,036	(129,552)	158,862,342
Furniture, equipment and software	5,362,984	600,079	(8,234)	5,954,829
Vehicles	<u>3,511,557</u>	<u>734,426</u>	<u>(249,427)</u>	<u>3,996,556</u>
Total capital assets being depreciated	<u>285,840,064</u>	<u>10,679,641</u>	<u>(387,213)</u>	<u>296,132,492</u>
Less accumulated depreciation for:				
Water and sewer plant	(45,645,891)	(2,578,298)	-	(48,224,189)
Water and sewer lines	(53,432,009)	(2,935,666)	129,552	(56,238,123)
Furniture, equipment and software	(2,244,657)	(740,405)	8,111	(2,976,951)
Vehicles	<u>(1,624,865)</u>	<u>(269,969)</u>	<u>239,622</u>	<u>(1,655,212)</u>
Total accumulated depreciation	<u>(102,947,422)</u>	<u>(6,524,338)</u>	<u>377,285</u>	<u>(109,094,475)</u>
Total capital assets being depreciated, net	<u>182,892,642</u>	<u>4,155,303</u>	<u>(9,928)</u>	<u>187,038,017</u>
Business-type activities capital assets, net	<u>\$ 189,011,004</u>	<u>\$ 5,275,743</u>	<u>\$ (1,809,637)</u>	<u>\$ 192,477,110</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Debt

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

Outstanding long-term debt at June 30, 2022 includes the following bond issues:

General Obligation Bonds:

\$24,800,000 2014 General Obligation and Refunding Bonds, due in annual installments of \$85,000 to \$2,140,000 through January 2044, plus interest at 2.00% to 5.00%.	\$ 19,030,000
\$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%.	34,885,000
\$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%.	10,455,000
\$25,500,000 maximum drawdown 2019 Series A General Obligation Bond Anticipation Note, due June 13, 2024, plus interest at 2.561% due monthly.	1,668,950
\$32,500,000 maximum drawdown 2019 Series B General Obligation Bond Anticipation Note, due June 13, 2024, plus interest at 2.561% due monthly.	3,753,726
\$12,260,000 2019 Series General Obligation Refunding Bonds, due in semi-annual installments of \$271,000 to \$1,319,900 through January 2039, plus interest at 2.25% to 5.00%.	10,550,000
\$13,250,000 2020 Series General Obligation Refunding Bonds, due in semi-annual installments of \$55,000 to \$3,015,000 through June 2035, plus interest at 1.25% to 5.00%.	10,235,000
\$10,879,000 2021 Series General Obligation Refunding Bonds, due in semi-annual installments of \$442,000 to \$630,000 through January 2042, plus interest at 1.537%.	<u>10,879,000</u>
	101,456,676
Plus unamortized premiums, net	<u>9,196,618</u>
	<u>110,653,294</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Debt (Continued)

Notes Payable from Financing Leases and Direct Borrowings:

\$555,988 Equipment Financing, due in semi-annual installments of \$55,845 through January 2023, including interest at 2.11%.	\$ 115,853
\$1,750,000 Capital Asset Replacement, due in semi-annual installments of \$343,000 to \$359,000 through January 2026, including interest at 1.46%.	1,403,000
\$1,253,561 Equipment Financing, due in semi-annual installments of \$134,965 through January 2024, including interest at 2.73%.	521,917
\$1,036,390 Equipment Financing, due in semi-annual installments of \$109,220 through January 2025, including interest at 1.93%.	632,248
\$960,597 Equipment Financing, due in semi-annual installments of \$99,068 through January 2026, including interest at 1.13%.	774,292
\$1,725,373 Capital Asset Replacement, due in semi-annual installments of \$345,075 through January 2027, including interest at 3.387%.	<u>1,725,373</u>
Total notes payable	<u>5,172,683</u>
Total long-term debt	<u><u>\$ 115,825,977</u></u>

Current year refunding of debt

In November 2021, the Town issued general obligation and refunding bonds totaling \$10,879,000, which included a partial conversion of 2019A Bond Anticipation Note. The refinancing was undertaken to pay off Bond Anticipation Notes restructuring a portion of a line of credit short term financing to long term General Obligation Bonds.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Debt (Continued)

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

<u>Description</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Total</u>
Bonded long-term debt:			
2014 General obligation & refunding	\$ 10,800,000	\$ 8,230,000	\$ 19,030,000
2015 General obligation & refunding	25,305,000	9,580,000	34,885,000
2016 VRA refunding	3,634,030	6,820,970	10,455,000
2019 Series A General obligation	-	1,668,950	1,668,950
2019 Series B General obligation	3,753,726	-	3,753,726
2019 General obligation & refunding	3,170,000	7,380,000	10,550,000
2020 Restructuring	4,170,000	6,065,000	10,235,000
2021 General obligation & refunding	-	10,879,000	10,879,000
Total bonds payable	50,832,756	50,623,920	101,456,676
Plus:			
Unamortized premiums	4,547,735	4,648,883	9,196,618
Notes payable from financed purchases and direct borrowings:			
Equipment financing	10,849	2,033,461	2,044,310
Capital asset replacement	-	3,128,373	3,128,373
Total notes payable	10,849	5,161,834	5,172,683
Total	<u>\$ 55,391,340</u>	<u>\$ 60,434,637</u>	<u>\$ 115,825,977</u>

The following is a summary of long-term liability activity of the Town for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 48,052,947	\$ 14,549,343	\$ (11,978,370)	\$ 50,623,920	\$ 5,905,985
Unamortized premiums	5,101,241	-	(452,358)	4,648,883	-
Notes payable from financing and direct borrowings	4,535,632	1,725,373	(1,099,171)	5,161,834	1,455,565
Compensated absences	2,968,010	2,224,255	(2,164,098)	3,028,167	2,207,961
Governmental activities long-term liabilities	<u>\$ 60,657,830</u>	<u>\$ 18,498,971</u>	<u>\$ (15,693,997)</u>	<u>\$ 63,462,804</u>	<u>\$ 9,569,511</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Debt (Continued)

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

Year Ending June 30,	Bonded Obligations		Notes Payable from Financing and Direct Borrowings		
	Principal	Interest	Principal	Interest	
2023	\$ 5,905,985	\$ 1,947,325	\$ 1,455,565	\$ 88,201	
2024	7,118,156	1,686,917	1,357,915	80,813	
2025	4,715,531	1,266,714	1,104,644	52,388	
2026	4,328,732	1,050,218	898,636	30,265	
2027-2031	16,776,516	2,809,190	345,074	11,687	
2032-2036	8,150,000	872,697	-	-	
2037-2041	2,999,000	188,098	-	-	
2042-2046	630,000	9,684	-	-	
	<u>\$ 50,623,920</u>	<u>\$ 9,830,843</u>	<u>\$ 5,161,834</u>	<u>\$ 263,354</u>	
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable	\$ 52,928,405	\$ 1,484,688	\$ (3,580,337)	\$ 50,832,756	\$ 3,546,015
Unamortized premiums	4,850,740	-	(303,005)	4,547,735	-
Notes payable from financing and direct borrowings	13,745	-	(2,896)	10,849	2,938
Compensated absences	814,849	667,860	(621,946)	860,763	631,227
Business-type activities long-term liabilities	<u>\$ 58,607,739</u>	<u>\$ 2,152,548</u>	<u>\$ (4,508,184)</u>	<u>\$ 56,252,103</u>	<u>\$ 4,180,180</u>

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Long-Term Debt (Continued)

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

Year Ending June 30,	Bonded Obligations		Notes Payable from Financing Leases and Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 3,546,015	\$ 1,915,262	\$ 2,938	\$ 139
2024	7,216,520	1,732,597	2,980	97
2025	3,358,469	1,489,089	3,022	54
2026	3,353,268	1,321,781	1,909	16
2027-2031	13,798,484	4,142,482	-	-
2032-2036	13,060,000	2,402,006	-	-
2037-2041	6,170,000	486,150	-	-
2042-2046	330,000	24,288	-	-
	<u>\$ 50,832,756</u>	<u>\$ 13,513,655</u>	<u>\$ 10,849</u>	<u>\$ 306</u>

The legal debt margin for the Town mandated by the Commonwealth of Virginia is \$940 million, which is computed based upon 10% of the assessed value on real estate subject to taxation.

Note 8. Interfund Transfers and Balances

	Transfer In		
	General	Capital Projects	Total
Transfer out			
General	\$ -	\$ 2,622,692	\$ 2,622,692
Capital projects	2,362,022	-	2,362,022
Utility	1,764,000	-	1,764,000
	<u>\$ 4,126,022</u>	<u>\$ 2,622,692</u>	<u>\$ 6,748,714</u>

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

Due from and due to balances of \$305 between the utilities fund and general fund result from interfund loans.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Commitments and Contingent Liabilities

Federal and state-assisted programs

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

Construction commitments

At June 30, 2022, the Town was contractually obligated for \$6,403,803 to complete various construction projects within the Town. The funds for these improvements are expected to come from fund balance reserves, the issuance of debt, federal funding, and state funding.

Litigation

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

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

Note 10. Other Postemployment Benefits – Local Plan

Plan Description and Funding Policy

The Town participates in the Retiree Healthcare and Life Insurance Benefit Programs which is a single employer benefit plan. Employees hired after April 1, 2016 are no longer eligible for Retiree Healthcare and Life Insurance Benefit Programs. Other postemployment benefits provided by the Town include Medicare health care benefits to retired employees and their dependents provided they satisfy one of the following requirements:

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. 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 1, 2016 pay 100% of their retiree health insurance premium.

Employees Covered by Benefit Terms

As of the July 1, 2022 valuation date, the following employees were covered by the benefit terms of the plan:

	Number
Inactive employees or beneficiaries:	
Retired/beneficiaries	82
LODA recipients	3
Total inactive employees	85
Active plan members	356
Total covered employees	441

Net OPEB Liability

The Town’s total net OPEB liability of \$4,637,935 was measured as of June 30, 2022 and was determined by an actuarial valuation performed as of July 1, 2022.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Other Postemployment Benefits – Local Plan (Continued)

Actuarial Assumptions and Other Inputs

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

Inflation	2.5%
Salary increases, including inflation	3.00%
Healthcare cost trend rates	6.0% initially, grading down to 3.94%
Investment rate of return	7.00%
Retirees' share of benefit-related costs	10%, 50% or 75%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2021 through June 30, 2022.

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

Trust Fund Investments

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

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

Rate of return: For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense was 6.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Other Postemployment Benefits – Local Plan (Continued)

Trust Fund Investments (Continued)

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Rate of Return	Weighted Long-Term Expected Rate of Return
Domestic Equity	39.00 %	8.88 %	2.49 %
International	21.00	9.02	1.37
Fixed Income – U.S.	40.00	4.06	0.62
Total	100.00 %		4.48
	Inflation		2.50
			6.98 %

Discount Rate: The discount rate used to measure the total OPEB liability is 7.00%. The Town’s funding expectations/policy is to contribute the Actuarially Determined Contribution each year, with a minimum amortization (level percentage of payroll) of ten years. On this basis, it is expected that benefits will be paid from the trust until 2065, at which time the trust will be depleted.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. 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, 2021	\$ 20,445,096	\$ 17,519,225	\$ 2,925,871
Changes for the year:			
Service cost	325,183	-	325,183
Interest	1,406,787	-	1,406,787
Experience gains (losses)	(3,283,081)	-	(3,283,081)
Contributions – employer	-	619,147	(619,147)
Net investment income	-	(2,676,486)	(2,676,486)
Assumption changes	1,205,836	-	(1,205,836)
Benefit payments	(395,192)	(395,192)	-
Net changes	(740,467)	(2,452,531)	1,712,064
Balances at June 30, 2022	\$ 19,704,629	\$ 15,066,694	\$ 4,637,935

The plan's fiduciary net position as a percent of Total OPEB Liability 76.46%

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)%
Net OPEB liability	\$ 7,713,206	\$ 4,637,935	\$ 2,157,558

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Other Postemployment Benefits – Local Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends: The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower, 2.94%, or one percentage point higher, 4.94%, than the current healthcare cost trend rates:

	1.00% Decrease (2.94)%	Current Healthcare Cost Trend Rates (3.94)%	1.00% Increase (4.94)%
Net OPEB liability	\$ 2,061,797	\$ 4,637,935	\$ 7,830,096

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$(1,152,888). At June 30, 2022, 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	\$ -	\$ 5,969,543
Changes of assumptions	3,957,151	2,949,067
Net difference between projected and actual earnings on OPEB plan investments	1,700,340	-
Total	\$ 5,657,491	\$ 8,918,610

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. 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 Ended June 30,	Increase (Decrease) to OPEB Expense
2023	\$ (1,627,612)
2024	(1,638,540)
2025	(1,649,067)
2026	859,569
2027	432,979
Thereafter	361,552

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Town of Leesburg, Virginia also participates in 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.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. 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, 2019. 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:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$155,587
June 30, 2021 Contribution	\$146,962

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

The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2022 proportionate share of liability	\$ 1,534,626
June 30, 2021 proportion	0.13181%
June 30, 2020 proportion	0.13086%
June 30, 2022 expense	\$ 71,953

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. 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, 2022, 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	\$ 175,029	\$ 11,693
Changes of assumptions	84,604	209,970
Net difference between projected and actual earnings on OPEB plan investments	-	366,282
Changes in proportion	77,748	18,248
Employer contributions subsequent to the measurement date	155,587	-
Total	\$ 492,968	\$ 606,193

The \$155,587 deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Group Life Insurance Program

Year Ended June 30,	Decrease to OPEB Expense
2023	\$ (66,519)
2024	(42,568)
2025	(39,261)
2026	(102,532)
2027	(17,932)

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. 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, 2020, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

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 the measurement date of June 30, 2021, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,577,345
Plan fiduciary net position	2,413,074
Employers’ net OPEB liability (asset)	1,164,271
Plan fiduciary net position as a percentage of total OPEB liability	67.45%

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 11. 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	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89
	Inflation		2.50
			<u>7.39 %</u>

*Expected arithmetic nominal return

* The above allocation provides for a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, 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, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1.00% Decrease (5.75)%	Current Discount Rate (6.75)%	1.00% Increase (7.75)%
GLI Net OPEB liability	\$ 2,242,144	\$ 1,534,626	\$ 963,273

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Town, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. 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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	200
Inactive members:	
Vested inactive members	102
Non-vested inactive members	106
Inactive members active elsewhere in VRS	112
Total inactive members	320
Active members	350
Total covered employees	870

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. 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, 2022 was 11.42% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$3,091,539 and \$2,937,586 for the years ended June 30, 2022 and 2021, 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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. 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 – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2010 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89
	Inflation		2.50
			<u>7.39 %</u>

* The above allocation provides for a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2021 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, 2020	\$ 119,727,600	\$ 98,045,155	\$ 21,682,445
Changes for the year:			
Service cost	3,001,969	-	3,001,969
Interest	7,919,257	-	7,919,257
Changes of assumptions	5,156,184	-	5,156,184
Differences between expected and actual experience	(1,932,360)	-	(1,932,360)
Contributions – employer	-	2,937,379	(2,937,379)
Contributions – employee	-	1,337,124	(1,337,124)
Net investment income	-	26,950,250	(26,950,250)
Benefit payments, including refunds of employee contributions	(4,810,559)	(4,810,559)	-
Administrative expenses	-	(65,767)	65,676
Other changes	-	2,760	(2,760)
Net changes	9,334,491	26,351,187	(17,016,696)
Balances at June 30, 2021	\$ 129,062,091	\$ 124,396,342	\$ 4,665,749

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (5.75)%	Current Discount Rate (6.75)%	1.00% Increase (7.75)%
Political subdivision's net pension liability	\$ 22,658,340	\$ 4,665,749	\$ (10,095,609)

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

For the year ended June 30, 2022, the political subdivision recognized pension expense of \$1,305,418. At June 30, 2022, 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	\$ 433,078	\$ 1,346,796
Change in assumptions	4,106,969	-
Net difference between projected and actual earnings on pension plan investments	-	13,447,105
Employer contributions subsequent to the measurement date	3,091,539	-
Total	\$ 7,631,586	\$ 14,793,901

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Benefit Pension Plan (Continued)

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

The \$3,091,539 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 ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Decrease to Pension Expense
2023	\$ (1,288,339)
2024	(2,051,092)
2025	(2,843,940)
2026	(4,070,483)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2021 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022, \$267,733 was payable to the Virginia Retirement System for the legally required contributions related to June 2022 payroll.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 13. Summary of Pension and Other Postemployment Benefits Elements

