

Annual
Comprehensive
Financial Report
for the
Fiscal Year Ended
June 30, 2023



TOWN OF LEESBURG, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED
June 30, 2023

Prepared by the
Department of Finance
and Administrative Services

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**TOWN OF LEESBURG, VIRGINIA
FINANCIAL REPORT**

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	ix
Organizational Chart	x
Directory of Principal Officials.....	xi

FINANCIAL SECTION

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5a

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Exhibit 1	Statement of Net Position	6
Exhibit 2	Statement of Activities	8

Fund Financial Statements:

Exhibit 3	Balance Sheet – Governmental Funds.....	9
Exhibit 4	Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	11
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	12
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Exhibit 7	Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	14
Exhibit 8	Statement of Net Position – Proprietary Funds	15
Exhibit 9	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	17
Exhibit 10	Statement of Cash Flows – Proprietary Funds	18
Exhibit 11	Statement of Fiduciary Net Position – Fiduciary Fund	20
Exhibit 12	Statement of Changes in Fiduciary Net Position – Fiduciary Fund	21
	Notes to Financial Statements.....	22

**TOWN OF LEESBURG, VIRGINIA
FINANCIAL REPORT**

**TABLE OF CONTENTS
(Continued)**

Page

BASIC FINANCIAL STATEMENTS (Continued)

Exhibit 13	Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan	75
Exhibit 14	Schedules of OPEB Contributions – Local Plan	76
Exhibit 15	Schedule of Investment Returns – Local OPEB Trust Fund	77
Exhibit 16	Schedule of Employer’s Share of Net OPEB Liability – VRS GLI	78
Exhibit 17	Schedule of OPEB Contributions – VRS GLI.....	79
Exhibit 18	Schedule of Changes in Net Pension Liability and Related Ratios – Virginia Retirement System	80
Exhibit 19	Schedule of Pension Contributions – Virginia Retirement System.....	81
	Notes to Required Supplementary Information	82

OTHER SUPPLEMENTARY INFORMATION

Exhibit A-1	General Fund – Comparative Balance Sheets	84
Exhibit A-2	General Fund – Schedule of Revenues and Other Financial Sources – Budget and Actual.....	85
Exhibit A-3	General Fund – Schedule of Expenditures and Other Financial Uses – Budget and Actual.....	88
Exhibit B-1	Utilities Fund – Comparative Statements of Net Position.....	97
Exhibit B-2	Utilities Fund – Comparative Statements of Revenues, Expenses, and Changes in Net Position	98
Exhibit B-3	Utilities Fund – Comparative Statements of Cash Flows.....	99
Exhibit B-4	Enterprise Fund – Utilities Operating Fund – Schedule of Operating Revenues and Expenses – Budget and Actual.....	101
Exhibit C-1	Internal Service Fund – Comparative Statements of Net Position	102
Exhibit C-2	Internal Service Fund – Comparative Statements of Revenues, Expenses and Changes in Net Position.....	103
Exhibit C-3	Internal Service Fund – Comparative Statements of Cash Flows	104
Exhibit D-1	Special Revenue Fund – Balance Sheet.....	105
Exhibit D-2	Special Revenue Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance	106

**TOWN OF LEESBURG, VIRGINIA
FINANCIAL REPORT**

**TABLE OF CONTENTS
(Continued)**

	Page
STATISTICAL SECTION	
Table 1	107
Table 2	108
Table 3	111
Table 4	112
Table 5	113
Table 6	114
Table 7	115
Table 8	116
Table 9	117
Table 10	118
Table 11	119
Table 12	120
Table 13	121
Table 14	122
Table 15	123
Table 16	124
Table 17	125
Table 18	126
Table 19	127
Table 20	128
Table 21	129
Table 22	130
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	131
Notes to Schedule of Expenditures of Federal Awards	132
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 <i>Government Auditing Standards</i>	133
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	135
Summary of Compliance Matters	138
Schedule of Findings and Questioned Costs	139
Summary Schedule of Prior Year Audit Findings	142

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INTRODUCTORY SECTION

November 28, 2023

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, 2023. 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, 2023.

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

In the 20th century, the Town was the home of George C. Marshall, Chief of Staff of the U.S. Army during World War II and later U. S. Secretary of State and Secretary of Defense. Marshall was the architect of the famed Marshall Plan for the post-war economic recovery of Europe, an accomplishment for which he received the Nobel Peace Prize in 1953.

Today, the Town continues to serve as the center of government and commerce for Loudoun County. Leesburg's Old and Historic District was established by local ordinance in 1963. It was placed on the National Register of Historic Places in 1970 and is often cited as one of the best preserved and most picturesque downtowns in Virginia. Leesburg has been recognized by the following media outlets in the recent years:

- #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.
- Leesburg has once again been named to the "10 Best Places to Live in Virginia" list. Travel & Leisure published its Top 10 list on September 23, which ranked Leesburg #6 for its festivals, ghost tours, Civil War sites, culinary events, family-owned shops and restaurants, and parks.

Overview of Town Government

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

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

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

The operating departments of the Town include the Town Manager's Office (including Economic Development, Emergency Management, and Public Information), Finance and Administrative Services (including Human Resources and Information Technology), Police, Public Works and Capital Projects, Community Development, Town Attorney, Town Clerk, Parks and Recreation, Utilities, Thomas Balch Library, and the Leesburg Executive Airport. Each department has a director who reports to the Town Manager or designee.

Local Economy Condition and Outlook

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

Falling within the Washington, D.C. metropolitan area, the Town's economic and demographic conditions reflect the prevailing conditions of the region. The positive impact is attributed in large part to Leesburg's location in Northern Virginia and its proximity to Washington, D.C. and the federal government and the Town's concentration of high technology employees.

The unemployment rate for Loudoun County held steady at 2.5%, replicating Fiscal Year 2022.

As with other jurisdictions, the Town experienced major financial and economic impacts due to COVID-19. Revenues associated with the restaurant, entertainment, travel, and hospitality industries experienced a significant decrease in Fiscal Year 2020. During Fiscal Year 2023, these revenues returned to pre-COVID levels as well as revenue areas associated with Recreation Programs and Transient and Occupancy Taxes (hotel tax).

Residential property values have continued to increase, and commercial real estate values have remained stable. Sales tax revenues from consumer spending have outperformed estimates as well as the prior year's revenue.

Investment earnings continue to remain strong 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 revenue, intended to replace lost revenue during the pandemic, in the amount of \$2.9 million was recognized in Fiscal Year 2023.

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 2023 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 sustainability reserves for emergencies and expected higher capital project construction costs.

The Fiscal Year 2023 budget was adopted based on the Town Council's established strategic goal to achieve long-term budget sustainability in addition to its established strategic focus areas of:

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

The importance of long-term budget sustainability is evident considering the effects of the COVID-19 Pandemic and the post-pandemic surge of inflation. The Town of Leesburg, under the Council's direction, has worked its way through the past few years with strategic reductions in costs, increased staff efficiency, and deferral of certain costs while providing Town employees with competitive pay increases. During this time, the Council has provided the policy leadership that has allowed the Town to maintain most services with limited-service level impacts and stabilized real estate tax rates while maintaining a healthy financial position in accordance with the Town's fiscal policies.

As a result of the adherence to that philosophy, the Town has significantly exceeded its long-term goal of maintaining a 20% unassigned general fund balance. This fiscal discipline was rewarded in Fiscal Year 2023 with Triple A ratings from Moody's, Fitch, and Standard & Poor's credit rating agencies, which have been affirmed by all three major rating agencies with stable outlooks.

COVID-19 Impact and Response

During Fiscal Year 2023, most of the major revenue sources of the Town have fully recovered from the impact of the pandemic, by either matching or exceeding pre-pandemic levels of revenue.

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

The Town is closely monitoring the global, national, regional, and local economies to determine next steps should strong actions by the Federal Reserve cause the economy to fall into recession or should inflation rise. In developing its projections for the fiscal year ended June 30, 2023, and for the fiscal year ending June 30, 2024, Town staff elected to use a conservative scenario from information and forecasts prepared by a variety of economists and regional information sources including the Town's own internal tracking metrics.

All forecasts are based upon the best information available to the Town staff at the time of the presentation and may be subject to substantial uncertainty. The Town staff is pursuing a flexible strategy of responding to conditions as new data becomes available. Town staff will continue to monitor the impacts of supply chain issues and rising inflation on Town finances and operations and

will continue to provide quarterly updates to the Town Council which will be available to the public on the Town's website: <https://www.leesburgva.gov/> on the Town Council's agendas page.

Financial Condition

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

Town Council's goal of maintaining stable real estate tax rates continued to exert pressure on maintaining services at existing levels and maintaining capital promises made to the residents. Keeping existing programs funded and addressing the continuing demands of the community is a challenge during the budgeting process. To meet these demands, management developed the following initiatives:

- Successfully carried out the Council's policies on long-term budget stability and fiscal sustainability.
- Set and achieved high standards of customer service for all departments.
- Continued focus on employee productivity and operational efficiency to maintain or reduce costs in the face of increased service demands and the pressures of inflation.
- Accelerated the application of technology as financially feasible to improve access to Town services, improve communication with all residents, and enable increased remote working and service delivery opportunities in compliance with cybersecurity demands.
- Continued emphasis on an organizational culture that focuses on improving the quality of life for our residents and businesses.
- Focused federal grant revenues and other one-time funding sources for 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 insured Certificate of Deposit Account Registry Service (CDARS) Certificates of Deposit. 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 (OPEB), are governed by separate state statutes and a separate Town policy that allows for the investment of long-term assets in high quality bonds and equities. The Town's OPEB assets are invested in a Town Council-authorized independent trust where the assets are

held by US Bank as trustees and managed by PFM, Inc. with the expectation that the assets will generate market-based returns with low fees.

Budgetary Accounting and Internal Controls

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

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

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

Notable Transactions and Actions

The Town Council set aside significant General Fund reserves in Fiscal Year 2023 from one-time revenues resulting from staff vacancies and cost control measures taken in prior fiscal years. A reservation of General Fund unassigned fund balance requires a majority vote of Town Council to create the reserve or to use or appropriate funds previously reserved, except when the reservation is required by statute such as contractual commitments or outstanding purchase orders.

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

Debt Service Reserve	\$9,753,620
Revenue stabilization and resiliency reserve for recessionary shortfalls	2,000,000
Capital projects cost overruns reserve for inflation or unforeseen items	2,000,000
Reserved for Tree Bank spending	<u>35,620</u>
Subtotal of Reserved Fund Balance	\$13,789,240

Supplemental Appropriations during Fiscal Year 2023:	
Town-wide video project	\$625,000
Traffic signal – fiber connection	537,499
Wirt Street facility renovation	600,000
Second fiber connection to the Police Department	350,000
Police Department Headquarters Rehabilitation	284,369
Airport air traffic control	269,342
Airport apron paving	239,077
Airport runway rehabilitation	120,000
Town-wide bus shelters	116,168
CAD/RMS system upgrade	<u>113,928</u>
Subtotal of Supplemental Appropriations	\$3,255,383
Total material fiscal year 2023 reservations of General Fund balance	<u>\$17,044,623</u>

These reservations of General Fund unassigned fund balance provided for statutory reserve requirements, significant improvements in fiscal resilience and sustainability, funding for capital projects, and funded initiatives related to improving the Town’s cyber infrastructure and security.

The Town’s Fiscal Year 2023 ending unassigned fund balance in the General Fund was \$28,342,103 or \$6,006,100 more than the unassigned fund balance from Fiscal Year 2022. This represents 42.75% of General Fund expenditures, which is well above the Town Council’s 20% policy minimum. While the unassigned fund balance and substantial reserves are the result of one-time revenues, the Town has substantial fiscal flexibility and is well-positioned to be resilient in the face of economic unknowns.

Other Information

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

Certificate of Achievement for Excellence. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Town a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. The GFOA awards a certificate to governmental units that exemplify excellence in financial reporting and conform to stringent reporting requirements promulgated by that association and various authoritative bodies.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues the 34-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 2023.

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, its Budget and Capital Improvement Program document, and its Popular Annual Financial Report (PAFR). Only a very few local governments win all three awards each year.

Acknowledgements. This report was prepared by the professional staff of the Department of Finance 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, Deputy Director/Controller; Willis Felegie, Accounting Manager; Tammy Hegner, Payroll Administrator; Sonia Jordan, Accounting Associate; Lisa Haley, Deputy Director of Finance and Administrative Services; and Cole Fazenbaker, Management and Budget Officer, 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

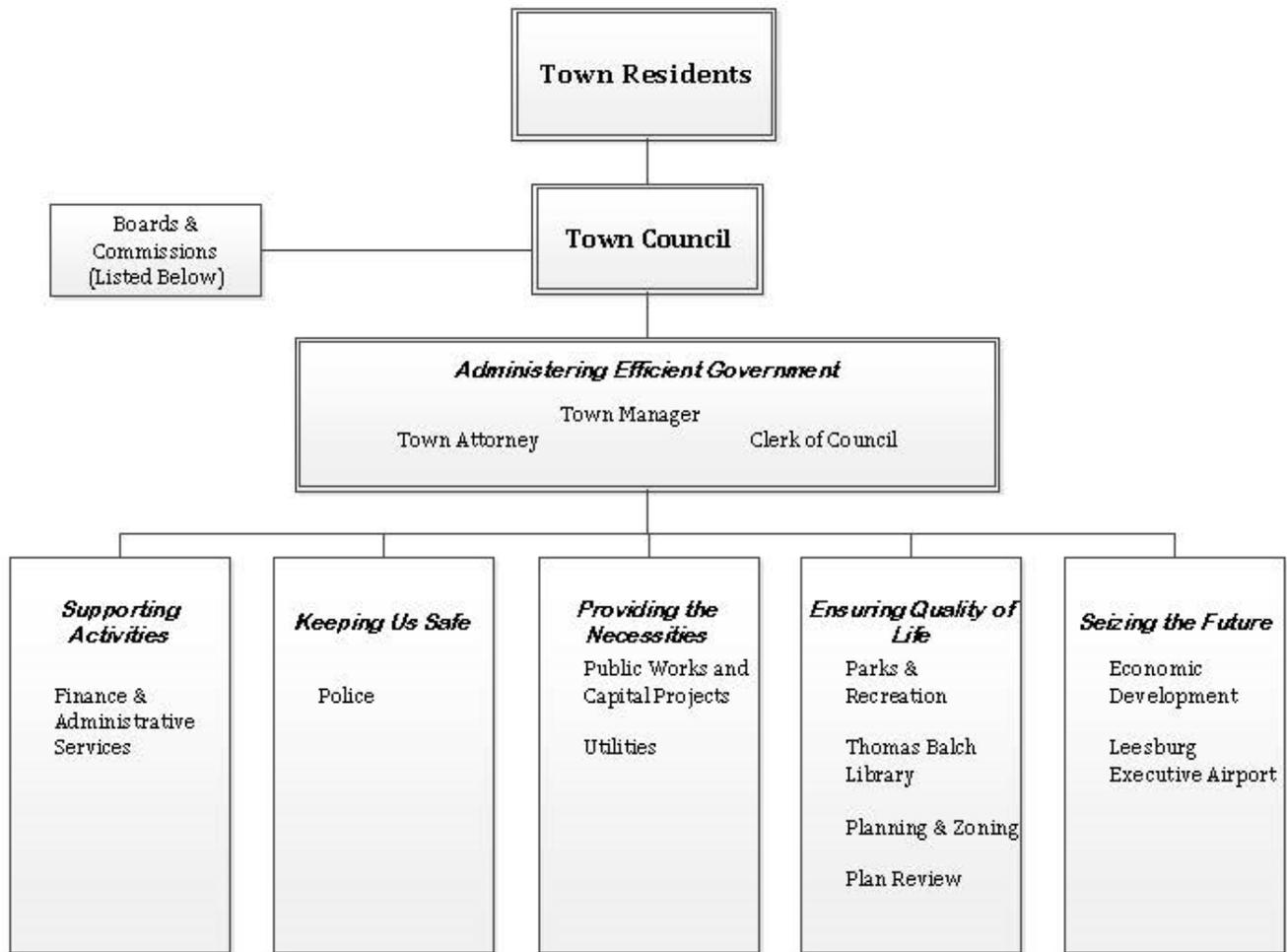
**Town of Leesburg
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