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Deferred outflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 342,131	\$ 90,947	\$ 433,078
Changes in assumptions			
VRS	3,244,506	862,463	4,106,969
Employer contributions subsequent to the measurement date			
VRS	<u>2,442,316</u>	<u>649,223</u>	<u>3,091,539</u>
 Total deferred outflows of resources – pensions	 <u>\$ 6,028,953</u>	 <u>\$ 1,602,633</u>	 <u>\$ 7,631,586</u>
 Deferred outflows of resources – OPEB			
Difference between expected and actual experience			
VRS GLI	\$ 138,273	\$ 36,756	\$ 175,029
Change in assumptions			
Local plan	3,126,149	831,002	3,957,151
VRS GLI	66,837	17,767	84,604
Net difference between projected and actual investment earnings on OPEB plan investments			
Local plan	1,343,269	357,071	1,700,340
Change in proportionate share			
VRS GLI	61,421	16,327	77,748
Employer contributions subsequent to the measurement date			
VRS GLI	<u>122,914</u>	<u>32,673</u>	<u>155,587</u>
 Total deferred outflows of resources – OPEB	 <u>\$ 4,858,863</u>	 <u>\$ 1,291,596</u>	 <u>\$ 6,150,459</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 13. Summary of Pension and Other Postemployment Benefit Elements (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Net pension liability			
VRS	\$ 3,685,942	\$ 979,807	\$ 4,665,749
Total net pension liability	<u>\$ 3,685,942</u>	<u>\$ 979,807</u>	<u>\$ 4,665,749</u>
Net OPEB liability			
Local plan	\$ 3,663,968	\$ 973,967	\$ 4,637,935
VRS GLI	<u>1,212,355</u>	<u>322,271</u>	<u>1,534,626</u>
Total net OPEB liability	<u>\$ 4,876,323</u>	<u>\$ 1,296,238</u>	<u>\$ 6,172,561</u>
Deferred inflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 1,063,969	\$ 282,827	\$ 1,346,796
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS	<u>10,623,213</u>	<u>2,823,892</u>	<u>13,447,105</u>
Total deferred inflows of resources – pensions	<u>\$ 11,687,182</u>	<u>\$ 3,106,719</u>	<u>\$ 14,793,901</u>
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 4,715,939	\$ 1,253,604	\$ 5,969,543
VRS GLI	9,237	2,456	11,693
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS GLI	289,363	76,919	366,282
Change in assumptions			
Local plan	2,329,763	619,304	2,949,067
VRS GLI	165,876	44,094	209,970
Change in proportionate share			
VRS GLI	<u>14,416</u>	<u>3,832</u>	<u>18,248</u>
Total deferred inflow of resources – OPEB	<u>\$ 7,524,594</u>	<u>\$ 2,000,209</u>	<u>\$ 9,524,803</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

	Governmental Activities	Business-Type Activities	Total Primary Government
Pension expense			
VRS	\$ 1,031,280	\$ 274,138	\$ 1,305,418
Total pension expense	\$ 1,031,280	\$ 274,138	\$ 1,305,418
OPEB expense			
Local plan	\$ (910,782)	\$ (242,106)	\$ (1,152,888)
VRS GLI	56,843	15,110	71,953
Total OPEB expense	\$ (853,939)	\$ (226,996)	\$ (1,080,935)

Note 14. Risk Management

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

Worker's Compensation

Worker's compensation insurance is provided through the Virginia Risk Sharing Association (VRSA). During 2021-2022, total premiums paid were approximately \$441,721. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

General Liability

The Town provided general liability, automobile, property, and other insurance through policies with Virginia Risk Sharing Association (VRSA). During 2021-2022, total premiums paid were approximately \$265,744. General liability and business automobile have a \$1,000,000 limit per occurrence. Boiler and machinery coverage and property insurance have a \$100,000,000 blanket policy. The Town maintains an addition \$10,000,000 per occurrence umbrella policy over all forms of liability insurance. Police professional liability and public officials' liability insurance with \$1,000,000 limit are included in the Town's general liability policy with VRSA. Line of Duty Act (LODA) coverages and benefits are stipulated under the *Code of Virginia* statute. During 2021-2022, the premiums paid for LODA was approximately \$165,118.

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Risk Management (Continued)

Cyber Security

The Town is insured for cyber liability expenses through a policy with Cowbell Insurance Agency. The aggregate coverage limit for the cyber liability insurance is \$5,000,000. During 2021-2022, the total premium paid for the Town's cyber security liability insurance was approximately \$40,224.

Healthcare

The Town provided healthcare coverage for employees through a policy with Anthem Blue Cross Blue Shield. The Town contributes the required premium amount for a single coverage for each employee. Dependents of employees are also covered by the policy provided they pay the additional premium to the Town. During 2021-2022, total premiums paid were approximately \$4,275,252.

Note 15. Restatement of Beginning Net Position/Fund Balance

The Town removed a long-term liability previously recorded for the termination of the health insurance plan in the Internal Service Fund and corrected certain items related to transfers in the Capital Projects fund.

The following is a summary of the restatements to net position/fund balance:

	<u>Governmental Activities</u>	<u>Capital Projects</u>	<u>Internal Service</u>
Net position/fund balance July 1, 2021, as previously reported	\$ 344,532,320	\$ 15,375,064	\$ 693,139
Correct transfer errors	68,083	68,083	-
Removal of termination plan liability	<u>747,268</u>	<u>-</u>	<u>747,268</u>
Net position/fund balance July 1, 2021, as restated	<u>\$ 345,347,671</u>	<u>\$ 15,443,147</u>	<u>\$ 1,440,407</u>

Note 16. New Accounting Standards

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

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

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 16. New Accounting Standards (Continued)

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

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

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

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, 2022

	Plan Year					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 325,183	\$ 519,132	\$ 289,793	\$ 412,508	\$ 400,493	\$ 349,000
Interest	1,406,787	1,525,699	1,372,800	1,288,983	1,362,031	648,747
Benefit payments, including refunds of employee contributions	(395,192)	(385,904)	(394,478)	(590,275)	(500,009)	(350,446)
Difference between actual and expected experience	(3,283,081)	(3,986,589)	(789,486)	-	(1,325,151)	-
Changes in assumptions	1,205,836	(3,526,395)	4,043,398	642,914	(1,874,770)	-
Net change in total OPEB liability	(740,467)	(5,854,057)	4,522,027	1,754,130	(1,937,406)	647,301
Total OPEB liability – beginning	<u>20,445,096</u>	<u>26,299,153</u>	<u>21,777,126</u>	<u>20,022,996</u>	<u>21,960,402</u>	<u>21,313,101</u>
Total OPEB liability – ending	<u>\$ 19,704,629</u>	<u>\$ 20,445,096</u>	<u>\$ 26,299,153</u>	<u>\$ 21,777,126</u>	<u>\$ 20,022,996</u>	<u>\$ 21,960,402</u>
Plan Fiduciary Net Position						
Contributions – employer	\$ 619,147	\$ 601,045	\$ 569,478	\$ 765,275	\$ 825,009	\$ 675,446
Net investment income	(2,676,486)	3,413,497	853,811	781,063	871,303	1,106,629
Benefit payments	(395,192)	(385,904)	(394,478)	(590,275)	(500,009)	(350,446)
Administrative expenses	-	-	-	(55,703)	(53,108)	(32,007)
Net change in plan fiduciary net position	(2,452,531)	3,628,638	1,028,811	900,360	1,143,195	1,399,622
Plan fiduciary net position – beginning	<u>17,519,225</u>	<u>13,890,587</u>	<u>12,861,776</u>	<u>11,961,416</u>	<u>10,818,221</u>	<u>9,418,599</u>
Plan fiduciary net position – ending	<u>\$ 15,066,694</u>	<u>\$ 17,519,225</u>	<u>\$ 13,890,587</u>	<u>\$ 12,861,776</u>	<u>\$ 11,961,416</u>	<u>\$ 10,818,221</u>
Net OPEB liability – ending	<u>\$ 4,637,935</u>	<u>\$ 2,925,871</u>	<u>\$ 12,408,566</u>	<u>\$ 8,915,350</u>	<u>\$ 8,061,580</u>	<u>\$ 11,142,181</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>76.46%</u>	<u>85.69%</u>	<u>52.82%</u>	<u>59.06%</u>	<u>59.74%</u>	<u>49.26%</u>
Covered employee payroll	<u>\$ 18,817,696</u>	<u>\$ 19,151,423</u>	<u>\$ 17,651,501</u>	<u>\$ 18,430,633</u>	<u>\$ 23,652,124</u>	<u>\$ 20,250,454</u>
Net OPEB liability as a percentage of covered employee payroll	<u>24.65%</u>	<u>15.28%</u>	<u>70.30%</u>	<u>48.37%</u>	<u>34.08%</u>	<u>55.02%</u>

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2022

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 619,147	\$ 619,147	\$ -	\$ 18,817,696	3.29 %
2021	601,045	601,045	-	19,151,423	3.14
2020	569,478	569,478	-	17,651,501	3.23
2019	765,275	765,275	-	18,430,633	4.15
2018	825,009	825,009	-	23,652,124	3.49
2017	625,000	675,446	(50,446)	20,250,454	3.34

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

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

TOWN OF LEESBURG, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS – LOCAL OPEB TRUST FUND
 June 30, 2022**

<u>Entity Fiscal Year Ended June 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2022	6.98 %
2021	7.26
2020	7.00
2019	6.50
2018	8.06
2017	7.00

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI
 June 30, 2022

<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					
2022	0.13181 %	\$ 1,534,626	\$ 27,117,559	5.66 %	67.45 %
2021	0.13086	2,184,000	26,958,776	8.10	52.64
2020	0.12909	2,101,000	25,303,778	8.30	52.00
2019	0.12479	1,895,000	23,700,718	8.00	51.22
2018	0.12289	1,849,000	22,666,448	8.16	48.86

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS GLI
June 30, 2022

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System – Group Life Insurance – General Employees					
2022	\$ 155,587	\$ 155,587	\$ -	\$ 28,781,392	0.54 %
2021	146,962	146,962	-	27,117,559	0.54
2020	140,052	140,052	-	26,958,776	0.52
2019	131,635	131,635	-	25,303,778	0.52
2018	123,393	123,393	-	23,700,718	0.52

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
VIRGINIA RETIREMENT SYSTEM
June 30, 2022

	Plan Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 3,001,969	\$ 2,926,714	\$ 2,568,975	\$ 2,482,892	\$ 2,528,010	\$ 2,707,578	\$ 2,756,117	\$ 2,694,218
Interest	7,919,257	7,503,239	7,039,500	6,835,511	6,574,956	6,094,951	5,739,077	5,339,294
Benefit payments, including refunds of employee contributions	(4,810,559)	(4,402,784)	(4,398,201)	(3,880,198)	(3,432,679)	(3,117,573)	(2,632,670)	(2,011,985)
Difference between actual and expected experience	(1,932,360)	339,942	1,912,417	(2,265,073)	(809,317)	1,329,813	(536,148)	-
Changes in assumptions	5,156,184	-	3,474,412	-	(915,005)	-	-	-
Net change in total pension liability	9,334,491	6,367,111	10,597,103	3,173,132	3,945,965	7,014,769	5,326,376	6,021,527
Total pension liability – beginning	119,727,600	113,360,489	102,763,386	99,590,254	95,644,289	88,629,520	83,303,144	77,281,617
Total pension liability – ending	\$ 129,062,091	\$ 119,727,600	\$ 113,360,489	\$ 102,763,386	\$ 99,590,254	\$ 95,644,289	\$ 88,629,520	\$ 83,303,144
Plan Fiduciary Net Position								
Contributions – employer	\$ 2,937,379	\$ 2,409,743	\$ 2,290,800	\$ 2,147,461	\$ 2,071,096	\$ 1,918,622	\$ 1,945,907	\$ 1,897,869
Contributions – employee	1,337,124	1,287,395	1,223,924	1,183,157	1,131,997	1,126,655	1,146,789	1,173,237
Net investment income	26,950,250	1,851,717	6,126,069	6,360,318	9,410,583	1,328,647	3,306,840	9,751,444
Benefit payments, including refunds of employee contributions	(4,810,559)	(4,402,784)	(4,398,201)	(3,880,198)	(3,432,679)	(3,117,573)	(2,632,670)	(2,011,985)
Administrative expenses	(65,767)	(62,277)	(59,974)	(54,244)	(53,518)	(46,512)	(44,184)	(51,182)
Other	2,760	(2,211)	(3,870)	(5,697)	(8,408)	(563)	(706)	514
Net change in plan fiduciary net position	26,351,187	1,081,583	5,178,748	5,750,797	9,119,071	1,209,276	3,721,976	10,759,897
Plan fiduciary net position – beginning	98,045,155	96,963,572	91,784,824	86,034,027	76,914,956	75,705,680	71,983,704	61,223,807
Plan fiduciary net position – ending	\$ 124,396,342	\$ 98,045,155	\$ 96,963,572	\$ 91,784,824	\$ 86,034,027	\$ 76,914,956	\$ 75,705,680	\$ 71,983,704
Net pension liability – ending	\$ 4,665,749	\$ 21,682,445	\$ 16,396,917	\$ 10,978,562	\$ 13,556,227	\$ 18,729,333	\$ 12,923,840	\$ 11,319,440
Plan fiduciary net position as a percentage of total pension liability	96.38%	81.89%	85.54%	89.32%	86.39%	80.42%	85.42%	86.41%
Covered payroll	\$ 27,117,559	\$ 26,958,776	\$ 25,303,778	\$ 23,700,718	\$ 22,666,448	\$ 22,378,363	\$ 23,045,393	\$ 23,700,725
Net pension liability as a percentage of covered payroll	17.21%	80.43%	64.80%	46.32%	59.81%	83.69%	56.08%	47.76%

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

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 schedules.

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS –
 VIRGINIA RETIREMENT SYSTEM
 June 30, 2022

Fiscal Year Ended June 30,	Contractually Determined Contribution	Contributions in Relation to Contractually Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2022	\$ 3,091,539	\$ 3,091,539	\$ -	\$ 28,757,188	10.75 %
2021	2,937,586	2,937,586	-	27,117,559	10.83
2020	2,409,743	2,409,743	-	26,958,776	8.94
2019	2,402,307	2,402,307	-	25,303,778	9.49
2018	2,147,461	2,147,461	-	23,700,718	9.06
2017	2,071,096	2,071,096	-	22,666,448	9.14
2016	1,945,907	1,945,907	-	22,378,363	8.70
2015	1,897,869	1,897,869	-	23,045,393	8.24

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, 2022**

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)

The discount rate changed from 5.88% to 7.00% which resulted in a significant decrease in the liability.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale
- No change to line of duty rates.
- No change to discount rates.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2-1- public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No changes to salary scale
- No change to line of duty rates.
- No change to discount rate.