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

TOWN OFFICIALS

Kaj Dentler Town Manager
Keith Markel..... Deputy Town Manager
Chris Spera Town Attorney
Eileen Boeing Clerk of Council
Thea Pirnat..... Police Chief
Renee LaFollette..... Director of Public Works and Capital Projects
Amy Wyks..... Director of Utilities
Rich Williams Director of Parks and Recreation
James David..... Director of Community Development
William Ackman Director of Plan Review
Scott Coffman..... Director of Airport
Russell Seymour..... Director of Economic Development
Alexandra Gressitt..... Director of Balch Library
Clark Case Director of Finance and Administrative Services
Jakub Jedrzejczak Director of Information Technology
Joshua Didawick..... Director of Human Resources
Kara Rodriguez..... Public Information Officer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leesburg, Virginia (the "Town") as of and for the year ended June 30, 2023, 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, 2023, 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 6 and 7 to the financial statements, in 2023, the Town adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. 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'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 6, 2023 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 6, 2023

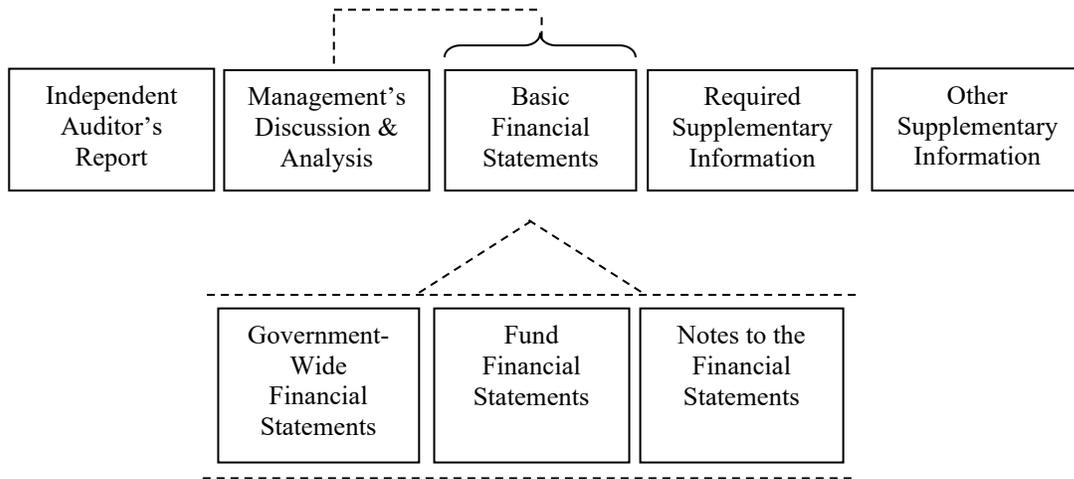
TOWN OF LEESBURG
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2023

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, 2023. 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 like private-sector companies. Specifically, the Statement of Net Position (Exhibit 1) and the Statement of Activities (Exhibit 2), report information about the Town’s assets, liabilities, deferred outflows and inflows of resources, and activities using the accrual basis of accounting. Revenues are recorded and presented in these financial statements in the year in which they are earned, and expenses are recognized in the period in which they were incurred, regardless of when cash is received or paid.

GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The Town's net position represents the residual amount of cumulative assets, deferred outflows of resources over present liabilities and deferred inflows of resources as of the fiscal year ended June 30, 2023. The revenues and expenses for the current fiscal year are the principal factors affecting the change in the Town's net position, as shown in Exhibit 2. The Town's net position is one way to measure the Town's financial health, as increases or decreases in net position are one indicator of whether its financial position is improving or declining. Further analysis can be achieved by comparing the changes in the revenue, expenses, assets, and liabilities to the prior year ACFR's Statement of Activities and Statement of Net Position. Other financial reports as well as nonfinancial factors need to be considered, such as changes in the Town's property tax base, the condition of the Town's infrastructure, the Town's overall budget and capital improvement program to assess the overall financial health of the Town.

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

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

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

FUND FINANCIAL STATEMENTS

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

The Town has three types of funds:

Governmental Funds – The Town has two major governmental funds: the General Fund and the Capital Projects Fund. Accounting for the basic governmental services, the General Fund is the largest of the governmental funds and functions as the main operating fund of the Town. The Capital Projects Fund accounts for the daily operations of the Division of Capital Projects in the Department of Public Works & Capital Projects including the design, architecture, and construction of major capital projects and provides control over the resources that have been segregated for those projects.

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

FUND FINANCIAL STATEMENTS (CONTINUED)

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 2023 comprised of one enterprise fund, the Utilities Fund to account for water and sewer services, and one internal service fund, Self-Insurance Fund. Both the enterprise fund and the internal service fund operate in a manner like private business enterprises, where costs are recovered primarily through user charges or fees. However, the funds are distinguished by the type of user – external versus internal. Whereas an enterprise fund is used to account for any activity for which a fee is charged to external users for goods or services, an internal service fund is used to account for the provision of goods or services by one department to another department.

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

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

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023

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

Total net position of the Town on a government-wide basis is \$603.1 million as of June 30, 2023, of which \$404.0 million is attributable to the Town’s governmental activities and \$199.1 million to business type activities (Exhibit 1). The government-wide total net position that is unrestricted is \$91.1 million, of which \$38.4 million is unrestricted for governmental activities and \$52.7 million is unrestricted for business-type activities. The Statement of Activities (Exhibit 2) presents all the factors attributed to the \$34.6 million or 6.1 percent increase in the Town’s restated beginning net position from \$568.5 million in fiscal year 2022 to \$603.1 million in fiscal year 2023. The restatement of the beginning fund balance for the general fund from \$381.4 million to \$380.3 million was due to several prior period adjustments, including an adjustment for depreciation expenses from a reassessment of vehicles useful lives of \$.9 million and a prior period revenue adjustment of \$.2 million, to reverse an accrual for unpaid claims in the Internal Service Fund

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023 (CONTINUED)

that was not properly adjusted in the succeeding fiscal year. The restatement of the beginning fund balance for the business-type activities from \$188.6 million to \$188.2 million or \$.4 million was due to a similar prior period adjustment for depreciation expenses noted above for governmental activities.

The total increase in net position is \$34.6 million, composed of an increase of \$23.7 million in governmental activities and an increase of \$10.9 million in business-type activities. The increases in governmental net position were largely due to an increase in General Property Taxes, excluding penalties of \$3.3 million, an increase of \$1.9 million in Use of Money and Property, and a decrease in Public Works' expenses of \$55.7 million. The fiscal year 2023 expenses for Public Works of \$23.5 million more closely represent the normal activity for that functional area. In fiscal year 2022, \$55.0 million in expenses were incurred, due to the development and completion of the Route 7 and Battlefield Highway Interchange.

Total fund balance of the Town's governmental funds is \$66.8 million as of June 30, 2023, of which \$53.0 million is attributable to the Town's General Fund; \$12.6 million is attributable to the Town's Capital Projects and \$1.2 million is attributable to Other Governmental Funds (Exhibit 3). During fiscal year 2023, the Town merged the Northern Virginia Transportation Authority (NVTA) Special Revenue Fund into the Capital Projects Fund, thus eliminating the NVTA Special Revenue Fund. The NVTA Special Revenue Fund was created when it was believed that a separate fund was required to be maintained to account for revenue and expenses; however, it was determined that a separate fund was not required, and all capital projects could be accounted for in a singular capital projects fund. NVTA revenue is shown separately within the Capital Projects Fund to be compliant with NVTA grant agreements.

The General Fund's unassigned fund balance is \$28.3 million (Exhibit 3) an increase of \$6.0 million from fiscal year 2022 was largely due to operating revenues exceeding operating expenses by \$4.8 million and operating and nonoperating expenses and transfers adding a net \$1.8 million. The increase was largely due to better-than-expected general property taxes, investment income, and sales taxes along with well controlled operating expenses. The Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit 5) presents all the factors attributed to the \$5.2 million increase in the total Governmental Funds fund balance from \$61.6 million to \$66.8 million. This increase of \$5.2 million is due to an increase of \$6.5 million in the fund balance of the General Fund, a decrease of \$1.3 million in the Capital Projects Fund and an increase of \$.1 million in Other Government Funds. As noted above, during fiscal year 2023, the NVTA fund balance was transferred into the Capital Projects fund, thus creating a decrease of \$65 thousand and eliminating the NVTA fund.

The total net position of the Town's enterprise funds is \$200.1 million of which \$199.1 million is attributable to the Town's Utilities Fund and \$1.0 million is attributable to the Town's Internal Service Fund on June 30, 2023 (Exhibit 8). The Utilities Fund's unrestricted net position is \$52.7 million, and the Internal Service Fund's unrestricted net position is \$1.0 million. The Statement of Revenue, Expenses, and Changes in Net Position (Exhibit 9) presents all the factors attributed to the Utilities Fund's \$10.9 million or 5.8 percent increase from restated net beginning balance of \$188.2 million in fiscal year 2022 to \$199.1 million in fiscal year 2023. This increase in net position was mainly due to a \$7.1 million increase in capital contributions; an increase in net operations of \$2.4 million; a net increase in non-operating income of \$3.3 million, and net transfers out of \$1.9 million. In fiscal year 2023, the Internal Service Fund net position decreased by \$.5 million, due to an excess of expenses over revenue or income. This was a planned reduction to return outperformance from prior years to employees, retirees, and the Town with lower premiums in fiscal year 2023, while still maintaining sufficient fund balance against unexpected future cost increases.

In fiscal year 2023, an adjustment was made to the beginning fund balance in the amount of \$.4 million and \$.2 million to the Utilities Fund and the Internal Service Fund respectively. The adjustment made to the Utilities Fund was made due to prior period adjustments for depreciation expenses and the adjustment to the Internal Service Fund was made due to the reversal of an accrual for unpaid claims in the Internal Service Fund that was not properly adjusted in succeeding fiscal years.

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, 2023 and 2022.

Table 1
Summary Statement of Net Position
Comparison as of June 30, 2023 and 2022 (\$ in Thousands)

The total net position for the Town's governmental activities increased approximately \$22.7 million or 5.9%, to \$404.0 million. This net increase is comprised predominantly of an increase in Net Investment in Capital Assets of \$12.4 million and an increase in Unrestricted Net Position of \$10.3 million. In comparison, net position for business-type activities increased approximately \$10.4 million to \$199.1 million when compared to the opening balance of \$188.6 million. This increase is comprised predominantly of an increase in Unrestricted Net Position of \$2.5 million largely resulting from net operating and nonoperating income and donations of assets from developers.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Reporting Entity</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Assets and Deferred Outflows of Resources</u>						
Current and Other Assets	\$ 114,713	\$ 104,623	\$ 63,865	\$ 63,508	\$ 178,578	\$ 168,131
Capital Assets, net	414,982	397,859	199,838	192,477	614,820	590,336
Total Assets	529,695	502,482	263,703	255,985	793,398	758,467
Deferred Outflows of Resources	9,711	11,911	3,937	4,599	13,648	16,510
Total Assets and Deferred Outflow of Resources	539,406	514,393	267,640	260,584	807,046	774,977
<u>Liabilities and Deferred Inflows of Resources</u>						
Current Liabilities	16,825	15,279	4,193	9,038	21,018	24,317
Long-term Liabilities	79,347	72,025	58,838	54,348	138,185	126,373
Total Liabilities	96,172	87,304	63,031	63,386	159,203	150,690
Deferred Inflows of Resources	39,206	45,727	5,551	8,572	44,757	54,299
Total Liabilities and Deferred Inflows of Resources	135,378	133,031	68,582	71,958	203,960	204,989
<u>Net Position</u>						
Net Investment in Capital Assets	354,835	342,443	146,393	138,503	501,228	480,946
Restricted	10,748	10,766	-	-	10,748	10,766
Unrestricted	38,445	28,153	52,664	50,123	91,109	78,276
Total Net Position	\$ 404,028	\$ 381,362	\$ 199,057	\$ 188,626	\$ 603,085	\$ 569,988

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

The General Fund is the main operating fund of the Town; its total fund balance increased to \$53.0 million in fiscal year 2023 from \$46.5 million in fiscal year 2022 (Exhibit A-1). Of this total, the unassigned fund balance was \$28.3 million, an increase of \$6.0 million or 26.9% from fiscal year 2022. At the end of fiscal year 2023, the unassigned fund balance of \$28.3 million was 42.7% of General Fund expenses of \$66.3 million. In comparison, at the end of fiscal year 2022, the unassigned fund balance was \$22.3 million, equal to 37.1% percent of total General Fund expenses of \$60.1 million. The Assigned Fund Balance Designated for Future Years Expenditures increased \$.9 million, due to an increase in the amount of open purchase orders and contractual expenses carried over to fiscal year 2024.

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, 2023, the Capital Projects fund balance was \$12.6 million (Exhibit 3) compared to \$13.9 million in 2022. Fund balances are used in conjunction with a variety of revenues to begin, continue and complete projects included in the six-year capital improvements program. Unassigned fund balance for fiscal year 2023 was a deficit of \$24.9 million, due to contract commitments on capital projects that were not yet fully funded, since all funding was fully committed to future projects and the Town has moved to the use of a line of credit for funding projects and capital is only borrowed when needed to reimburse for actual spending.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

Statement of Activities

Table 2 summarizes and compares the Statement of Activities (Exhibit 2) for the Town for the fiscal years ended June 30, 2023 and 2022.