(Continued)

TOWN OF LEESBURG, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022**

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

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

**OTHER
SUPPLEMENTARY INFORMATION**

TOWN OF LEESBURG, VIRGINIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2022
(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash, cash equivalents, and temporary cash investments	\$ 47,366,899	\$ 37,537,959
Receivables (net of allowance for doubtful accounts)		
Property taxes, including penalties	10,764,709	10,441,762
Utility taxes	130,568	127,205
Local taxes	1,931,016	2,284,307
Accounts	415,962	416,519
Leases	4,420,424	-
Due from other governments	4,534,862	6,937,111
Lease deposit	167,004	166,729
Inventory	2,972	6,425
Prepaid items	299,181	221,094
Restricted cash	1,551,179	1,488,900
	<u>\$ 71,584,776</u>	<u>\$ 59,628,011</u>
LIABILITIES		
Accounts payable	\$ 1,900,876	\$ 2,267,529
Due to other governments	76,827	96,047
Due from other funds	305	-
Retainage payable	12,482	-
Accrued payroll	2,280,463	2,065,921
Accrued liabilities – other	413,616	392,603
Customer deposits	103,937	99,566
Performance bonds	1,579,734	1,208,320
Reserve for proffers	100,912	100,777
Unearned revenues	3,562,980	3,450,303
	<u>10,032,132</u>	<u>9,681,066</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	4,252,167	-
Property taxes	10,819,186	10,591,973
	<u>15,071,353</u>	<u>10,591,973</u>
FUND BALANCE		
Nonspendable		
Lease deposit	167,004	166,729
Inventory	2,972	6,425
Prepaid items	299,181	221,094
Restricted		
Parks and recreation (Symmington)	50,521	50,521
Police	146,600	146,600
Gas tax	2,970,810	2,970,810
Parking in Lieu	390,606	389,595
Esummons	352,146	306,829
Assigned		
Debt service reserve	9,753,620	9,753,620
Other reserves	7,494,010	35,190
Expenditures designated for future years	2,517,818	2,008,173
Unassigned	22,336,003	23,299,386
	<u>46,481,291</u>	<u>39,354,972</u>
Total fund balances	<u>\$ 71,584,776</u>	<u>\$ 59,628,011</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,584,776</u>	<u>\$ 59,628,011</u>

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	<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	\$ 8,170,000	\$ 8,170,000	\$ 8,444,981	\$ 274,981
Deferred	8,009,500	8,009,500	7,990,599	(18,901)
Personal property taxes:				
Current	1,050,000	1,050,000	1,758,664	708,664
Deferred	1,050,000	1,050,000	1,521,953	471,953
Public service corporation taxes	225,000	225,000	263,863	38,863
Penalties and interest	80,000	80,000	190,431	110,431
Total general property taxes	<u>18,584,500</u>	<u>18,584,500</u>	<u>20,170,491</u>	<u>1,585,991</u>
Other local taxes:				
Utility	1,525,000	1,525,000	1,495,254	(29,746)
Daily rental	207,000	207,000	208,762	1,762
Meals	5,905,000	5,905,000	7,545,383	1,640,383
Bank franchise	1,330,000	1,330,000	1,629,903	299,903
Cigarette	715,000	715,000	618,476	(96,524)
Business and occupational licenses	3,700,000	3,700,000	4,361,698	661,698
Motor vehicle licenses	1,085,000	1,085,000	898,095	(186,905)
Transient occupancy	814,000	814,000	803,751	(10,249)
Total other local taxes	<u>15,281,000</u>	<u>15,281,000</u>	<u>17,561,322</u>	<u>2,280,322</u>
Permits, fees, and licenses:				
Zoning, subdivision, and development fees	960,700	960,700	949,596	(11,104)
Permits	1,600	1,600	44,281	42,681
Airport				
Fuel flow fees	17,500	17,500	36,544	19,044
Annual user fees	35,250	35,250	42,382	7,132
Annual FBO license fees	65,000	65,000	28,082	(36,918)
Other	39,700	39,700	60,324	20,624
Total permits, fees, and licenses	<u>1,119,750</u>	<u>1,119,750</u>	<u>1,161,209</u>	<u>41,459</u>
Fines and forfeitures:				
Police forfeitures	10,000	10,000	-	(10,000)
Traffic fines	350,000	350,000	192,142	(157,858)
Parking fines	182,000	182,000	99,161	(82,839)
Total fines and forfeitures	<u>542,000</u>	<u>542,000</u>	<u>291,303</u>	<u>(250,697)</u>
Use of money and property:				
Interest/investment loss	115,000	115,000	(23,316)	(138,316)
Parking meters	147,000	147,000	107,239	(39,761)
Sales of surplus property	85,000	85,000	-	(85,000)

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	<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: (Continued)				
Use of money and property: (Continued)				
Parking facility revenues	\$ 184,480	\$ 184,480	\$ 196,195	\$ 11,715
Insurance recoveries	110,000	110,000	14,390	(95,610)
Airport				
Hangar rentals	606,000	606,000	644,118	38,118
Tie-downs	139,680	139,680	166,961	27,281
Commercial tenant leases	448,516	448,516	418,879	(29,637)
Building rental	293,133	293,133	293,122	(11)
Recreational facility rental	3,000	3,000	(310)	(3,310)
Other	73,000	73,000	250,653	177,653
Total use of money and property	<u>2,204,809</u>	<u>2,204,809</u>	<u>2,067,931</u>	<u>(136,878)</u>
Charges for services:				
Publications	-	-	53	-
False alarm	100,000	100,000	25,890	(74,110)
Fingerprinting	1,300	1,300	596	(704)
Extradition	10,000	10,000	-	(10,000)
Special events				
Recreation	265,200	265,200	154,912	(110,288)
Other	214,800	214,800	162,581	(52,219)
Parks and recreation user fees	4,613,815	4,613,815	4,266,511	(347,304)
Total charges for services	<u>5,205,115</u>	<u>5,205,115</u>	<u>4,610,543</u>	<u>(594,625)</u>
Proffers and Gas Tax	320,000	320,000	245,714	(74,286)
Contributions	71,000	86,000	61,269	(24,731)
Miscellaneous	39,300	39,300	27,084	(12,216)
Total revenues from local sources	<u>43,367,474</u>	<u>43,382,474</u>	<u>46,196,866</u>	<u>2,814,339</u>
Intergovernmental:				
Revenue from local sources:				
Local aid:				
Loudoun County	612,111	612,111	614,557	2,446
Total local aid	<u>612,111</u>	<u>612,111</u>	<u>614,557</u>	<u>2,446</u>
Revenue from the Commonwealth:				
Non-categorical:				
Motor vehicles carrier tax	500	500	530	30
Mobile home titling tax	-	-	765	765
Rental car tax	196,000	196,000	176,785	(19,215)
Cable TV franchise	256,000	256,000	213,396	(42,604)

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	<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: (Continued)				
Non-categorical: (Continued)				
Personal property tax relief	\$ 1,468,941	\$ 1,468,941	\$ 1,468,941	\$ -
Sales and use	6,110,000	6,110,000	7,135,552	1,025,552
Communication sales and use	1,660,000	1,660,000	1,545,999	(114,001)
Total non-categorical aid	<u>9,691,441</u>	<u>9,691,441</u>	<u>10,541,968</u>	<u>850,527</u>
Categorical:				
VA Commission for the Arts	4,500	4,500	4,500	-
State fire programs funds	160,000	160,000	172,488	12,488
Law enforcement assistance	922,280	922,280	922,367	87
Highway maintenance	3,900,932	3,900,932	4,031,336	130,404
Department of Aviation	100,000	100,000	56,714	(43,286)
Total categorical aid	<u>5,087,712</u>	<u>5,087,712</u>	<u>5,187,405</u>	<u>99,693</u>
Total revenue from the Commonwealth	<u>14,779,153</u>	<u>14,779,153</u>	<u>15,729,373</u>	<u>950,220</u>
Revenue from the federal government:				
Passed through Loudoun County				
Coronavirus State Aid Local Recovery Funds	-	2,963,837	2,964,173	336
Categorical aid:				
E-Summons	43,700	43,700	45,317	1,617
Gang Officer	10,000	10,000	11,639	1,639
Byrne Coronavirus Emergency Supplemental Relief	-	-	12,413	12,413
Miscellaneous	-	-	6,931	6,931
Safe Streets Task Force	39,000	39,000	2,830	(36,170)
OVAW Domestic Violence Grant	90,000	90,000	143,841	53,841
Total categorical aid	<u>182,700</u>	<u>3,146,537</u>	<u>3,187,144</u>	<u>40,607</u>
Total revenue from the federal government	<u>182,700</u>	<u>3,146,537</u>	<u>3,187,144</u>	<u>40,607</u>
Total intergovernmental	<u>15,573,964</u>	<u>18,537,801</u>	<u>19,531,074</u>	<u>993,273</u>
Total revenues	<u>58,941,438</u>	<u>61,920,275</u>	<u>65,727,940</u>	<u>3,807,612</u>
Other financing sources:				
Transfers in	2,958,900	3,028,900	4,126,022	1,097,122
Use of fund balance	3,466,008	3,649,803	-	(3,649,803)
Loan proceeds	-	-	39,818	39,818
Total other financing sources	<u>6,424,908</u>	<u>6,678,703</u>	<u>4,165,840</u>	<u>(2,512,863)</u>
Total General Fund revenues and other financing sources	<u>\$ 65,366,346</u>	<u>\$ 68,598,978</u>	<u>\$ 69,893,780</u>	<u>\$ 1,294,749</u>