Table 2
Summary of Statement of Activities
Comparison for the years ended June 30, 2023 and 2022 (\$ in Thousands)

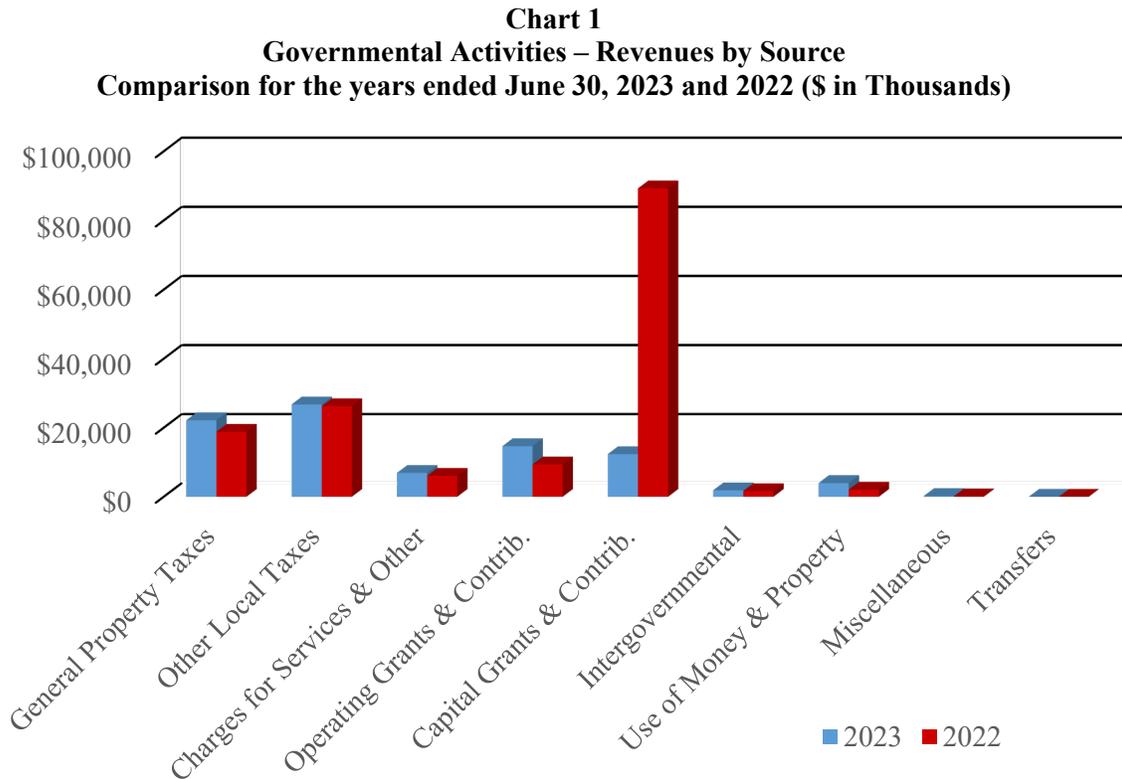
Governmental Activities

	Governmental Activities		Business-Type Activities		Total Reporting Entity	
	2023	2022	2023	2022	2023	2022
REVENUES						
General Revenues:						
Property Taxes	\$ 22,171	\$ 18,835	\$ -	\$ -	\$ 22,171	\$ 18,835
Other Local Taxes	26,746	26,242	-	-	26,746	26,242
Other	6,209	3,870	2,738	681	8,947	4,551
Program Revenues:						
Charges for Services	6,911	6,063	29,578	34,666	36,489	40,729
Operating Grants and Contributions	14,647	9,371	-	-	14,647	9,371
Capital Grants and Contributions	12,355	89,273	7,058	2,394	19,413	91,667
Total Revenues	89,039	153,654	39,374	37,741	128,413	191,395
EXPENSES						
Legislative	320	393	-	-	320	393
Executive	3,115	2,594	-	-	3,115	2,594
Legal	1,802	1,616	-	-	1,802	1,616
Parks and Recreation	8,730	7,871	-	-	8,730	7,871
Finance	7,994	6,497	-	-	7,994	6,497
Balch Library	651	580	-	-	651	580
Planning and Zoning	-	2,124	-	-	-	2,124
Plan Review	-	1,535	-	-	-	1,535
Community Development	3,869	-	-	-	3,869	-
Public Works	23,529	79,248	-	-	23,529	79,248
Public Safety	13,623	12,970	-	-	13,623	12,970
Airport	1,977	2,171	-	-	1,977	2,171
Townwide	-	-	-	-	-	-
Interest	1,590	1,805	-	-	1,590	1,805
Water and Sewer	-	-	26,616	23,383	26,616	23,383
Total Expenses	67,200	119,404	26,616	23,383	93,816	142,787
Change in Net Position before transfers	21,839	34,250	12,758	14,358	34,597	48,608
Transfers In (Out)	1,893	1,764	(1,893)	(1,764)	-	-
Increase in Net Position	23,732	36,014	10,865	12,594	34,597	48,608
Net Position, Beginning of Year (Restated)	380,296	345,348	188,192	176,032	568,488	521,380
Net Position, End of Year	\$ 404,028	\$ 381,362	\$ 199,057	\$ 188,626	\$ 603,085	\$ 569,988

As shown in Table 2 above, total revenue for the Town's governmental activities was \$89.0 million for fiscal year 2023 compared to \$153.6 million for fiscal year 2022. Table 2 also shows total expenses for governmental activities for fiscal year 2023 were \$67.2 million, compared to \$119.4 million in fiscal year 2022. The drastic variance in revenue and expenses in fiscal year 2022 as compared to fiscal year 2023 was mainly due to the \$55 million impact for the Route 7 and Battlefield Parkway Interchange NVT A project that was completed and recorded in fiscal year 2022.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

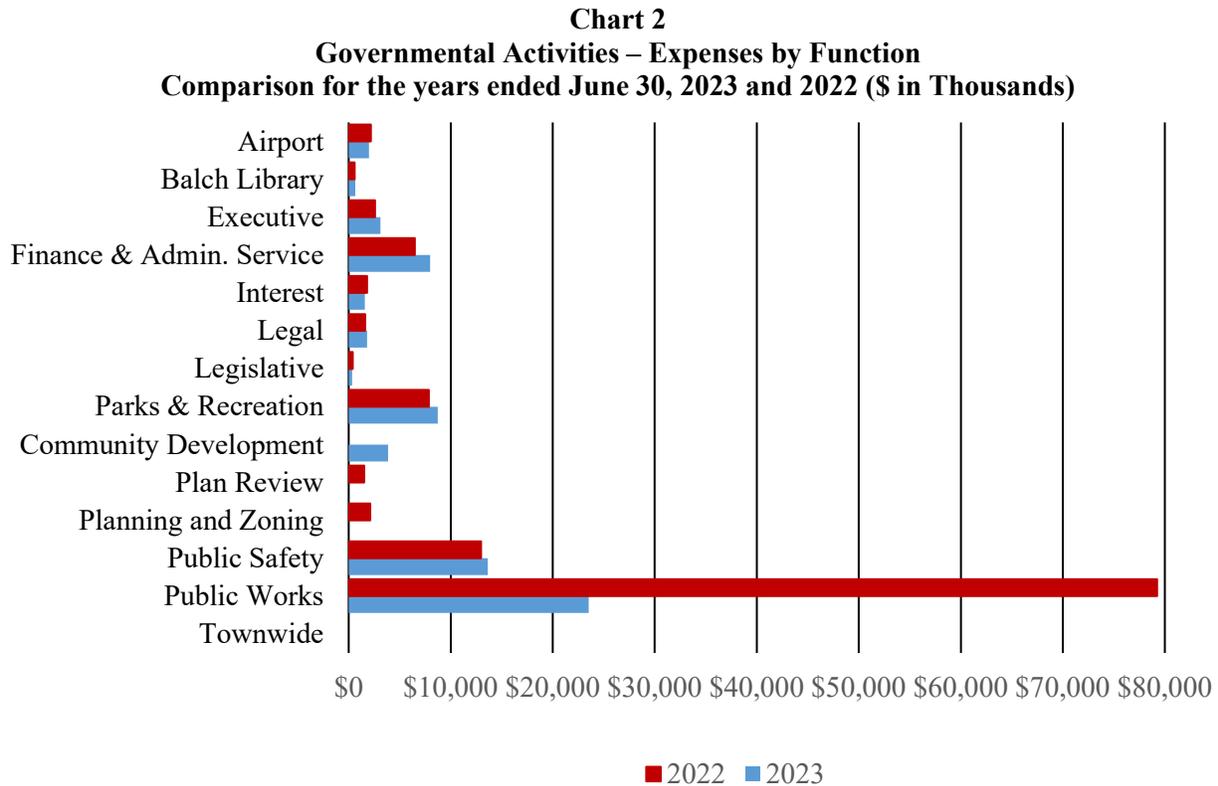
Chart 1 below shows the sources of all governmental revenue for fiscal years 2023 and 2022:



Taxes constitute one the largest sources of Town revenue totaling approximately \$48.9 million, with general property taxes of \$22.2 million in 2023 and \$18.8 million in 2022 (Table 2). As of fiscal year 2020, Loudoun County began billing and collecting local property taxes including real estate and personal property. As a result of aligning practices with Loudoun County, the Town began to concentrate more specifically on collection procedures for older tax balances and commercial taxes. Other local taxes, \$26.7 million in 2023 and \$26.2 million in 2022, 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 \$.8 million in the Charges for Services from \$6.1 million in 2022 to \$6.9 million in 2023 largely due to inflation and a return to more normal levels of activity post-covid.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

Chart 2 below illustrates total expenses by function.



Overall, expenses for fiscal year 2023 were comparable to those for fiscal year 2022, except for Public Works. During fiscal year 2022, the increase in expenses was due to the \$55 million grant expenses issued to VDOT for the development and completion of the Route 7 and Battlefield Highway Interchange project.

During fiscal year 2023, the Plan Review function and Planning and Zoning functions were combined to create Community Development. The graph above shows the expenses for expenditures related to Planning and Zoning and Plan Review for fiscal year 2022, however for fiscal year 2023, those expenses were combined and recorded under Community Development.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

Table 3 below illustrates that general revenue, primarily in the form of taxes, charges for services, and state aid, is essential to providing support for the services offered by the Town. These governmental activities generate revenue that assists in offsetting the cost of these services. Table 3 presents the total cost of services and the net cost after fees generated by the activities and allowances for program-specific governmental aid as an integral part of the Town's governmental activities. The Town generates charges for services primarily from fees for parks and recreation memberships and classes, public safety fines, and zoning fees and permits. The Town utilizes grants and contributions primarily for public safety, airport, and public works as much as possible. After recognizing the total revenue from these fees, grants, and contributions of \$33.9 million in 2023, the net cost of governmental activities was \$33.3 million. In comparison, in fiscal year 2022, total costs was \$119.4 million and the Town recognized revenue from fees, grants, and contributions of \$104.7 million, resulting in a net cost of governmental activities of \$14.7 million.

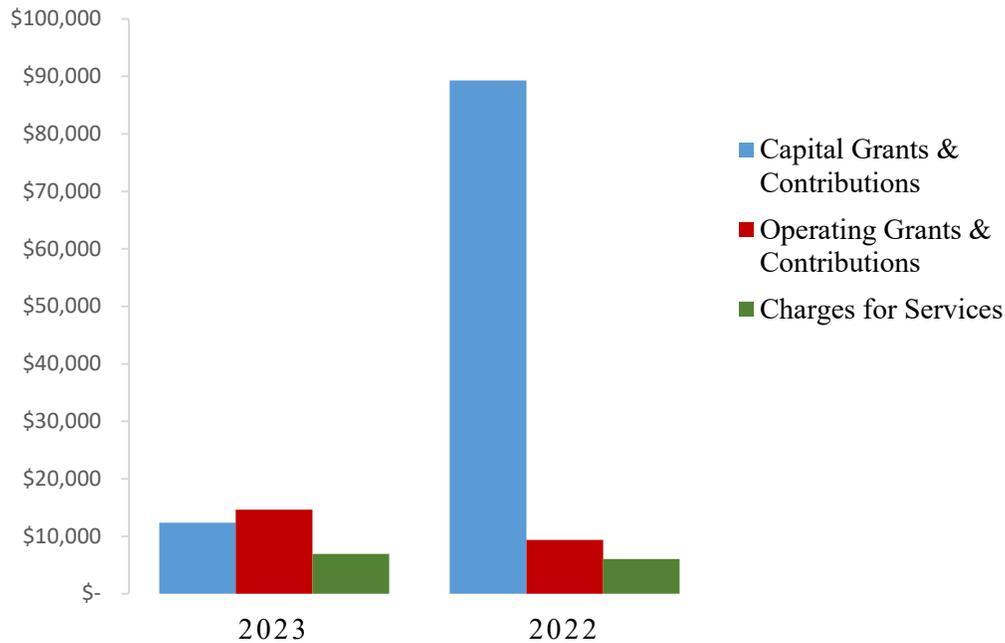
Table 3
Net Cost of Governmental Activities
Comparison for the years ended June 30, 2023 and 2022 (\$ in Thousands)

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Function:				
Legislative	\$ 320	\$ 393	\$ 320	\$ 393
Executive	3,115	2,594	2,551	1,967
Legal	1,802	1,616	1,802	1,616
Parks & Recreation	8,730	7,871	3,447	3,445
Finance & Admin. Services	7,994	6,497	7,994	6,497
Balch Library	651	580	651	580
Planning & Zoning	-	2,124	-	1,747
Plan Review	-	1,535	-	858
Community Development	3,869	-	2,873	-
Public Works	23,529	79,248	6,359	(14,219)
Public Safety	13,624	12,970	11,960	11,354
Airport	1,977	2,171	(3,253)	1,625
Townwide	-	-	(3,005)	(2,971)
Interest	1,590	1,805	1,590	1,805
Totals	\$ 67,201	\$ 119,404	\$ 33,289	\$ 14,697

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 \$.8 million, program revenue for Operating Grants and Contributions increased by \$5.3 million and Capital Grants and Contributions decreased by \$76.9 million. The increase in Operating Grants and Contributions was due to \$4.6 million in grants received from FAA to support the Airport North Hangar Project and increases in grants funding for Public Safety from the US Department of Justice. The decrease in Capital Grants and Contributions was mainly due to NVTA funding for the Route 7 and Battlefield Parkway Interchange project that was funded in fiscal year 2022.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

**Chart 3
Governmental Activities – Program Revenue
Comparison for the years ended June 30, 2023 and 2022 (\$ in Thousands)**



Business-type Activities

Table 2 summarizes the business-type activities for fiscal year 2023 and indicates the Utilities Fund’s Net Position increased by \$10.9 million of which \$2.4 million was generated by net income from operations, \$7.1 million from capital contributions; \$2.4 million from operating income and \$3.3 million total non-operating income. In fiscal year 2023, total transfers were \$1.9 million. The Statement of Revenue, Expense, and Changes in Net Position (Exhibit 9) details operating and non-operating income and expense factors, as well as capital grants, contributions, and transfers for fiscal year 2023 for both the Utilities Fund and the Internal Service Fund.

Business-type activities are generally intended to be self-supporting as fees are established to recover the costs associated with providing the service. Exhibit 8 presents the Statement of Net Position for the Utilities Fund and the Internal Service Fund. In fiscal year 2023, the Utilities Fund’s total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources were \$263.7 million, \$3.9 million, \$63.0 million, and \$5.6 million, respectively. Total Net Position for fiscal year 2023 was \$199.1 million of which \$52.7 million is unrestricted. In fiscal year 2023, the Internal Service Fund’s total assets and liabilities were \$2.0 million and \$.9 million, respectively. Total net position for fiscal year 2023 was \$1.0 million, all of which was unrestricted. This change in net position in the Self Insurance Fund was the result of reclassifying certain contingent costs of health insurance plans from a liability to an unrestricted net position and \$.7 million above expected health insurance costs.

Utilities operating revenues were generated by Charges for Services including water and sewer fixed charges and usage fees, penalties, service charges, and other user fees. Operating revenue for the Utilities Fund for fiscal year 2022 was \$26.9 million compared to \$27.4 million for fiscal year 2023.

Total operating expenses increased by \$2.9 million to \$24.9 million in the fiscal year 2023 due to a 4.5% increase in pricing rates. The Utilities Fund recognized operating income of \$2.4 million for fiscal year 2023. Non-operating revenues and expenses provided a net increase of \$3.3 million. The \$10.9 million increase in net position is due to non-operating revenues of \$3.3 million and Capital contributions of \$7.1 million.

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

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

The Town has two major governmental funds; the General Fund and the Capital Projects Fund, with fund balances of \$53.0 million and \$12.6 million, respectively. With a fund balance of \$1.2 million for the non-major fund, the governmental funds total fund balance of \$66.8 million for fiscal year 2023 (Exhibit 3) is an increase of \$5.2 million from \$61.6 million in 2022.

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, 2023, and 2022.

Table 4
Governmental Fund Balances
Comparison for the years ended June 30, 2023 and 2022 (\$ in Thousands)

	2023	2022	Change
Non-Spendable			
Lease deposit	\$ 117	\$ 167	\$ (50)
Inventory	3	3	-
Prepaid Expenses	463	338	125
Restricted			
Balch Library	1,198	1,083	115
Parks and Recreation	51	51	-
NVTA	-	65	(65)
Police	147	147	-
Bond Proceeds	4,318	4,226	92
Proffers	6,012	5,707	305
Gas Tax	2,443	2,971	(528)
Parking-in-lieu	517	390	127
Esummons	380	352	28
Committed			
Capital Projects - Road	6,459	1,953	4,506
Capital Projects - Storm Drainage	-	269	(269)
Capital Projects - General Governmental	20,407	1,678	18,729
Capital Projects - Airport	222	8,505	(8,283)
Capital Projects - Parks and Recreation	53	130	(77)
Capital Projects - Administration			-
Assigned			
Debt Service Reserve	9,754	9,754	-
Other Reserves	7,327	7,494	(167)
Designated for Future Years	3,464	2,518	946
Unassigned	3,464	13,750	(10,286)
Total Fund Balances	\$ 66,799	\$ 61,551	\$ 5,248

The fiscal year 2023 governmental fund balances of \$66.8 million represents an increase of \$5.2 million from fiscal year 2022. The General Fund is the main operating fund of the Town. Its total fund balance increased during fiscal year 2023 by 14 percent or \$6.5 million to \$53.0 million (Exhibit 5). Of this total, the unassigned fund balance was \$28.3 million (Exhibit 3) or 53.5 percent of the total fund balance of the General Fund. In comparison, at the end of fiscal year 2022, the unassigned fund balance was \$22.3 million or 48.0 percent of the total fund balance of the General Fund. The relative increase in unassigned fund balance brings enhanced financial resilience to the Town. The assigned fund balance designated for future years increased by \$.9 million.

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS (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, 2023, the Capital Projects fund balance was \$12.6 million (Exhibit 3) compared to \$13.9 million in 2022. 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 had a deficit balance of \$8.6 million and unassigned fund balance for fiscal year 2023 had a deficit of \$24.9 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.

The NVTA fund accounted 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, 2023, the NVTA projects were recategorized into the Capital Projects Fund, thus eliminating the NVTA fund.

BUDGETARY HIGHLIGHTS

General Fund

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

Table 5
Condensed Budgetary Comparison
Year ended June 30, 2023 (\$ in Thousands)

	Fiscal Year 2023		
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
<u>Revenues:</u>			
Taxes	\$ 37,119	\$ 37,119	\$ 40,099
Intergovernmental	15,974	15,974	20,415
Other	9,160	9,229	10,540
Total Revenues	62,253	62,322	71,054
<u>Expenditures:</u>			
Expenditures	71,024	74,718	66,290
Deficiency of Revenue under Expenditures	(8,771)	(12,396)	4,764
<u>Other Financing Sources:</u>			
Transfers, net	1,843	1,768	1,758
Use of fund balance	6,928	8,290	-
Total Revenues	8,771	10,058	1,758
Change in Fund Balance	\$ -	\$ (2,338)	\$ 6,522

General Fund revenues were higher than the amended budget by \$8.8 million. Revenues collected exceeded budget projections for General Property Taxes, Other Local Taxes, and Intergovernmental by \$1.3 million, \$1.7 million, and \$4.4 million, respectively (Exhibit 7). Use of Money and Property, which includes interest revenue, commercial tenant lease revenue, and hanger tenants lease revenue, exceeded budget by \$1.5 million.

BUDGETARY HIGHLIGHTS (CONTINUED)

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 for projects that were incomplete in the prior fiscal year and subsequently re-appropriated in the new fiscal year.
- Amendments for supplemental appropriations for new projects, and/or change orders for prior approved projects and contracts.

The original budgeted expenses increased by \$3.7 million for fiscal year 2023 (Exhibit 7). This increase is mainly a result of supplemental appropriation approved by the Town Council throughout the fiscal year and from encumbrance carryovers related to purchase orders not completed during the prior fiscal year.

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, 2023 and 2022.

Table 6
Capital Assets
Comparison as of June 30, 2023 and 2022 (\$ in Thousands)

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
Land	\$ 65,746	\$ 64,788	\$ 958	\$ 1,577	\$ 1,577	\$ -
Buildings and improvement	91,617	87,124	4,493	-	-	-
Water and sewer plant	-	-	-	129,239	127,319	1,920
Water and sewer lines	-	-	-	167,461	158,862	8,599
Equipment and software	13,109	12,465	644	7,157	5,955	1,202
Vehicles	8,357	7,680	677	3,806	3,996	(190)
Infrastructure and street	363,727	357,288	6,439	-	-	-
Hangars	6,057	6,057	-	-	-	-
Terminals	16,414	6,678	9,736	-	-	-
Runway	16,570	16,570	-	-	-	-
Subscription assets, less amortization	2,101	-	2,101	-	-	-
Construction in progress	18,010	14,671	3,339	6,597	3,862	2,735
Total Capital Assets	601,708	573,321	28,387	315,837	301,571	14,266
Accumulated depreciation and amortization	(186,726)	(175,461)	(11,265)	(116,000)	(109,094)	(6,906)
Total Capital Assets, Net	\$ 414,982	\$ 397,860	\$ 17,122	\$ 199,837	\$ 192,477	\$ 7,360

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

Capital Assets (Continued)

The Town's Governmental Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2023, and 2022 (adjusted fiscal year-end balance) amounted to approximately \$415.0 million and \$397.9 million, respectively. The net increase in capital assets (including additions, retirements, depreciation, and amortization) was \$15.2 million for governmental activities with the largest increases in building and improvements at \$4.5 million; infrastructure at \$3.7 million and terminals at \$9.7 million.