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Legislative:				
Town council:				
Personnel services	\$ 140,604.00	\$ 142,220	\$ 142,220.00	\$ -
Contractual services	144,550	154,354	153,021	1,333
Materials and supplies	38,100	27,424	26,375	1,049
Contributions	-	25,740	25,740	-
Total town council	<u>323,254</u>	<u>349,738</u>	<u>347,356</u>	<u>2,382</u>
Total legislative	<u>323,254</u>	<u>349,738</u>	<u>347,356</u>	<u>2,382</u>
Executive:				
Town manager:				
Personnel services	864,239	863,254	838,892	24,362
Contractual services	47,781	52,388	44,990	7,398
Materials and supplies	8,075	6,628	2,857	3,771
Transfer payments	50,000	25,954	-	25,954
Continuous charges	4,940	5,500	5,500	-
Capital outlay	1,000	1,000	-	1,000
Total town manager	<u>976,035</u>	<u>954,724</u>	<u>892,239</u>	<u>62,485</u>
Public arts commission:				
Personnel services	9,205	9,205	3,929	5,276
Contractual services	250	2,195	1,318	877
Materials and supplies	150	150	59	91
Contributions	-	-	10,000	(10,000)
Transfer payments	10,000	10,000	-	10,000
Total public arts commission	<u>19,605</u>	<u>21,550</u>	<u>15,306</u>	<u>6,244</u>
Economic development operations:				
Personnel services	345,520	355,084	352,305	2,779
Contractual services	51,207	83,590	62,599	20,991
Materials and supplies	14,700	14,938	9,430	5,508
Grants and contributions	95,000	95,000	95,000	-
Continuous charges	336,023	332,565	332,565	-
Capital outlay	3,000	1,443	433	1,010
Total economic development operations	<u>845,450</u>	<u>882,620</u>	<u>852,332</u>	<u>30,288</u>
Economic development commission:				
Personnel services	9,205	8,666	8,235	431
Contractual services	1,200	1,200	985	215
Total economic development commission	<u>10,405</u>	<u>9,866</u>	<u>9,220</u>	<u>646</u>
Diversity commission:				
Personnel services	9,205	9,205	3,795	5,410
Contractual services	-	1,038	1,033	5
Materials and supplies	-	700	675	25
Total diversity commission	<u>9,205</u>	<u>10,943</u>	<u>5,503</u>	<u>5,440</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Executive: (Continued)				
Public Information:				
Personnel services	\$ 325,464.00	\$ 327,054	\$ 311,384.00	\$ 15,670.00
Contractual services	39,940	46,995	43,693	3,302
Materials and supplies	700	700	557	143
Total public information	<u>366,104</u>	<u>374,749</u>	<u>355,634</u>	<u>19,115</u>
Emergency Management:				
Personnel services	161,190	161,963	162,483	(520)
Contractual services	1,020	3,535	2,339	1,196
Materials and supplies	1,750	884	184	700
Total emergency management	<u>163,960</u>	<u>166,382</u>	<u>165,006</u>	<u>1,376</u>
ADA Compliance:				
Contractual services	49,000	57,426	9,526	47,900
Materials and supplies	16,000	22,306	18,924	3,382
Total ADA compliance	<u>65,000</u>	<u>79,732</u>	<u>28,450</u>	<u>51,282</u>
Total executive	<u>2,455,764</u>	<u>2,500,566</u>	<u>2,323,690</u>	<u>176,876</u>
Town attorney:				
Personnel services	801,020	818,374	821,850	(3,476)
Contractual services	57,880	656,581	420,226	236,355
Materials and supplies	3,400	1,871	1,834	37
Continuous charges	120	134	134	-
Capital outlay	3,150	-	-	-
Total town attorney	<u>865,570</u>	<u>1,476,960</u>	<u>1,244,044</u>	<u>232,916</u>
Clerk of council:				
Personnel services	243,383	310,322	312,315	(1,993)
Contractual services	49,105	41,265	39,614	1,651
Materials and supplies	2,350	1,658	1,658	-
Total clerk of council	<u>294,838</u>	<u>353,245</u>	<u>353,587</u>	<u>(342)</u>
Total legal	<u>1,160,408</u>	<u>1,830,205</u>	<u>1,597,631</u>	<u>232,574</u>
Finance and administrative services:				
Finance:				
Personnel services	2,662,009	2,669,638	2,507,290	162,348
Contractual services	573,925	578,152	502,142	76,010
Materials and supplies	20,300	21,397	13,632	7,765
Transfer payments	-	1	-	1
Continuous charges	77,850	80,390	79,400	990
Capital outlay	6,000	67,630	55,750	11,880
Total finance	<u>3,340,084</u>	<u>3,417,208</u>	<u>3,158,214</u>	<u>258,994</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Finance and administrative services: (Continued)				
Human Resources:				
Personnel services	\$ 590,609.00	\$ 548,577	\$ 534,294.00	\$ 14,283.00
Contractual services	204,710	224,458	186,310	38,148
Materials and supplies	2,622	4,199	2,312	1,887
Continuous charges	2,600	414	-	414
Total human resources	<u>800,541</u>	<u>777,648</u>	<u>722,916</u>	<u>54,732</u>
Information technology operations:				
Personnel services	1,412,903	1,361,168	1,314,280	46,888
Contractual services	1,344,100	1,530,930	1,296,128	234,802
Materials and supplies	24,900	70,549	61,396	9,153
Continuous charges	69,400	74,229	70,754	3,475
Capital outlay	145,000	267,468	236,429	31,039
Total information technology operations	<u>2,996,303</u>	<u>3,304,344</u>	<u>2,978,987</u>	<u>325,357</u>
Information technology commission:				
Personnel services	9,205	9,205	5,113	4,092
Total information technology commission	<u>9,205</u>	<u>9,205</u>	<u>5,113</u>	<u>4,092</u>
Total finance and administrative services	<u>7,146,133</u>	<u>7,508,405</u>	<u>6,865,230</u>	<u>643,175</u>
Public safety:				
Administrative support:				
Personnel services	2,018,059	2,075,595	2,046,199	29,396
Contractual services	749,380	679,695	510,921	168,774
Materials and supplies	122,860	116,730	85,110	31,620
Continuous charges	291,608	384,353	364,111	20,242
Capital outlay	9,400	39,823	36,183	3,640
Total administrative support	<u>3,191,307</u>	<u>3,296,196</u>	<u>3,042,524</u>	<u>253,672</u>
Patrol operations:				
Personnel services	5,923,664	4,991,945	4,380,469	611,476
Contractual services	106,628	109,725	98,549	11,176
Materials and supplies	119,100	136,721	112,246	24,475
Continuous charges	-	1,000	717	283
Transfer payments	-	2,375	1,876	499
Capital outlay	-	9,075	4,562	4,513
Total patrol operations	<u>6,149,392</u>	<u>5,250,841</u>	<u>4,598,419</u>	<u>652,422</u>
Criminal investigations:				
Personnel services	1,706,747	1,729,283	1,731,151	(1,868)
Contractual services	47,548	24,756	21,541	3,215
Materials and supplies	23,020	9,956	22,761	(12,805)
Continuous charges	19,440	30,710	27,555	3,155
Capital outlay	-	12,900	-	12,900
Total criminal investigations	<u>1,796,755</u>	<u>1,807,605</u>	<u>1,803,008</u>	<u>4,597</u>
Community services:				
Personnel services	2,121,966	2,047,976	1,865,959	182,017
Contractual services	7,840	11,125	7,296	3,829
Materials and supplies	32,751	19,683	14,460	5,223
Capital outlay	-	3,500	(320)	3,820
Total community services	<u>2,162,557</u>	<u>2,082,284</u>	<u>1,887,395</u>	<u>194,889</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public safety: (Continued)				
Information services:				
Personnel services	\$ 1,755,870.00	\$ 1,723,698	\$ 1,680,922.00	\$ 42,776.00
Contractual services	208,029	209,480	192,912	16,568
Materials and supplies	7,942	9,920	9,242	678
Continuous charges	6,000	6,000	-	6,000
Capital outlay	45,960	89,637	70,800	18,837
Total information services	<u>2,023,801</u>	<u>2,038,735</u>	<u>1,953,876</u>	<u>84,859</u>
Citizens' support team:				
Materials and supplies	1,395	1,395	220	1,175
Continuous charges	3,300	3,300	1,166	2,134
Total citizens' support team	<u>4,695</u>	<u>4,695</u>	<u>1,386</u>	<u>3,309</u>
Fire and rescue:				
Grants and contributions	160,000	172,488	-	172,488
Transfer payments	-	-	172,488	(172,488)
Total fire and rescue	<u>160,000</u>	<u>172,488</u>	<u>172,488</u>	<u>-</u>
Total public safety	<u>15,488,507</u>	<u>14,652,844</u>	<u>13,459,096</u>	<u>1,193,748</u>
Public works:				
Public works administration:				
Personnel services	1,088,040	1,071,513	1,077,583	(6,070)
Contractual services	146,648	347,506	251,433	96,073
Materials and supplies	2,900	3,324	2,989	335
Continuous charges	18,320	23,590	23,590	-
Capital outlays	3,800	17,521	969	16,552
Total public works administration	<u>1,259,708</u>	<u>1,463,454</u>	<u>1,356,564</u>	<u>106,890</u>
Engineering and inspections:				
Personnel services	704,515	708,602	699,111	9,491
Contractual services	72,700	70,272	57,820	12,452
Materials and supplies	4,200	6,789	5,391	1,398
Capital outlay	2,000	3,308	2,230	1,078
Total engineering and inspections	<u>783,415</u>	<u>788,971</u>	<u>764,552</u>	<u>24,419</u>
Streets and grounds maintenance:				
Personnel services	3,011,921	2,889,452	2,705,755	183,697
Contractual services	504,080	725,786	567,206	158,580
Materials and supplies	222,300	150,016	125,595	24,421
Transfer payments	-	275	-	275
Continuous charges	51,400	21,100	18,865	2,235
Capital outlay	500	142,780	74,849	67,931
Total streets and grounds maintenance	<u>3,790,201</u>	<u>3,929,409</u>	<u>3,492,270</u>	<u>437,139</u>
Building maintenance:				
Personnel services	619,510	627,746	577,700	50,046
Contractual services	507,150	506,334	352,570	153,764
Materials and supplies	87,160	80,973	68,497	12,476
Continuous charges	158,720	151,720	136,481	15,239
Capital outlay	113,400	175,895	106,171	69,724
Total building maintenance	<u>1,485,940</u>	<u>1,542,668</u>	<u>1,241,419</u>	<u>301,249</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works: (Continued)				
Fleet maintenance:				
Personnel services	\$ 765,009	\$ 795,689	\$ 799,458	\$ (3,769)
Contractual services	91,180	90,879	48,551	42,328
Materials and supplies	285,530	258,916	243,164	15,752
Grants and contributions	20,000	7,413	7,413	-
Continuous charges	297,931	374,571	375,463	(892)
Capital outlay	-	33,354	33,354	-
Total fleet maintenance	<u>1,459,650</u>	<u>1,560,822</u>	<u>1,507,403</u>	<u>53,419</u>
Refuse collection and recycling:				
Contractual services	3,376,777	3,511,089	3,510,278	811
Materials and supplies	13,500	2,711	2,711	-
Total refuse collection and recycling	<u>3,390,277</u>	<u>3,513,800</u>	<u>3,512,989</u>	<u>811</u>
Traffic management:				
Personnel services	448,292	445,061	427,621	17,440
Contractual services	102,160	254,333	112,910	141,423
Materials and supplies	55,650	28,742	27,049	1,693
Continuous charges	635,500	634,695	598,131	36,564
Capital outlay	71,700	96,118	68,995	27,123
Total traffic management	<u>1,313,302</u>	<u>1,458,949</u>	<u>1,234,706</u>	<u>224,243</u>
Emergency weather response				
Personnel services	86,552	86,552	75,890	10,662
Materials and supplies	53,700	189,642	174,826	14,816
Transfer Payments	300,000	-	-	-
Continuous charges	164,500	375,905	304,349	71,556
Capital outlay	-	14,061	10,138	3,923
Total emergency weather response	<u>604,752</u>	<u>666,160</u>	<u>565,203</u>	<u>100,957</u>
Milling and paving				
Contractual services	684,000	808,872	15,138	793,734
Total milling and paving	<u>684,000</u>	<u>808,872</u>	<u>15,138</u>	<u>793,734</u>
Regional transportation:				
Personnel services	-	539	-	539
Transfer payments	320,000	320,000	245,714	74,286
Total regional transportation	<u>320,000</u>	<u>320,539</u>	<u>245,714</u>	<u>74,825</u>
Capital projects management:				
Personnel services	1,057,304	1,128,271	442,232	686,039
Contractual services	257,335	456,637	160,528	296,109
Materials and supplies	6,925	7,333	3,190	4,143
Transfer payments	(1,155,100)	(680,430)	-	(680,430)
Continuous charges	590	990	990	-
Capital outlay	6,250	6,250	-	6,250
Total capital projects management	<u>173,304</u>	<u>919,051</u>	<u>606,940</u>	<u>312,111</u>
Total public works	<u>15,264,549</u>	<u>16,972,695</u>	<u>14,542,898</u>	<u>2,429,797</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation:				
Parks and recreation administration:				
Personnel services	\$ 538,891	\$ 548,906	\$ 537,034	\$ 11,872
Contractual services	10,000	23,229	15,312	7,917
Materials and supplies	2,000	1,319	709	610
Transfer payments	-	2,963,837	-	2,963,837
Continuous charges	25,570	27,700	26,535	1,165
Capital outlay	30,000	17,230	5,419	11,811
Total parks and recreation administration	<u>606,461</u>	<u>3,582,221</u>	<u>585,009</u>	<u>2,997,212</u>
Parks:				
Personnel services	1,071,395	1,054,472	1,007,530	46,942
Contractual services	87,525	87,394	72,909	14,485
Materials and supplies	197,070	229,050	188,200	40,850
Continuous charges	58,000	60,185	53,828	6,357
Capital outlay	13,000	103,107	91,549	11,558
Total parks	<u>1,426,990</u>	<u>1,534,208</u>	<u>1,414,016</u>	<u>120,192</u>
Recreation programs administration:				
Personnel services	230,005	246,001	245,950	51
Contractual services	25,060	16,816	15,884	932
Materials and supplies	-	4,558	2,279	2,279
Total recreation programs administration	<u>255,065</u>	<u>267,375</u>	<u>264,113</u>	<u>3,262</u>
Ida Lee recreation center:				
Personnel services	1,028,893	1,018,796	982,703	36,093
Contractual services	276,761	298,353	261,700	36,653
Materials and supplies	68,018	68,878	49,387	19,491
Grants and contributions	-	133	133	-
Capital outlay	-	6,524	-	6,524
Continuous charges	230,130	234,385	208,311	26,074
Total Ida Lee recreation center	<u>1,603,802</u>	<u>1,627,069</u>	<u>1,502,234</u>	<u>124,835</u>
Fitness programs:				
Personnel services	496,198	422,484	405,380	17,104
Contractual services	35,170	39,756	28,438	11,318
Materials and supplies	8,100	8,868	8,749	119
Total fitness programs	<u>539,468</u>	<u>471,108</u>	<u>442,567</u>	<u>28,541</u>
Community outreach:				
Personnel services	113,713	112,460	108,021	4,439
Contractual services	14,470	14,626	11,210	3,416
Materials and supplies	6,300	7,162	5,722	1,440
Total community outreach	<u>134,483</u>	<u>134,248</u>	<u>124,953</u>	<u>9,295</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Parks and Recreation: (Continued)				
Aquatics:				
Personnel services	\$ 1,396,821	\$ 1,288,765	\$ 1,211,665	\$ 77,100
Contractual services	37,845	35,474	25,066	10,408
Continuous charges	20,000	20,000	20,000	-
Materials and supplies	89,210	123,693	105,347	18,346
Total aquatics	<u>1,543,876</u>	<u>1,467,932</u>	<u>1,362,078</u>	<u>105,854</u>
Sports programs:				
Personnel services	188,181	194,353	192,933	1,420
Contractual services	170	170	70	100
Materials and supplies	27,300	20,880	20,877	3
Total sports programs	<u>215,651</u>	<u>215,403</u>	<u>213,880</u>	<u>1,523</u>
Recreation classes:				
Personnel services	104,847	104,847	33,045	71,802
Contractual services	2,070	2,070	-	2,070
Materials and supplies	3,325	3,325	2,313	1,012
Total recreation classes	<u>110,242</u>	<u>110,242</u>	<u>35,358</u>	<u>74,884</u>
Special events:				
Personnel services	172,988	167,668	160,402	7,266
Contractual services	234,644	254,939	191,381	63,558
Materials and supplies	68,830	72,204	65,375	6,829
Grants and contributions	16,000	16,000	-	16,000
Total special events	<u>492,462</u>	<u>510,811</u>	<u>417,158</u>	<u>93,653</u>
Tennis court complex:				
Personnel services	700,355	697,376	636,759	60,617
Contractual services	28,700	39,108	18,283	20,825
Materials and supplies	35,550	36,266	30,391	5,875
Continuous charges	88,000	88,000	51,405	36,595
Total tennis court complex	<u>852,605</u>	<u>860,750</u>	<u>736,838</u>	<u>123,912</u>
Camp programs:				
Personnel services	81,522	81,522	72,557	8,965
Contractual services	36,500	33,500	25,474	8,026
Materials and supplies	9,500	12,500	6,557	5,943
Total camp programs	<u>127,522</u>	<u>127,522</u>	<u>104,588</u>	<u>22,934</u>
Parks and recreation commission:				
Personnel services	9,205	9,205	7,589	1,616
Total parks and recreation commission	<u>9,205</u>	<u>9,205</u>	<u>7,589</u>	<u>1,616</u>
Tree commission:				
Personnel services	9,205	9,205	5,867	3,338
Contractual services	1,800	2,300	1,888	412
Total tree commission	<u>11,005</u>	<u>11,505</u>	<u>7,755</u>	<u>3,750</u>
Total parks and recreation	<u>7,928,837</u>	<u>10,929,599</u>	<u>7,218,136</u>	<u>3,711,463</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Balch Library:				
Library operations:				
Personnel services	\$ 445,222	\$ 444,551	\$ 437,083	\$ 7,468
Contractual services	38,566	41,445	34,459	6,986
Materials and supplies	47,101	53,043	48,553	4,490
Continuous charges	26,233	25,496	22,694	2,802
Total library operations	<u>557,122</u>	<u>564,535</u>	<u>542,789</u>	<u>21,746</u>
Library advisory commission:				
Personnel services	9,205	9,205	7,051	2,154
Contractual services	800	797	317	480
Materials and supplies	350	353	353	-
Total library advisory commission	<u>10,355</u>	<u>10,355</u>	<u>7,721</u>	<u>2,634</u>
Total Balch Library	<u>567,477</u>	<u>574,890</u>	<u>550,510</u>	<u>24,380</u>
Planning and zoning:				
Planning and zoning operations:				
Personnel services	2,082,372	2,076,729	2,000,602	76,127
Contractual services	29,380	82,424	64,764	17,660
Materials and supplies	6,600	6,321	4,406	1,915
Continuous charges	305	511	511	-
Capital outlay	-	711	711	-
Total planning and zoning operations	<u>2,118,657</u>	<u>2,166,696</u>	<u>2,070,994</u>	<u>95,702</u>
Planning commission				
Personnel services	27,667	27,667	25,352	2,315
Contractual services	-	5,665	5,665	-
Materials and supplies	300	-	-	-
Total planning commission	<u>27,967</u>	<u>33,332</u>	<u>31,017</u>	<u>2,315</u>
Board of zoning appeals:				
Personnel services	6,459	6,459	1,508	4,951
Total board of zoning appeals	<u>6,459</u>	<u>6,459</u>	<u>1,508</u>	<u>4,951</u>
Board of architectural review:				
Personnel services	27,667	27,667	23,333	4,334
Contractual services	3,500	3,500	1,577	1,923
Total board of architectural review	<u>31,167</u>	<u>31,167</u>	<u>24,910</u>	<u>6,257</u>
Environmental advisory commission:				
Personnel services	9,205	9,205	3,001	6,204
Contractual services	3,500	3,500	1,514	1,986
Total environment advisory commission	<u>12,705</u>	<u>12,705</u>	<u>4,515</u>	<u>8,190</u>
Total planning and zoning	<u>2,196,955</u>	<u>2,250,359</u>	<u>2,132,944</u>	<u>117,415</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Plan review:				
Personnel services	\$ 1,486,444	\$ 1,496,418	\$ 1,493,816	\$ 2,602
Contractual services	74,923	66,465	30,657	35,808
Materials and supplies	6,500	6,941	1,851	5,090
Total plan review	<u>1,567,867</u>	<u>1,569,824</u>	<u>1,526,324</u>	<u>43,500</u>
Airport:				
Personnel services	392,318	399,483	399,483	-
Contractual services	276,468	277,394	247,976	29,418
Materials and supplies	24,450	32,534	31,897	637
Continuous charges	150,161	165,416	165,343	73
Capital outlay	-	23,029	1,389	21,640
Total airport	<u>843,397</u>	<u>897,856</u>	<u>846,088</u>	<u>51,768</u>
Airport commission:				
Personnel services	9,205	9,205	5,315	3,890
Total airport commission	<u>9,205</u>	<u>9,205</u>	<u>5,315</u>	<u>3,890</u>
Total airport	<u>852,602</u>	<u>907,061</u>	<u>851,403</u>	<u>55,658</u>
Townwide Expenditures:				
Salary savings	(539,000)	-	-	-
Online services	204,000	-	-	-
CARES small business grants	1,465,000	1,465,000	-	1,465,000
Total townside expenditures	<u>1,130,000</u>	<u>1,465,000</u>	<u>-</u>	<u>1,465,000</u>
Debt Service:				
GO bond retirement principal	5,559,665	5,906,665	5,906,665	-
GO bond retirement interest and other fiscal charges	1,941,502	1,958,321	1,958,321	-
BAN interest and fiscal charges	-	63,444	63,444	-
CARP principal	1,340,066	752,169	752,169	-
CARP interest and fiscal charges	442,760	95,760	48,952	46,808
Total debt service	<u>9,283,993</u>	<u>8,776,359</u>	<u>8,729,551</u>	<u>46,808</u>
Total expenditures	<u>65,366,346</u>	<u>70,287,545</u>	<u>60,144,769</u>	<u>10,142,776</u>
Other financing uses:				
Transfers to capital projects	-	-	2,622,692	(2,622,692)
Total other financing uses	<u>-</u>	<u>-</u>	<u>2,622,692</u>	<u>(2,622,692)</u>
Total general fund expenditures and other financing uses	<u>\$ 65,366,346</u>	<u>70,287,545</u>	<u>\$ 62,767,461</u>	<u>\$ 7,520,084</u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2022
(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 53,660,838	\$ 48,888,869
Accounts receivable, net	5,660,765	4,691,385
Lease receivable	3,457,694	-
Prepaid expenses	46,070	37,594
Inventory	682,069	528,488
Due from other funds	305	-
Total current assets	<u>63,507,741</u>	<u>54,146,336</u>
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	5,439,093	6,118,362
Depreciable assets, net	<u>187,038,017</u>	<u>182,892,642</u>
Total noncurrent assets	<u>192,477,110</u>	<u>189,011,004</u>
Total assets	<u>255,984,851</u>	<u>243,157,340</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	1,602,633	1,775,753
Deferred outflows related to other post employment benefits	1,291,596	865,511
Deferred loss on refunding	<u>1,704,453</u>	<u>1,819,226</u>
Total deferred outflows of resources	<u>4,598,682</u>	<u>4,460,490</u>
Total assets and deferred outflows of resources	<u>260,583,533</u>	<u>247,617,830</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,817,854	2,226,192
Accrued expenses	685,173	526,864
Accrued interest	814,326	925,827
Compensated absences	631,227	621,946
Retainage payable	221,921	172,039
Notes payable	2,938	2,896
Bonds payable	3,546,015	3,580,336
Performance bonds payable	9,000	9,000
Customer deposits and contingent charges	<u>1,309,912</u>	<u>1,153,148</u>
Total current liabilities	<u>9,038,366</u>	<u>9,218,248</u>
NONCURRENT LIABILITIES		
Compensated absences	229,536	192,903
Net pension obligation liability	979,807	4,553,313
Net other postemployment benefit liability	1,296,238	1,073,039
Notes payable	7,911	10,849
Bonds payable, net	<u>51,834,476</u>	<u>54,198,809</u>
Total noncurrent liabilities	<u>54,347,968</u>	<u>60,028,913</u>
Total liabilities	<u>63,386,334</u>	<u>69,247,161</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	3,399,664	-
Deferred inflows related to pension plan	3,106,719	80,376
Deferred inflows related to other postemployment benefits	2,000,209	2,187,096
Deferred gain on refunding	<u>64,979</u>	<u>70,076</u>
Total liabilities and deferred inflows of resources	<u>71,957,905</u>	<u>71,584,709</u>
NET POSITION		
Net investment in capital assets	138,503,323	132,795,226
Unrestricted	<u>50,122,305</u>	<u>43,236,895</u>
Total net position	<u>\$ 188,625,628</u>	<u>\$ 176,032,121</u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2022
(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 26,807,830	\$ 24,404,030
Other	136,031	67,709
	<u>26,943,861</u>	<u>24,471,739</u>
OPERATING EXPENSES		
Personnel service	9,525,050	8,883,963
Contractual services	2,108,798	1,994,510
Depreciation and amortization	6,524,338	6,107,131
Materials and supplies	2,132,991	1,670,851
Continuous charges	1,289,476	1,137,668
Claims and settlements	579	294
Internal and other	(221)	92,941
	<u>21,581,011</u>	<u>19,887,358</u>
Total operating expenses	<u>21,581,011</u>	<u>19,887,358</u>
Operating income	<u>5,362,850</u>	<u>4,584,381</u>
NONOPERATING REVENUES (EXPENSES)		
(Loss) gain on investments	(72,008)	83,482
Gain on sale of assets	120,107	-
Rental and other charges	497,314	377,342
Installation and connection charges	7,857,935	3,699,668
Interest and fiscal charges	(1,803,149)	(1,770,073)
	<u>6,600,199</u>	<u>2,390,419</u>
Total nonoperating revenues (expenses), net	<u>6,600,199</u>	<u>2,390,419</u>
Income before capital contributions and transfers	<u>11,963,049</u>	<u>6,974,800</u>
TRANSFERS		
Transfers out	(1,764,000)	(1,576,998)
Capital contributions	2,394,458	6,659,251
	<u>630,458</u>	<u>5,082,253</u>
Total contributions and transfers, net	<u>630,458</u>	<u>5,082,253</u>
Change in net position	12,593,507	12,057,053
Total net position, beginning	<u>176,032,121</u>	<u>163,975,068</u>
Total net position, ending	<u>\$ 188,625,628</u>	<u>\$ 176,032,121</u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2022
(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Receipts from customers	\$ 26,131,245	\$ 24,237,802
Payments to suppliers for goods and services	(6,540,334)	(3,964,264)
Payments to employees for services	<u>(10,086,222)</u>	<u>(8,844,608)</u>
Net cash provided by operating activities	<u>9,504,689</u>	<u>11,428,930</u>
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Advance from other funds	(305)	-
Transfers out	<u>(1,764,000)</u>	<u>(1,576,998)</u>
Net cash used in noncapital and related financing activities	<u>(1,764,305)</u>	<u>(1,576,998)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Installation and connection charges	7,857,935	3,699,668
Acquisition and construction of capital assets	(7,108,136)	(8,018,971)
Proceeds from sale of capital assets	130,035	-
Payment to escrow agent for debt refunding	-	(5,105,000)
Proceeds from debt issuance	1,484,688	772,618
Premiums from bond refunding	-	639,038
Principal paid on debt	(3,583,233)	(2,784,799)
Proceeds from bond refunding	-	4,640,000
Proceeds from issuance of note payable	-	9,335
Principal collected on leases	170,434	-
Interest collected on leases	21,267	-
Interest and fiscal charges	<u>(2,116,980)</u>	<u>(2,273,829)</u>
Net cash used in capital and related financing activities	<u>(3,143,990)</u>	<u>(8,421,940)</u>
INVESTING ACTIVITIES		
Investment (loss) gain	(93,275)	83,482
Rental, lease and other charges	<u>268,850</u>	<u>377,342</u>
Net cash provided by investing activities	<u>175,575</u>	<u>460,824</u>
Net increase in cash and cash equivalents	4,771,969	1,890,816
CASH AND CASH EQUIVALENTS		
Beginning	<u>48,888,869</u>	<u>46,998,053</u>
Ending	<u>\$ 53,660,838</u>	<u>\$ 48,888,869</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2022
(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 5,362,850	\$ 4,584,381
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	6,524,338	6,107,131
Pension expense, net of contributions	(375,043)	298,005
Other postemployment benefits expense, net of contributions	(389,773)	(315,555)
Changes in assets and liabilities:		
Increase in:		
Accounts receivable	(969,380)	(192,465)
Due from other funds	(8,476)	(5,100)
Inventory	(153,581)	(23,533)
Increase (decrease) in:		
Accounts payable	(847,233)	867,398
Accrued liabilities	204,223	150,140
Customer deposits and contingent charges	156,764	(41,472)
Net cash provided by operating activities	<u>\$ 9,504,689</u>	<u>\$ 11,428,930</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer donated capital improvements	<u>\$ 2,394,458</u>	<u>\$ 6,659,251</u>
Capital assets included in accounts payable	<u>\$ 447,895</u>	<u>\$ 172,039</u>

TOWN OF LEESBURG, VIRGINIA

**INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF NET POSITION
Year Ended June 30, 2022
(With Comparative Amounts for 2021)**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,574,735	\$ 1,444,460
Receivables (net of allowance for doubtful accounts):		
Trade and other accounts	<u>230,792</u>	<u>229,545</u>
Total assets	<u>1,805,527</u>	<u>1,674,005</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	10,963	25,241
Insurance and benefit claims	<u>-</u>	<u>955,625</u>
Total liabilities	<u>10,963</u>	<u>980,866</u>
NET POSITION		
Unrestricted	<u>1,794,564</u>	<u>693,139</u>
Total net position	<u>\$ 1,794,564</u>	<u>\$ 693,139</u>

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2022
(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 4,969,664	\$ 4,536,056
Total operating revenues	<u>4,969,664</u>	<u>4,536,056</u>
OPERATING EXPENSES		
Risk financing and benefit payments	<u>4,615,507</u>	<u>5,048,465</u>
Total operating expenses	<u>4,615,507</u>	<u>5,048,465</u>
Operating income (loss)	<u>354,157</u>	<u>(512,409)</u>
Change in net position	354,157	(512,409)
Total net position, beginning as restated	<u>1,440,407</u>	<u>1,205,548</u>
Total net position, ending	<u>\$ 1,794,564</u>	<u>\$ 693,139</u>

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2022
(With Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Receipts from interfund services provided	\$ 4,968,417	\$ 4,530,590
Claims and benefits paid	<u>(4,838,142)</u>	<u>(5,066,715)</u>
Net cash provided by (used in) operating activities	<u>130,275</u>	<u>(536,125)</u>
Net increase (decrease) in cash and cash equivalents	130,275	(536,125)
CASH AND CASH EQUIVALENTS		
Beginning	<u>1,444,460</u>	<u>1,980,585</u>
Ending	<u><u>\$ 1,574,735</u></u>	<u><u>\$ 1,444,460</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 354,157	\$ (512,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Increase in:		
Accounts receivable	(1,247)	(5,466)
Increase (decrease) in:		
Accounts payable	(14,278)	23,702
Insurance and benefit claims	<u>(208,357)</u>	<u>(41,952)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 130,275</u></u>	<u><u>\$ (536,125)</u></u>

TOWN OF LEESBURG, VIRGINIA

SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2022

**Thomas Balch
Library
Endowment
Fund**

ASSETS

CURRENT ASSETS

Cash, cash equivalents, and investments

\$ 1,083,372

Total assets

\$ 1,083,372

LIABILITIES

CURRENT LIABILITIES

Accounts payable

\$ -

Total liabilities

-

FUND BALANCE

Restricted

1,083,372

Total fund balance

1,083,372

Total liabilities, deferred inflows of resources,
and fund balances

\$ 1,083,372

TOWN OF LEESBURG, VIRGINIA

SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 Year Ended June 30, 2022

	<u>Thomas Balch Library Endowment Fund</u>
REVENUES	
Contributions	\$ 7,050
Interest and investment losses	<u>(177,970)</u>
Total revenues	<u>(170,920)</u>
EXPENDITURES	
Capital projects	2,010
Contractual services	<u>10,275</u>
Total expenditures	<u>12,285</u>
Net change in fund balance	(183,205)
Fund balance, beginning	<u>1,266,577</u>
Fund balance, ending	<u><u>\$ 1,083,372</u></u>

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TOWN OF LEESBURG, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

Contents	Tables
Financial Trends 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 annual comprehensive 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 260,710,155	\$ 269,470,483	\$ 253,108,079	\$ 260,418,011	\$ 283,018,215	\$ 294,700,876	\$ 305,543,608	\$ 316,442,063	\$ 309,533,766	\$ 342,442,450
Restricted	4,756,210	1,366,923	11,601,298	15,074,126	13,860,762	12,012,955	12,295,849	11,020,631	13,689,817	10,766,067
Unrestricted	12,031,291	11,475,555	9,767,484	12,371,943	12,634,883	10,367,657	11,415,206	11,181,903	24,115,067	28,153,405
Total governmental activities net position	<u>\$ 277,497,656</u>	<u>\$ 282,312,961</u>	<u>\$ 274,476,861</u>	<u>\$ 287,864,080</u>	<u>\$ 309,513,860</u>	<u>\$ 317,081,488</u>	<u>\$ 329,254,663</u>	<u>\$ 338,644,597</u>	<u>\$ 347,338,650</u>	<u>\$ 381,361,922</u>
Business-type activities:										
Net investment in capital assets	\$ 113,816,486	\$ 111,153,372	\$ 106,179,841	\$ 106,514,815	\$ 116,239,800	\$ 119,676,742	\$ 120,511,325	\$ 121,944,564	\$ 132,795,226	\$ 138,503,323
Unrestricted	15,324,067	15,884,417	16,970,074	17,627,323	22,415,979	22,418,522	29,606,252	42,030,504	31,640,666	50,122,305
Total business-type activities net position	<u>\$ 129,140,553</u>	<u>\$ 127,037,789</u>	<u>\$ 123,149,915</u>	<u>\$ 124,142,138</u>	<u>\$ 138,655,779</u>	<u>\$ 142,095,264</u>	<u>\$ 150,117,577</u>	<u>\$ 163,975,068</u>	<u>\$ 164,435,892</u>	<u>\$ 188,625,628</u>
Primary government:										
Net investment in capital assets	\$ 374,526,641	\$ 380,623,855	\$ 359,287,920	\$ 366,932,826	\$ 399,258,015	\$ 414,377,618	\$ 426,054,933	\$ 438,386,627	\$ 442,328,992	\$ 480,945,773
Restricted	4,756,210	1,366,923	11,601,298	15,074,126	13,860,762	12,012,955	12,295,849	11,020,631	13,689,817	10,766,067
Unrestricted	27,355,358	27,359,972	26,737,558	29,999,266	35,050,862	32,786,179	41,021,458	53,212,407	55,755,733	78,275,710
Total primary government net position	<u>\$ 406,638,209</u>	<u>\$ 409,350,750</u>	<u>\$ 397,626,776</u>	<u>\$ 412,006,218</u>	<u>\$ 448,169,639</u>	<u>\$ 459,176,752</u>	<u>\$ 479,372,240</u>	<u>\$ 502,619,665</u>	<u>\$ 511,774,542</u>	<u>\$ 569,987,550</u>

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
Legislative	\$ 2,063,474	\$ 1,647,737	\$ 358,882	\$ 252,822	\$ 258,238	\$ 275,494	\$ 266,921	\$ 306,311	\$ 284,782	\$ 392,862
Executive	3,536,663	5,101,778	2,072,643	2,502,210	2,162,353	2,011,487	2,250,835	2,638,713	3,476,734	2,594,181
Legal	556,900	428,396	812,884	730,310	764,127	850,797	1,449,665	1,281,417	1,094,510	1,616,223
Finance and administrative services	2,187,457	2,122,300	4,427,627	4,623,142	4,906,502	5,574,621	5,577,072	6,754,364	6,375,565	6,497,089
Public safety	12,564,971	12,760,923	13,236,510	13,091,832	12,749,163	13,696,258	14,103,272	14,496,980	13,741,579	12,970,372
Public works	17,834,560	13,281,259	15,310,127	17,881,225	20,915,538	21,626,022	22,771,022	21,167,673	21,333,317	79,247,778
Parks and recreation	7,905,724	8,545,134	8,084,695	8,474,752	7,323,433	8,550,169	8,611,563	7,720,777	7,093,510	7,870,812
Balch Library	586,263	638,586	635,782	666,442	670,011	521,563	540,759	515,262	482,434	580,140
Planning and zoning	1,498,275	1,544,011	1,554,970	1,634,254	1,649,401	2,050,272	1,892,780	2,155,625	1,967,412	2,124,061
Plan review	1,303,118	1,332,438	1,251,101	1,346,812	1,329,164	1,351,632	1,460,785	1,446,718	1,493,857	1,535,305
Airport	7,237,878	1,784,308	1,737,100	1,887,605	1,949,301	2,145,464	2,313,619	1,703,631	1,667,720	2,170,564
Townwide	-	-	-	-	-	-	-	84,100	5,484,709	-
Interest	2,312,731	2,574,971	2,948,021	3,078,679	2,966,378	2,299,739	2,056,929	2,643,027	2,013,094	1,805,035
Total governmental activities	59,588,014	51,761,841	52,430,342	56,170,085	57,643,609	60,953,518	63,295,222	62,914,598	66,509,223	119,404,422
Business-type activities:										
Utilities	17,842,677	19,421,203	18,923,084	19,288,252	19,168,447	19,891,648	20,814,411	22,969,825	21,657,431	23,384,160
Total business-type activities	17,842,677	19,421,203	18,923,084	19,288,252	19,168,447	19,891,648	20,814,411	22,969,825	21,657,431	23,384,160
Total government	77,430,691	71,183,044	71,353,426	75,458,337	76,812,056	80,845,166	84,109,633	85,884,423	88,166,654	142,788,582
Program revenue:										
Governmental activities:										
Charges for services:										
Legislative	-	-	-	-	319,340	-	-	-	-	-
Public safety	563,856	733,367	582,487	441,899	398,197	431,632	700,562	490,334	293,768	317,789
Public works	155,931	368,345	390,712	265,239	115,470	177,044	159,506	169,809	72,114	162,634
Parks and recreation	4,785,743	4,919,355	4,921,047	4,990,892	4,938,988	5,076,884	5,121,409	3,323,120	3,172,606	4,421,423
Plan review	-	-	-	-	1,280,528	896,791	948,850	1,032,586	1,208,102	677,041
Planning and zoning	237,689	706,135	649,181	513,145	1,919,609	252,393	382,255	458,660	299,752	377,160
Airport	-	-	-	-	-	101,252	81,960	91,746	99,390	107,008
Operating grants and contributions:										
Executive	-	-	255,441	259,066	-	861,824	789,810	916,872	615,674	626,970
Public safety	1,030,390	1,002,002	1,018,162	1,562,618	1,216,964	1,104,541	1,119,632	1,172,277	1,196,462	1,298,482
Public works	3,046,021	3,442,583	3,462,282	3,848,932	4,529,490	4,295,620	4,086,213	5,611,524	3,928,356	4,031,336

(Continued)

TABLE 2

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenue: (Continued)										
Governmental activities: (Continued)										
Operating grants and contributions: (Continued)										
Parks and recreation	\$ -	\$ 1,843	\$ -	\$ -	\$ 586	\$ 5,000	\$ 4,500	\$ -	\$ 4,500	\$ 4,500
Balch Library	5,500	5,000	12,379	13,500	8,872	-	-	-	-	-
Airport	-	135,711	99,197	125,775	113,578	82,780	218,889	950,083	223,137	438,780
Townwide	-	-	-	-	-	-	-	-	9,458,419	2,971,104
Capital grants and contributions:										
Executive	-	-	137,400	-	-	36,298	-	-	-	-
Public works	9,163,209	9,498,970	5,081,809	-	8,557,324	12,719,606	21,434,223	14,187,071	10,098,336	89,273,115
Parks and recreation	8,000	-	-	3,234,028	-	-	-	-	-	-
Airport	-	3,957,230	916,850	1,420,215	304,166	-	-	-	-	-
Total governmental activities program revenue	18,996,339	24,770,541	17,526,947	16,675,309	23,703,112	26,041,665	35,047,809	28,404,082	30,670,616	104,707,342
Business-type activities:										
Charges for services:										
Airport	1,182,366	-	-	-	-	-	-	-	-	-
Utilities	15,053,935	15,225,178	15,620,127	16,841,860	18,639,231	22,387,305	23,873,384	30,306,649	28,103,698	34,665,765
Operating grants and contributions:										
Airport	65,443	-	-	-	-	-	-	-	-	-
Utilities	69,245	-	2,176,412	1,592,787	571,739	-	-	-	-	-
Capital grants and contributions:										
Airport	633,503	-	-	-	-	-	-	-	-	-
Utilities	4,066,836	4,417,288	271,759	321,724	571,739	12,128,538	2,811,012	6,474,287	520,097	2,394,458
Total business-type activities program revenues	21,071,328	19,642,466	18,068,298	18,756,371	19,782,709	34,515,843	26,684,396	36,780,936	28,623,795	37,060,223
Total government program revenues	40,067,667	44,413,007	35,595,245	35,431,680	43,485,821	60,557,508	61,732,205	65,185,018	59,294,411	141,767,565
Net (expense) revenue:										
Governmental activities	(30,391,078)	(36,169,630)	(34,342,419)	(36,357,512)	(35,303,768)	(30,081,339)	(26,097,925)	(34,510,516)	(35,838,607)	(14,697,080)
Business-type activities	1,347,685	1,799,789	(1,352,905)	(166,713)	1,521,168	15,347,396	6,792,748	13,811,111	6,966,364	13,676,063
Total government net expense	(29,043,393)	(34,369,841)	(35,695,324)	(36,524,225)	(33,782,600)	(14,733,943)	(19,305,177)	(20,699,405)	(28,872,243)	(1,021,017)

TABLE 2

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
General property	\$ 12,943,508	\$ 13,723,821	\$ 13,665,498	\$ 13,907,905	\$ 14,184,837	\$ 14,811,321	\$ 15,635,984	\$ 17,554,757	\$ 19,155,387	\$ 18,834,777
Communication sales and use	6,717,220	6,621,637	6,343,455	6,767,712	7,234,856	7,426,112	7,230,196	7,882,027	7,993,969	8,681,551
Meals	4,418,067	4,695,048	4,827,853	5,021,455	5,247,114	5,275,413	5,841,127	5,175,671	5,540,382	7,545,383
Business and occupational licenses	2,860,659	3,072,266	3,292,385	3,326,739	3,152,175	3,482,857	3,620,884	3,793,027	4,031,292	4,361,698
Utility	1,495,345	1,546,528	1,564,500	1,559,559	1,525,755	1,521,738	1,544,206	1,494,085	1,488,711	1,495,254
Cigarette	1,133,071	1,047,206	980,759	934,508	905,450	872,841	821,296	675,880	616,040	618,476
Other	2,565,675	2,558,425	2,785,727	2,486,346	2,892,316	2,879,141	3,252,683	3,002,327	3,336,541	3,540,511
Intergovernmental, non-categorical aid	1,562,312	1,595,780	1,594,257	1,881,123	2,756,311	11,200,431	2,516,960	1,571,043	1,725,059	1,614,703
Use of money and property	514,491	1,768,730	1,796,693	1,785,866	2,185,769	2,581,923	2,410,130	2,719,823	2,039,440	2,079,350
Miscellaneous, lease, gains on asset	901,963	1,608,459	813,747	676,490	611,090	257,235	82,456	109,750	361,665	175,628
Transfers	28,715,628	1,907,496	1,492,850	1,501,662	1,723,931	1,422,107	1,324,800	1,421,440	(4,562,156)	1,764,000
Total governmental activities	63,827,939	40,145,396	39,157,724	39,849,365	42,419,604	51,731,119	44,280,722	45,399,830	41,726,330	50,711,331
Business-type activities:										
Use of money and property	254,237	562,996	194,274	66,363	236,150	350,671	312,200	740,938	83,482	(72,008)
Miscellaneous and gains on asset	350,704	411,370	548,717	546,126	424,837	237,681	481,091	726,882	445,051	753,452
Transfers	(28,715,628)	(1,907,496)	(1,492,850)	(1,501,662)	(1,723,931)	(1,422,107)	(1,324,800)	(1,421,440)	4,562,156	(1,764,000)
Total business-type activities	(28,110,687)	(933,130)	(749,859)	(889,173)	(1,062,944)	(833,755)	(531,509)	46,380	5,090,689	(1,082,556)
Total primary government	35,717,252	39,212,266	38,407,865	38,960,192	41,356,660	50,897,364	43,749,213	45,446,210	46,817,019	49,628,775
Changes in net position:										
Governmental activities	33,436,861	3,975,766	4,815,305	3,491,853	7,115,836	21,649,780	18,182,797	10,889,314	5,887,723	36,014,251
Business-type activities	(26,763,002)	866,659	(2,102,764)	(1,055,886)	458,224	14,513,641	6,261,239	13,857,491	12,057,053	12,593,507
Total primary government	\$ 6,673,859	\$ 4,842,425	\$ 2,712,541	\$ 2,435,967	\$ 7,574,060	\$ 36,163,421	\$ 24,444,036	\$ 24,746,805	\$ 17,944,776	\$ 48,607,758

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.

TOWN OF LEESBURG, VIRGINIA

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

Function / Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Legislative	\$ -	\$ -	\$ -	\$ -	\$ 319,340	\$ -	\$ -	\$ -	\$ -	\$ -
Executive	-	137,400	255,441	259,066	36,298	861,824	789,810	916,872	615,674	626,970
Parks and recreation	4,787,586	4,919,355	4,921,047	4,991,478	4,943,988	5,081,384	5,125,909	3,323,120	3,177,106	4,425,923
Balch Library	5,000	12,379	16,500	8,872	-	-	-	-	-	-
Planning and zoning	237,689	706,135	649,181	513,145	1,919,609	252,393	382,255	458,660	299,752	377,160
Public works	12,700,922	8,892,737	7,087,022	12,671,495	17,364,566	25,906,887	20,040,816	19,968,404	14,098,806	93,467,085
Public safety	1,594,246	1,735,369	1,600,649	2,004,517	1,615,161	1,536,173	1,820,194	1,662,611	1,490,230	1,616,271
Plan review	-	-	-	-	1,280,528	896,791	948,850	1,032,586	1,208,102	677,041
Airport	4,092,941	1,016,047	1,545,990	417,744	82,780	320,141	341,033	1,041,829	322,527	545,788
Townwide	-	-	-	-	-	-	-	-	9,458,419	2,971,104
Total governmental activities	<u>23,418,384</u>	<u>17,419,422</u>	<u>16,075,830</u>	<u>20,866,317</u>	<u>27,562,270</u>	<u>34,855,593</u>	<u>29,448,867</u>	<u>28,404,082</u>	<u>30,670,616</u>	<u>104,707,342</u>
Business-type activities:										
Utilities	<u>19,642,466</u>	<u>18,068,298</u>	<u>18,756,371</u>	<u>20,809,420</u>	<u>34,515,843</u>	<u>26,684,396</u>	<u>28,646,149</u>	<u>36,780,936</u>	<u>28,623,795</u>	<u>37,060,223</u>
Total business-type activities	<u>19,642,466</u>	<u>18,068,298</u>	<u>18,756,371</u>	<u>20,809,420</u>	<u>34,515,843</u>	<u>26,684,396</u>	<u>28,646,149</u>	<u>36,780,936</u>	<u>28,623,795</u>	<u>37,060,223</u>
Total government	<u>\$ 43,060,850</u>	<u>\$ 35,487,720</u>	<u>\$ 34,832,201</u>	<u>\$ 41,675,737</u>	<u>\$ 62,078,113</u>	<u>\$ 61,539,989</u>	<u>\$ 58,095,016</u>	<u>\$ 65,185,018</u>	<u>\$ 59,294,411</u>	<u>\$ 141,767,565</u>

TABLE 4

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year	
	2013	2014
General Fund:		
Reserved	\$ 153,473	\$ -
Unreserved	831,316	-
Nonspendable	-	155,411
Restricted	-	973,799
Assigned	7,144,209	8,747,716
Unassigned	10,041,113	10,958,360
Total general fund	<u>\$ 18,170,111</u>	<u>\$ 20,835,286</u>
All Other Governmental Funds:		
Committed, reported in:		
Capital projects fund	\$ -	\$ -
Unreserved, reported in:		
Capital projects fund	6,672,522	7,750,173
Special revenue funds	-	-
Assigned, reported in:		
Capital projects fund	(5,137,844)	(12,805,982)
Total all other government funds	<u>\$ 1,534,678</u>	<u>\$ (5,055,809)</u>

	Fiscal Year							
	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:								
Nonspendable	\$ 159,370	\$ 217,801	\$ 302,316	\$ 277,338	\$ 224,707	\$ -	\$ 394,248	\$ 469,157
Restricted	985,772	1,025,170	1,379,857	716,204	888,975	847,935	3,864,355	3,910,683
Committed	-	-	-	-	-	-	-	-
Assigned	11,349,940	12,940,397	14,145,306	14,010,719	13,744,579	10,892,207	11,796,983	19,765,448
Unassigned	10,286,067	11,521,249	12,288,356	14,494,275	11,610,081	14,695,778	23,299,386	22,336,003
Total general fund	<u>\$ 22,781,149</u>	<u>\$ 25,704,617</u>	<u>\$ 28,115,835</u>	<u>\$ 29,498,536</u>	<u>\$ 26,468,342</u>	<u>\$ 26,435,920</u>	<u>\$ 39,354,972</u>	<u>\$ 46,481,291</u>
All Other Governmental Funds:								
Nonspendable, reported in:								
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,902
Restricted, reported in:								
Capital projects fund	\$ 10,615,526	\$ 12,595,634	\$ 12,480,905	\$ 14,277,505	\$ 14,487,721	\$ 9,052,617	\$ 8,493,436	\$ 9,932,743
NVTA fund	-	-	-	-	-	65,449	65,449	65,449
Other governmental funds	-	-	-	1,130,864	893,187	1,054,630	1,266,577	1,083,372
Committed, reported in:								
Capital projects fund	2,131,395	5,044,819	10,557,120	2,180,641	14,347,994	8,042,273	3,430,156	12,535,347
Assigned, reported in:								
Capital projects fund	-	-	-	1,271,396	2,517,818	-	3,451,472	-
Unassigned, reported in:								
Capital projects fund	(1,779,735)	(3,980,575)	(9,581,537)	-	(8,405,774)	(8,283,240)	-	(8,586,350)
Other governmental funds	-	-	-	-	-	(32,946)	-	-
Total all other government funds	<u>\$ 10,967,186</u>	<u>\$ 13,659,878</u>	<u>\$ 13,456,488</u>	<u>\$ 18,860,406</u>	<u>\$ 23,840,946</u>	<u>\$ 9,898,783</u>	<u>\$ 16,707,090</u>	<u>\$ 15,069,463</u>

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
General property taxes	\$ 13,606,085	\$ 13,814,622	\$ 13,568,504	\$ 14,389,962	\$ 14,816,811	\$ 15,692,223	\$ 16,763,012	\$ 16,540,635	\$ 18,814,097	\$ 20,170,491
Other local taxes	17,327,161	17,618,402	17,939,057	18,864,268	14,031,990	15,080,196	15,419,538	14,140,990	15,012,966	17,561,322
Permits, privilege fees, and regulatory licenses	391,407	1,073,586	1,032,766	772,765	1,280,528	1,366,410	1,368,371	1,582,992	1,607,244	1,161,209
Fines and forfeitures	544,411	718,350	530,509	341,152	378,181	426,404	558,857	426,867	252,776	291,303
Use of money and property	1,768,730	1,796,693	1,785,866	2,185,769	2,574,671	2,403,511	3,181,950	2,719,823	2,039,440	2,079,350
Charges for services	4,807,401	4,935,266	4,980,152	5,097,258	5,075,406	5,263,363	5,422,620	3,556,396	3,285,712	4,610,543
Contributions and proffers	594,544	1,646,901	1,318,658	961,402	2,260,800	3,989,498	1,616,097	2,348,880	2,346,144	2,069,033
Grants	-	-	-	-	-	5,250	8,700	-	-	-
Miscellaneous	1,608,459	813,747	676,490	611,090	257,235	77,206	279,113	109,750	361,665	(202,008)
Intergovernmental	17,460,860	12,815,853	12,249,130	15,380,716	24,919,385	32,456,282	23,620,180	27,976,350	29,035,495	78,215,432
Total revenues	<u>58,109,058</u>	<u>55,233,420</u>	<u>54,081,132</u>	<u>58,604,382</u>	<u>65,595,007</u>	<u>76,760,343</u>	<u>68,238,438</u>	<u>69,402,683</u>	<u>72,755,539</u>	<u>125,956,675</u>
Expenditures:										
Legislative	949,680	1,645,525	395,084	249,418	247,809	280,712	255,452	280,031	266,202	347,356
Executive	3,345,634	4,065,619	1,919,530	2,251,468	1,887,672	1,689,964	1,886,653	2,368,301	3,087,773	2,323,690
Legal	517,214	470,940	854,433	738,157	761,453	835,408	1,449,337	1,283,155	1,073,543	1,597,631
Finance and administrative services	2,196,207	1,985,483	4,459,503	4,921,814	4,795,874	5,417,654	5,540,062	5,806,893	6,158,087	6,865,230
Public safety	12,551,566	12,507,687	13,488,315	13,242,169	12,467,978	13,325,521	14,069,073	13,813,223	13,243,794	13,459,096
Public works	11,851,505	11,494,248	11,332,942	12,878,286	14,391,996	14,173,810	14,360,321	14,455,259	14,255,891	69,542,898
Parks and recreation	7,462,632	7,833,710	8,060,847	7,845,039	7,640,573	7,627,827	7,701,535	6,597,044	5,939,831	7,218,136
Balch Library	440,057	457,866	459,214	488,583	490,644	505,607	536,704	500,019	465,980	560,785
Planning and zoning	1,489,006	1,562,694	1,591,679	1,663,251	1,650,178	2,021,595	1,881,100	2,128,753	1,942,018	2,132,944
Plan review	1,295,785	1,384,016	1,314,564	1,388,654	1,333,740	1,334,333	1,464,977	1,426,408	1,490,510	1,526,324
Airport	706,939	688,604	660,000	716,544	771,312	743,773	750,389	705,488	737,823	851,403
Capital projects	15,175,508	12,144,131	8,317,589	8,880,704	10,341,003	15,936,356	13,470,015	18,205,678	9,427,928	17,044,248
Townwide	-	-	-	-	-	-	-	84,100	5,484,709	-
Debt service:										
Principal	3,026,278	1,799,341	2,300,000	2,505,000	5,020,000	5,377,001	5,582,241	5,871,208	2,469,961	6,658,834
Interest and fiscal charges	2,698,505	2,611,718	3,530,190	2,997,383	3,004,766	2,584,951	2,484,035	2,654,883	1,881,416	2,070,717
Debt issuance cost	-	-	-	-	226,075	-	-	159,864	92,826	-
Total expenditures	<u>63,706,516</u>	<u>60,651,582</u>	<u>58,683,890</u>	<u>60,766,470</u>	<u>65,031,073</u>	<u>71,854,512</u>	<u>71,431,894</u>	<u>76,340,307</u>	<u>68,432,856</u>	<u>132,292,118</u>
Excess of revenues over (under) expenditures	<u>(5,597,458)</u>	<u>(5,418,162)</u>	<u>(4,602,758)</u>	<u>(2,162,088)</u>	<u>563,934</u>	<u>4,905,831</u>	<u>(3,193,456)</u>	<u>(6,937,624)</u>	<u>4,322,683</u>	<u>(6,335,443)</u>
Other financing sources (uses):										
Transfers in	2,489,417	2,292,323	2,350,030	6,930,644	5,164,734	3,982,397	9,660,299	5,121,963	7,557,703	6,748,714
Transfers out	(581,921)	(799,473)	(848,368)	(5,423,779)	(3,742,627)	(2,657,597)	(8,308,999)	(3,700,523)	(5,980,705)	(4,984,714)
Issuance of debt	-	-	17,830,000	-	-	555,988	1,342,833	9,940,933	6,944,301	16,274,716
Proceeds of refunding bonds	-	-	9,710,000	-	13,029,935	-	-	-	8,610,000	-
Payment to refunded bond escrow agent	-	-	(9,710,000)	-	(14,218,960)	-	-	(9,350,000)	(9,380,000)	(6,418,707)
Premium (discount) on issuance debt	-	-	3,239,954	-	1,410,812	-	-	1,378,914	1,174,178	-
Proceeds from sale of property	-	-	-	-	-	-	-	-	-	136,043
Total other financing sources (uses), net	<u>1,907,496</u>	<u>1,492,850</u>	<u>22,571,616</u>	<u>1,506,865</u>	<u>1,643,894</u>	<u>1,880,788</u>	<u>2,694,133</u>	<u>3,391,287</u>	<u>8,925,477</u>	<u>11,756,052</u>
Net changes in fund balances	<u>\$ (3,689,962)</u>	<u>\$ (3,925,312)</u>	<u>\$ 17,968,858</u>	<u>\$ (655,223)</u>	<u>\$ 2,207,828</u>	<u>\$ 6,786,619</u>	<u>\$ (499,323)</u>	<u>\$ (3,546,337)</u>	<u>\$ 13,248,160</u>	<u>\$ 5,420,609</u>
Total debt service	<u>\$ 5,724,783</u>	<u>\$ 4,411,059</u>	<u>\$ 5,830,190</u>	<u>\$ 5,502,383</u>	<u>\$ 8,024,766</u>	<u>\$ 7,961,952</u>	<u>\$ 8,066,276</u>	<u>\$ 7,832,041</u>	<u>\$ 4,351,377</u>	<u>\$ 8,729,551</u>
Total expenditures	<u>\$ 63,706,516</u>	<u>\$ 60,651,582</u>	<u>\$ 58,683,890</u>	<u>\$ 60,766,470</u>	<u>\$ 65,031,073</u>	<u>\$ 71,854,512</u>	<u>\$ 71,431,894</u>	<u>\$ 76,340,307</u>	<u>\$ 68,432,856</u>	<u>\$ 132,292,118</u>
Less: capital outlay	<u>(15,621,225)</u>	<u>(15,485,939)</u>	<u>(11,091,705)</u>	<u>(10,812,959)</u>	<u>(10,341,003)</u>	<u>(14,369,653)</u>	<u>(10,284,912)</u>	<u>(18,886,882)</u>	<u>(9,531,634)</u>	<u>(13,204,709)</u>
Noncapital expenditures	<u>\$ 48,085,291</u>	<u>\$ 45,165,643</u>	<u>\$ 47,592,185</u>	<u>\$ 49,953,511</u>	<u>\$ 54,690,070</u>	<u>\$ 57,484,859</u>	<u>\$ 61,146,982</u>	<u>\$ 57,453,425</u>	<u>\$ 58,901,222</u>	<u>\$ 119,087,409</u>
Debt service as a percentage of noncapital expenditures	<u>11.91%</u>	<u>9.77%</u>	<u>12.25%</u>	<u>11.02%</u>	<u>14.67%</u>	<u>13.85%</u>	<u>13.19%</u>	<u>13.63%</u>	<u>7.39%</u>	<u>7.33%</u>

TABLE 6

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year				
	2018	2019	2020	2021	2022
Revenues					
General Property Taxes	\$ 15,692,223	\$ 16,763,012	\$ 16,540,635	\$ 18,814,097	\$ 20,170,491
Other Local Taxes	15,080,196	15,419,538	14,140,990	15,012,966	17,561,322
Permits, Fees, and Licenses	1,366,410	1,368,371	1,582,992	1,607,244	1,161,209
Fines and Forfeitures	426,404	558,857	426,867	252,776	291,303
Use of Money and Property	2,297,508	3,072,979	2,684,433	2,050,266	2,067,931
Charges for Services	5,263,363	5,422,620	3,556,396	3,285,712	4,610,543
Contributions and Proffers	384,168	362,744	356,045	319,188	306,983
Miscellaneous	57,689	259,645	82,409	129,480	27,084
Intergovernmental	15,415,325	15,487,579	16,725,951	25,104,481	19,531,074
Loan proceeds	555,988	201,441	176,898	202,011	39,818
Transfer from other funds	2,613,846	2,713,486	3,044,383	6,093,703	4,126,022
Total revenues	59,153,120	61,630,272	59,317,999	72,871,924	69,893,780
Expenditures					
Legislative	280,712	255,452	280,031	266,202	347,356
Executive	1,689,964	1,886,653	2,368,301	3,087,773	2,323,690
Legal	835,408	1,449,337	1,283,155	1,073,543	1,597,631
Finance and administrative services	5,417,654	5,540,062	5,806,893	6,158,087	6,865,230
Public Safety	13,325,521	14,069,073	13,813,223	13,243,794	13,459,096
Public Works	14,173,810	14,360,321	14,455,259	14,255,891	14,542,898
Parks and Recreation	7,627,827	7,701,535	6,597,044	5,939,831	7,218,136
Balch Library	505,607	512,893	492,145	457,314	550,510
Planning and Zoning	2,021,595	1,881,100	2,128,753	1,942,018	2,132,944
Plan Review	1,334,333	1,464,977	1,426,408	1,490,510	1,526,324
Airport	743,773	750,389	705,488	737,823	851,403
Townwide	-	-	84,100	5,484,709	-
Total expenditures	56,971,723	64,660,466	59,350,421	59,952,872	62,767,461
Net change in fund balances	2,181,397	(3,030,194)	(32,422)	12,919,052	7,126,319
Fund balance, beginning of year	27,317,139	29,498,536	26,468,342	26,435,920	39,354,972
Fund balance, end of year	\$ 29,498,536	\$ 26,468,342	\$ 26,435,920	\$ 39,354,972	\$ 46,481,291

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

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
2013	\$ 13,606,085	\$ 1,546,528	\$ 170,620	\$ 4,407,688	\$ 2,213,949	\$ 744,156	\$ 1,047,206	\$ 4,695,048	\$ 671,353	\$ 3,072,266	\$ 753,280	\$ 219,016	\$ 33,147,195
2014	13,814,622	1,564,500	252,006	4,167,178	2,176,277	875,046	980,759	4,827,853	689,778	3,292,385	806,461	162,436	33,609,301
2015	13,568,504	1,559,559	262,888	4,610,450	2,157,262	912,666	934,508	5,021,455	643,315	3,326,739	843,185	87,180	33,927,711
2016	14,389,962	1,525,755	266,397	5,141,458	2,093,398	987,523	905,450	5,247,114	736,315	3,152,175	829,452	288,954	35,563,955
2017	14,816,810	1,521,737	274,095	5,384,169	2,041,943	985,261	872,841	5,368,976	791,255	3,389,293	897,488	175,628	36,519,497
2018	15,692,000	1,544,206	269,834	5,252,089	1,978,108	1,274,610	821,296	5,841,127	866,352	3,620,884	890,662	221,059	38,272,225
2019	16,763,010	1,530,840	255,908	5,693,638	1,835,099	1,330,907	726,665	5,939,892	862,456	3,727,985	1,086,694	214,101	39,967,195
2020	16,540,635	1,494,085	245,256	6,088,771	1,793,256	1,262,358	675,880	5,175,671	558,215	3,793,027	1,104,246	172,602	38,904,002
2021	18,831,222	1,488,711	219,935	6,401,152	1,592,817	1,535,693	616,040	5,540,382	579,889	4,031,292	875,230	169,218	41,881,581
2022	19,637,291	1,495,254	213,396	7,135,552	1,545,999	1,629,903	618,476	7,545,383	803,751	4,361,698	898,095	208,762	46,093,560
Change 2013-2022	47%	-3%	27%	60%	-30%	112%	-38%	65%	20%	45%	18%	-7%	40%

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	
2013	\$ 6,085,462,040	\$ 481,548,404	\$ 105,809,512	\$ 737,446	\$ 6,673,557,402
2014	6,438,888,020	447,867,148	111,087,100	695,117	6,998,537,385
2015	6,643,105,870	388,770,026	108,441,453	653,035	7,140,970,384
2016	6,718,865,180	428,519,647	117,080,280	549,045	7,265,014,152
2017	7,081,200,240	412,219,300	116,315,393	426,223	7,610,161,156
2018	7,529,930,110	385,548,796	117,980,215	514,888	8,033,974,009
2019	7,889,996,600	409,437,516	120,153,718	549,604	8,420,137,438
2020	8,316,479,500	409,404,929	133,146,343	217,917	8,859,248,689
2021	8,766,130,579	417,083,220	142,329,848	183,069	9,325,726,716
2022	9,946,385,010	526,527,939	147,413,050	156,589	10,620,482,588

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

Notes:

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

(2) Personal property assessments are made by the Commissioner of the Revenue of Loudoun County for the concurrent use of the County and the Town. Personal property is assessed at 100% of its depreciable 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
2013	\$ 4,549,312,500	\$ 1,536,149,540	\$ 105,809,512	\$ 811,261,540	\$ 7,002,533,092	\$ 6,191,271,552	4.7 %	0.192	\$ 6,191,271,552	100 %
2014	4,896,036,280	1,542,851,740	111,087,100	848,001,120	7,397,976,240	6,549,975,120	5.8	0.183	6,547,329,473	100
2015	5,080,543,570	1,562,562,300	108,441,453	868,365,540	7,619,912,863	6,751,547,323	3.1	0.183	6,643,105,870	98
2016	5,136,906,120	1,581,959,060	117,080,280	928,613,880	7,764,559,340	6,835,945,460	1.3	0.186	6,718,865,180	98
2017	5,395,167,440	1,686,032,800	116,315,393	977,061,440	8,174,577,073	7,197,515,633	5.3	0.184	7,081,200,240	98
2018	5,732,121,450	1,797,808,660	117,980,215	1,021,297,320	8,669,207,645	7,647,910,325	6.3	0.184	7,529,930,110	98
2019	6,106,845,300	1,783,151,300	120,153,718	1,015,217,970	9,025,368,288	8,010,150,318	4.7	0.184	7,889,996,600	98
2020	6,489,311,580	1,827,167,920	133,146,343	1,034,664,650	9,484,290,493	8,449,625,843	5.5	0.184	8,316,479,500	98
2021	7,707,235,960	1,620,293,180	142,329,848	1,061,453,520	10,531,312,508	9,469,858,988	12.1	0.184	8,766,130,579	93
2022	8,747,978,270	1,671,230,960	147,413,050	1,198,406,740	11,765,029,020	10,566,622,280	11.6	0.177	9,946,385,010	94

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)**

<u>Tax Year</u>	<u>Tax Rates – Town</u>		<u>Tax Rates – County</u>		<u>Tax Rates – Combined</u>	
	<u>Real Property</u>	<u>Personal Property</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Real Property</u>	<u>Personal Property</u>
2013	\$ 0.192	\$ 1.00	\$ 1.205	\$ 4.20	\$ 1.40	\$ 5.20
2014	0.183	1.00	1.155	4.20	1.34	5.20
2015	0.183	1.00	1.135	4.20	1.32	5.20
2016	0.186	1.00	1.145	4.20	1.33	5.20
2017	0.184	1.00	1.125	4.20	1.31	5.20
2018	0.184	1.00	1.085	4.20	1.27	5.20
2019	0.184	1.00	1.045	4.20	1.23	5.20
2020	0.184	1.00	1.035	4.20	1.22	5.20
2021	0.184	1.00	0.980	4.20	1.16	5.20
2022	0.177	1.00	0.890	4.20	1.07	5.20

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	2022			2013		
	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	\$ 202,828,260	1	1.91 %	\$ 136,058,330	2	2.20 %
Stanley Martin Companies LL	95,788,170	2	0.90	-	-	-
KJ Met Leesburg Property LLC	88,493,330	3	0.83	-	-	-
GEP X Fieldstone LLC	83,322,140	4	0.78	-	-	-
CRP/TRC Leesburg Retail Owner LLC	77,760,470	5	0.73	-	-	-
CS1031 Bellemeade Farms Apartments DST	63,079,300	6	0.59	-	-	-
C H Realty III/Battlefield LLC	49,707,420	7	0.47	44,564,340	6	0.72
Van Metre Homes at Meadowbrook Farm Estates LLC	47,580,100	8	0.45	-	-	-
RPAI Leesburg Fort Evans LLC	40,635,460	9	0.38	-	-	-
AGNL SPINE LLC	39,347,210	10	0.37	-	-	-
Carlyle/Cypress Leesburg LLC	-	-	-	170,186,090	1	2.75
GTIS-HOV Festival Lakes LLC	-	-	-	60,382,960	3	0.97
Battlefield FE LP	-	-	-	54,087,290	4	0.87
F R Leesburg Plaza LP	-	-	-	46,641,610	7	0.75
Windsor at Fieldstone Ltd Partnership	-	-	-	42,326,470	5	0.68
Fund IX CB Leesburg LLC	-	-	-	38,277,820	8	0.62
NA Properties Inc	-	-	-	31,978,480	9	0.52
Potomac Station (E&A) LLC	-	-	-	29,886,760	10	0.48
	<u>\$ 788,541,860</u>		<u>742.47% %</u>	<u>\$ 654,390,150</u>		<u>10.56 %</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 June 30, 2022</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2013	11,424,347	\$ 11,238,473	98.37 %	\$ 133,809	\$ 11,423,788	100.00 %
2014	11,648,515	11,448,839	98.29	135,563	11,646,373	99.98
2015	12,010,263	11,821,082	98.42	129,030	11,950,112	99.50
2016	12,377,675	12,121,029	97.93	176,987	12,298,015	99.36
2017	12,935,963	12,653,736	97.82	198,970	12,852,706	99.36
2018	13,654,178	13,428,080	98.34	199,490	13,627,570	99.81
2019	14,268,863	7,144,734	50.07	7,129,447	14,274,182	100.04
2020	15,009,175 (1)	7,500,786	49.97	7,499,512	15,000,298	99.94
2021	15,782,021	7,980,455	50.57	7,752,008	15,732,463	99.69
2022	17,258,677	8,678,825	50.29	-	-	-

**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 June 30, 2022</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2013	2,925,561	\$ 2,513,570	85.92 %	\$ 421,634	\$ 2,935,204	100.33 %
2014	284,978 (2)	269,307	94.50	15,725	285,033	100.02
2015	2,854,269 (3)	2,679,717	93.88	208,739	2,888,456	101.20
2016	2,937,351	2,753,137	93.73	227,971	2,981,108	101.49
2017	3,195,029	2,746,748	85.97	481,235	3,227,982	101.03
2018	3,207,577	2,840,544	88.56	368,685	3,209,229	100.05
2019	3,265,622	2,911,200	89.15	324,025	3,235,225	99.07
2020	2,641,697	1,058,894	40.08	1,446,639	2,505,533	94.85
2021	2,913,457	1,358,901	46.64	1,505,681	2,864,583	98.32
2022	3,478,993	1,503,722	43.22	-	-	-

Note:

(1) The amounts for calendar year 2022 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 2012-2021 under Personal Property Tax levied and collected.

(4) 2021- 2022 collections are through 6/30 of that year. Prior years have been through 9/30 of that year.

TOWN OF LEESBURG, VIRGINIA

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

Fiscal Year June 30,	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Per Capita Personal Income	Debt Per Capita	General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	General Bonded Debt Outstanding
	General Obligation Bonds	Notes Payable	Revenue Bonds	General Obligation Bonds	Notes Payable				General Obligation Bonds		Debt Per Capita
2013	\$ 56,946,559	\$ -	\$ 4,204,897	\$ 63,074,316	\$ -	\$ 124,225,772	4.20 %	2,849	\$ 120,020,875	1.94 %	2,753
2014	57,234,740	-	4,204,897	62,564,875	-	124,004,512	4.08	2,819	119,799,615	1.83	2,723
2015	70,620,000	-	3,886,950	61,375,000	-	135,881,950	4.30	3,071	131,995,000	1.99	2,983
2016	72,747,433	-	3,234,264	64,682,401	-	140,664,098	4.25	3,159	137,429,834	2.05	3,087
2017	68,240,268	-	2,558,534	63,572,170	-	134,370,972	3.93	2,997	131,812,438	1.86	2,940
2018	62,453,834	555,988	1,858,946	61,892,273	-	126,761,041	3.54	2,808	124,346,107	1.65	2,754
2019	56,750,109	1,702,735	1,134,659	60,302,566	-	119,890,069	3.16	2,548	117,052,675	1.48	2,488
2020	51,508,052	2,387,586	384,800	59,883,210	5,460	114,169,108	2.80	2,366	111,391,262	1.34	2,309
2021	53,154,188	4,535,632	-	57,779,145	13,745	115,482,710	2.66	2,351	110,933,333	1.27	2,259
2022	55,272,803	5,161,834	-	55,380,491	10,849	115,825,977	2.57	2,339	110,653,294	1.11	2,235

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, 2022

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Loudoun County, Virginia	\$1,865,597,359	8.79 %	\$ 164,073,877
Town Direct Debt			<u>115,482,710</u>
Total direct and overlapping debt			<u><u>\$ 279,556,587</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 619,696,514	\$ 654,732,947	\$ 664,310,587	\$ 671,886,518	\$ 708,120,024	\$ 719,751,563	\$ 801,015,032	\$ 844,962,584	\$ 946,985,899	1,056,662,228
Total net debt applicable to limit	<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>	<u>53,895,638</u>	<u>57,689,820</u>	<u>60,434,637</u>
Available legal debt margin	<u>\$ 562,749,955</u>	<u>\$ 597,498,207</u>	<u>\$ 593,690,587</u>	<u>\$ 603,771,518</u>	<u>\$ 639,879,756</u>	<u>\$ 657,297,729</u>	<u>\$ 742,562,188</u>	<u>\$ 791,066,946</u>	<u>\$ 889,296,079</u>	<u>\$ 996,227,591</u>
Total net debt applicable to the limit as a percentage of debt limit	9.19%	8.74%	10.63%	10.14%	9.64%	8.68%	7.30%	6.38%	6.09%	5.72%
Legal debt margin calculation for fiscal year 2022			Summary of outstanding debt:							
Assessed value of real estate	<u>10,566,622,280</u>						Gross bonded debt		\$ 115,825,977	
							Less: enterprise debt		<u>55,391,340</u>	
Debt limit (10% of assessed value)	1,056,662,228						General obligation debt:		<u>\$ 60,434,637</u>	
Debt applicable to limit:										
Net direct debt outstanding	<u>60,434,637</u>									
Available legal debt margin	<u>\$ 996,227,591</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			
2013	\$ 17,231,686	\$ 10,218,722	\$ 7,012,964	\$ 715,000	\$ 3,216,795	\$ 3,931,795	1.78	
2014	17,983,513	11,385,489	6,598,024	789,593	2,961,708	3,751,301	1.76	
2015	18,081,938	10,369,729	7,712,209	2,300,000	2,111,102	4,411,102	1.75	
2016	20,898,668	11,254,828	9,643,840	2,232,686	2,911,379	5,144,065	1.87	
2017	22,975,657	11,076,596	11,899,061	1,930,730	2,574,561	4,505,291	2.64	
2018	24,666,675	11,659,942	13,006,733	2,129,588	2,473,479	4,603,067	2.83	
2019	27,958,235	12,463,732	15,494,503	2,164,287	2,301,496	4,465,783	3.47	
2020	31,769,008	14,672,080	17,096,928	2,284,859	2,361,901	4,646,760	3.68	
2021	28,570,009	13,780,227	14,789,782	2,785,800	2,170,721	4,956,521	2.98	
2022	35,217,940	15,056,673	20,161,267	3,583,232	2,033,843	5,617,075	3.59	

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
2013	43,604	\$ 2,957,223,280	\$ 67,820	4.50 %
2014	43,996	3,039,639,644	69,089	4.40
2015	44,247	3,163,395,018	71,494	3.70
2016	44,522	3,312,926,542	74,411	3.30
2017	44,841	3,417,736,179	76,219	2.90
2018	45,149	3,579,412,720	79,280	2.50
2019	47,046	3,788,849,610	80,535	2.20
2020	48,250	4,071,045,500	84,374	8.10
2021	49,116	4,341,946,922	88,402	3.30
2022	49,516	4,506,333,594	91,008	2.30

Notes:

(1) 2020: 2020 Decennial Census.

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

2019, 2021-22: Loudoun County Department of Finance and Budget 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 through 2020. Estimates for 2021 and 2022 are from the Loudoun County Department of Finance and Budget.

(3) Unemployment rates information is maintained for some towns in Virginia, including Leesburg. The information provided is sourced from the Bureau of Labor Statistics, Local Area Unemployment Statistics, October 6, 2022, 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	2022		Percentage of Total Employment	2013	
	Employees	Rank		Employees	Rank
Loudoun County Government	2,500-5,000	1	12.8 %	2,000-2,500	1
Loudoun County Public Schools	1,000-1,500	2	7.6	1,500-2,000	2
Federal Aviation Administration	500-1,000	3	2.2	500-1,000	3
Town of Leesburg	250-500	4	1.9	500-1,000	4
Wegmans	250-500	5	1.6	250-500	5
Commonwealth of Virginia	250-500	6	1.5	250-500	8
Target	250-500	7	1.3	250-500	7
Stryker (formerly K2M)	250-500	8	1.3	-	-
Costco	250-500	9	1.1	100-250	9
Loudoun Medical Group	100-250	10	0.9	-	-
Mastec Services	-	-	-	250-500	6
K2M	-	-	-	100-250	10

Sources: Virginia Employment Commission, 1st Quarter 2022.

TABLE 19

TOWN OF LEESBURG, VIRGINIA

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016 (1)	2017	2018	2019 (1)	2020	2021	2022
Town Manager’s Office	6.0	6.0	7.0	8.0	6.0	6.0	6.0	8.0	8.0	9.0
Town Attorney	3.0	3.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	5.0
Clerk of Council	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Finance	16.0	15.5	15.5	17.5	19.5	19.0	19.5	21.5	21.5	21.5
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Information Technology	5.0	5.0	5.0	5.0	6.0	6.0	7.0	9.0	9.0	9.0
Public Safety	101.0	101.0	103.0	103.0	103.0	103.0	103.0	108.0	108.0	108.0
Public Works & Capital Projects	49.0	49.0	49.0	53.0	55.0	57.0	61.0	65.0	65.0	65.0
Capital Projects Management	10.6	9.4	6.0	-	-	-	-	-	-	-
Utilities	78.0	78.0	78.0	81.0	81.0	81.0	83.0	91.0	91.0	96.5
Parks, Recreation and Cultural	107.1	107.1	107.5	107.5	105.5	37.3	35.0	36.0	36.0	34.0
Balch Library	5.2	5.2	5.2	5.2	5.2	3.0	3.0	3.0	3.0	3.0
Planning & Zoning	11.0	12.0	12.0	12.0	12.0	14.0	14.0	14.0	14.0	14.0
Plan Review	9.0	9.0	9.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
Airport	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5
	<u>410.9</u>	<u>410.2</u>	<u>412.2</u>	<u>415.2</u>	<u>416.2</u>	<u>349.3</u>	<u>355.5</u>	<u>380.5</u>	<u>380.5</u>	<u>386.0</u>

Source: Town of Leesburg Fiscal Year Budgets.

Note:

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

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

TABLE 20

TOWN OF LEESBURG, VIRGINIA

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

Function/Program	Calendar Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021 (C1)	2022
Police:										
Calls for service	49,764	51,028	54,261	44,110	45,831	49,695	33,734	24,946	26,881	22,985
Adult arrest	1,063	1,189	710	635	1,156	934	636	611	503	558
Juvenile arrest	121	165	83	58	227	71	28	20	18	42
Speeding citations only	1,764	1,260	1,542	887	854	1,069	903	405	571	339
Traffic citations	5,580	7,064	4,827	4,115	5,572	7,714	5,275	1,953	2,850	2,270
Administration:										
Applications processed (full and part-time)	1,276	2,528	3,141	2,744	3,134	2,886	2,345	1,489	2,083	2,085
Positions advertised (full and part-time)	56	109	132	115	113	103	92	47	74	86
New hires (full and part-time)	124	166	200	155	183	156	139	78	129	152
Reportable accidents	24	20	26	19	19	14	17	9	3	12
All town training sessions	38	29	30	40	50	49	53	10	40	35
Public service:										
Garbage collected (ton)	13,639	13,183	15,489	16,309	15,541	15,842	12,322	12,305	10,365	11,427
Recycle collected (ton)	7,766	5,226	7,529	7,288	7,604	6,016	3,980	4,339	3,117	1,974
Parks and recreation:										
Recreation program attendance	11,160	11,174	12,374	10,363	11,691	11,031	10,565	3,839	5,793	6,898
Aquatics program attendance	5,835	8,008	7,996	8,094	8,256	7,843	7,381	2,323	3,102	4,803
Utilities:										
New water connections	87	116	59	106	132	114	172	151	140	120
New wastewater connections	84	114	57	105	132	111	161	149	137	120
Average daily water consumption (mgd)	4.28	4.25	4.20	4.15	4.11	4.06	4.16	4.16	4	4
Average daily sewage treatment (mgd)	4.42	4.27	4.05	4.09	3.95	4.55	4.33	4.01	4	4
Airport:										
Number of hangers rented	57	57	57	57	57	57	57	57	57	57
Number of tiedowns rented	102	108	101	106	106	106	106	110	126	126
Number of incidents on airport property	-	2	-	1	-	-	-	-	-	-

Note:
(1) Through September 15.

Source: Various Town departments

TOWN OF LEESBURG, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Streets:										
Primary (miles)	15	15	15	15	15	15	16	16	16	16
Secondary (miles)	92	92	92	92	93	93	93	94	94	96
Traffic signals	54	56	56	59	59	60	61	61	61	63
Number of street lights	2,791	2,920	2,993	3,089	3,165	3,180	3,221	3,297	3,301	3,326
Parks and recreation:										
Parks – number of acres	361	361	370	370	370	370	370	370	370	370
Major parks – number of acres	265	265	265	265	265	265	265	265	265	265
Neighborhood parks – number of acres	96	96	105	105	105	105	105	105	105	105
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football fields	3	3	3	3	3	3	3	3	4	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	6	6	6	6	6	6	6	6	6
Picnic shelters	4	5	5	5	5	5	5	5		5
Community centers	1	1	1	1	1	1	1	1		1
Balch Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	70,717	74,262	76,203	77,899	94,987	124,737	128,119	130,532	131,349	170,706
Water:										
Wells	1	1	1	1	1	1	1	1	1	1
Water lines (miles)	218	218	218	218	218	220	223	223	237	242
Fire hydrants	2,598	2,595	2,606	2,606	2,606	2,724	2,792	2,837	2,895	2,895
Storage capacity (mgd)	8	8	8	8	8	8	8	8	8	8
Number of customers	15,509	15,553	15,634	15,712	15,791	15,929	16,050	16,256	16,407	16,407
Sewers:										
Sanitary sewers (miles)	172	172	174	174	174	176	178	186	186	188
Storm sewers (miles)	137	137	144	144	144	153	169	162	162	162
Number of customers	15,391	15,453	15,579	15,657	15,734	15,872	16,107	16,377	16,526	16,560
Airport:										
Hangers	57	57	57	57	57	57	57	57	57	57
Tie-downs	120	120	120	120	120	120	120	120	126	126
Take-off and landings	-	-	-	-	-	-	63,641	68,885	84,469	93,328

Source: Various Town departments

TOWN OF LEESBURG, VIRGINIA

LEGAL DEBT MARGIN INFORMATION FOR BOND COVENANT CONTINUING DISCLOSURE
June 30, 2022
(Unaudited)

	<u>As of</u> <u>June 30, 2022</u>
Assessed Value of Real Estate	\$ 10,566,622,280
Legal Debt Limit-10% to total Assessed Value of Real Estate	1,056,662,228
Total amount of debt applicable to debt margin (1)	\$ 115,825,977
Net amount of debt applicable to debt margin	<u>115,825,977</u>
Legal Margin for Creation of Additional Debt	<u><u>\$ 940,836,251</u></u>

Notes:

(1) See Table 15 Gross Bonded Debt.

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

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COMPLIANCE SECTION

TOWN OF LEESBURG, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022**

	Pass-Through Entity Identifying Number	Assistance Listing Number	Expenditures
DEPARTMENT OF TREASURY			
Direct Payments:			
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)		21.027	\$ 2,964,173
Total Department of Treasury			2,964,173
DEPARTMENT OF JUSTICE			
Direct Payments:			
Bulletproof Vest Partnership	NA	16.607	6,932
Pass-Through Payments:			
Virginia State Police			
Byrne Coronavirus Supplemental Assistance Funding		16.738	12,413
Northern Virginia Gang Task Force			
FBI Safe Streets Gang Task Force	NA	16.544	2,830
Pass-Through Payments:			
Town of Vienna, Virginia			
Gang-Free Schools and Communities-Community Based			
Youth Gang Prevention	2010-DD-BX-0483	16.544	11,639
Pass-Through Payments:			
Loudon County, VA			
OVW Domestic Violence	NA		143,841
Total Department of Justice			177,655
DEPARTMENT OF TRANSPORTATION			
Direct Payments:			
Federal Aviation Administration			
North Hangars	3-51-0027-042-2019	20.106	210,163
Airport Runway Light Rehabilitation	3-51-0027-041-2019	20.106	122,262
Total Airport Improvement Program			332,425
Pass-Through Payments:			
Virginia Department of Transportation:			
Federal-Aid Highway Program – Ed Ferry@Leesburg Bypass Interchange		20.205	46,595
Federal-Aid Highway Program – Morven Park Road Improvement		20.205	11,977
Federal-Aid Highway Program – Evergreen Mill Road Widening		20.205	420,792
Federal-Aid Highway Program – Misc		20.205	1,462
Federal-Aid Highway Program – Lower Sycolin	U000-253-312	20.205	111,432
Total Highway Planning and Construction Cluster			592,258
Total Department of Transportation			924,683
Total Federal Expenditures			\$ 4,066,511

TOWN OF LEESBURG, VIRGINIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022**

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, 2022, 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, 2022, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated December 9, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.**

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance 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 2022-002.**

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 9, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Town of Leesburg, Virginia's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 9, 2022

TOWN OF LEESBURG, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2022

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

STATE COMPLIANCE MATTERS

Code of Virginia:

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

State Agency Requirements:

Urban Highway Maintenance

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

TOWN OF LEESBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weakness** relating to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **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 the major program**.
7. The major program of the Town is:

<u>Name of Program</u>	<u>Assistance Listing #</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001: Audit Adjustments (Material Weakness)

Condition:

During the audit, we noted material year-end audit adjustments were required to ensure that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The adjustments were related to intergovernmental revenues and expenditures, fund balance, proffers, capital contributions, and capital assets.

Criteria:

Audit adjustments were required to correct balances in order for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

Cause:

Trial balance, workbooks, and supporting schedules were not reconciled to prior year and reviewed before year-end entries were made resulting in additional adjustments.

(Continued)

TOWN OF LEESBURG, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2022-001: Audit Adjustments (Material Weakness) (Continued)

Effect:

There is an increased risk of financial statement misstatement.

Recommendation:

We recommend establishing procedures in which qualified supervisors are reviewing year-end workpapers and reconciliations that feed into the final general ledger and focusing on the accuracy of year-end balances.

View of Responsible Officials and Planned Corrective Action:

Management will review current processes in place that support fiscal year end close, as well as audit preparedness and implement the necessary changes to ensure the accuracy of fiscal year end reconciliation and reporting.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-002: Highway Maintenance – Equipment Rates

Condition:

We noted instances where the equipment rate used did not agree to the supporting documentation and the equipment rates used were based on FEMA rates.

Criteria:

Per requirements set forth by the Commonwealth of Virginia, costs reported on the annual Weldon Cooper Center Local Finance Survey must be allowable costs for the maintenance, construction, or reconstruction of eligible streets. Equipment rates can be determined by the Town based on factors such as, but not limited to, cost and useful life but cannot be based on FEMA rates.

Cause:

The Town is in the process of developing a methodology for equipment rates and applying and implementing it into their workorders.

(Continued)

TOWN OF LEESBURG, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2022-002: Highway Maintenance – Equipment Rates (Continued)

Effect:

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

Recommendation:

We recommend establishing equipment rates that are based on factors such as but not limited to, cost and useful life but cannot be based on FEMA rates. We recommend preparing rate sheets annually and saving them for reference.

View of Responsible Officials and Planned Corrective Action:

With regard to the equipment rate, VDOT no longer publishes rate data for vehicles or equipment; therefore, most fiscal year 2022 rates were set using the latest published FEMA rates for the respective class of vehicle or equipment. The Town has implemented an equipment rate methodology based on purchase cost, salvage value, and expected hours of usage starting in fiscal year 2023.

TOWN OF LEESBURG, VIRGINIA

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2022**

A. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-001: Highway Maintenance – Labor and Equipment Rates

Condition:

In six highway maintenance work orders out of six tested, we noted instances where the labor rate used did not agree to the supporting documentation and the equipment rates used were based on FEMA rates.

Criteria:

Per requirements set forth by the Commonwealth of Virginia, costs reported on the annual Weldon Cooper Center Local Finance Survey must be allowable costs for the maintenance, construction, or reconstruction of eligible streets. Equipment rates can be determined by the Town based on factors such as, but not limited to, cost and useful life but cannot be based on FEMA rates.

Cause:

The Town is in the process of developing a methodology for labor rate and equipment rates and applying and implementing it into their workorders.

Effect:

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

Recommendation:

We recommend revisiting procedures around monitoring highway maintenance.

Current Status:

Still applicable as similar instances noted in the schedule of findings and questioned costs at Item 2022-002.

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