The Business-type Activities Capital Assets (net of accumulated depreciation and amortization) as of June 30, 2023, amounted to approximately \$199.8 million for the Utilities Fund compared to \$192.0 million in 2022 (adjusted fiscal year and balance). The largest impact regarding the fiscal year 2023 increase of \$7.8 million were with construction in progress at \$2.7 million: water and sewer lines at \$8.6 million and water and sewer plant at \$1.9 million.

The Town Council approved Fiscal Year 2023 – 2028 Capital Improvement Program (CIP) is a six-year, \$229.0 million program of public improvements for the Town including \$56.6 million in streets and highways improvements, \$33.9 million in general government improvements, \$6.1 million in storm drainage improvements, \$33.8 million in airport improvements, \$6.3 million in parks improvements, \$82.0 million in water and sewer improvements, and \$10.2 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 \$11.4 billion in fiscal year 2023, compared with \$10.6 billion in fiscal year 2022. The Town's total long-term obligations of \$61.4 million as of June 30, 2023, and \$60.4 million as of June 30, 2022, 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, 2023 and 2022 (\$ in Thousands)

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
General Obligation Bonds	\$ 50,109	\$ 50,624	\$ (515)	\$ 49,786	\$ 50,833	\$ (1,047)
Totals	\$ 50,109	\$ 50,624	\$ (515)	\$ 49,786	\$ 50,833	\$ (1,047)

CAPITAL ASSETS AND LONG-TERM DEBT (CONTINUED)

Long-term Debt (Continued)

Outstanding long-term debt for governmental activities as of June 30, 2023, is \$64.6 million reflecting a restatement of beginning balance for subscription liability implementation as of July 1, 2022, of \$2.8 million and a net debt reduction during the fiscal year of \$1.7 million. The reduction consisted of a net pay-off of \$.5 million in bonds payable; \$.5 million reduction in amortization of bond premiums; \$.1 million deduction in notes payable financing and \$.7 million deduction in net subscription liability, partially off-set by a \$.2 million increase in compensated absences. Outstanding long-term debt for business activities decreased from \$56.3 million as of June 30, 2022, to \$54.9 million as of June 30, 2023 (See Note 7). The total net reduction was \$1.3 million, which primarily consisted of a net pay-off of \$1.0 million for bonds payable and a \$.3 million reduction in the amortization of bond premiums. Additionally, the Town has notes payable of \$7.1 million drawn from the 2019 Series A General Obligation Bond Anticipation Note Line of Credit which was established to align with the long-range sustainability plan.

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

- The Town will not fund current operations from the proceeds of borrowed funds and will confine long-term borrowing and leases to capital improvement projects, or equipment that cannot be financed from current financial resources.
- The goal of the Town is to finance at least 25 percent of the cost of capital improvements (more than proffers) from non-debt resources.
- The Town will, when financing capital improvements or other projects or equipment by issuing bonds or entering into 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 85.1% of debt within 10 years.
- The Town will annually calculate target debt ratios. The Town's debt capacity will be maintained within the following predominately goals:
 - Debt service expenses as a percentage of general fund expenses will not exceed 15 percent. For fiscal year 2023, this percentage was 13.70 percent. For fiscal year 2022 this percentage was 14.51 percent due to a COVID-19 related restructuring and refinancing of the General Fund debt service. It returned to prior levels in fiscal year 2023 and as well as beyond and the restructuring savings were reserved for use in fiscal years 2023, 2024 and 2025 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 2023, this percentage was .946 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, 2023, was 2.4 percent. The rate remained the same as June 30, 2022. This rate compares to Virginia's rate of 2.8 percent and the national rate of 3.6 percent as of June 30, 2023. Loudoun County's unemployment rate peaked in April 2020 at 9.9 percent due to the COVID-19 pandemic and has steadily declined since then. The Town's population was estimated by the US Census Bureau in 2022 to be 49,516. The actual 2022 US Census Bureau official count was 48,974. Other towns in Loudoun County saw similar overestimates in population growth due to 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 in Table 17. The current population estimate is 48,974.
- Per capita personal income is not kept on a town basis. However, estimated by the County of Loudoun's per capita personal income as of 2023 was \$101,500. 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 2023 by 13.5 FTE positions to a total of 399.5. Workforce numbers by department for the last ten years are provided in the statistical section of this report in Table 19.

Fiscal Year 2024 Budget and Rates

- For fiscal year 2024, the adopted budget for the General Fund is \$78.4 million, an increase of \$5.7 million or 7.8 percent, over fiscal year 2023. Revenues are comprised predominately of general taxes at 55.4 percent, intergovernmental assistance at 20.7 percent, other financing sources at 11.8 percent, charges for services at 6.7 percent, use of money & property at 3.4 percent, and other miscellaneous revenue at 2.0 percent.
- In fiscal year 2024, the Town continues to prioritize its services. In the General Fund, the public works department accounts for \$20.3 million and public safety accounts for \$18.1 million or 25.9 and 23.1 percent of the budgeted expenses respectively.
- Tax rate for real property for tax year 2023 is 17.74¢ per \$100 of assessed value. The personal property tax rate remained unchanged at \$1.00 per \$100 of assessed value. Detail on the tax rates is provided in Table 10 of the statistical section of this report.

REQUESTS FOR INFORMATION

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

**BASIC FINANCIAL
STATEMENTS**

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents (Note 2)	\$ 74,207,557	\$ 53,503,720	\$ 127,711,277
Receivables, net (Note 3)			
Property taxes	11,716,103	-	11,716,103
Utility taxes	166,670	-	166,670
Local taxes	1,079,019	-	1,079,019
Trade and other accounts	481,547	6,245,644	6,727,191
Accrued interest	28,468	17,330	45,798
Due from other governments (Note 5)	15,362,699	-	15,362,699
Inventories	2,972	803,301	806,273
Prepaid items and deposit	579,986	12,532	592,518
Restricted cash (Note 2)	7,100,406	-	7,100,406
Leases receivable (Note 4)	3,987,804	3,282,338	7,270,142
Capital assets (Note 6)			
Nondepreciable	83,755,966	8,174,759	91,930,725
Depreciable, net	331,225,765	191,662,886	522,888,651
	<u>529,694,962</u>	<u>263,702,510</u>	<u>793,397,472</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 12 and 13)	4,574,667	1,216,051	5,790,718
Deferred outflows related to other postemployment benefits (Notes 10, 11, and 13)	4,256,927	1,131,588	5,388,515
Deferred loss on refunding of debt	878,967	1,589,680	2,468,647
	<u>9,710,561</u>	<u>3,937,319</u>	<u>13,647,880</u>
Total deferred outflows of resources			
LIABILITIES			
Accounts payable	5,888,216	1,498,720	7,386,936
Due to other governments	284,228	-	284,228
Accrued payroll and other expenses	1,144,594	404,840	1,549,434
Accrued liabilities – other	1,666,355	-	1,666,355
Accrued interest	691,871	734,468	1,426,339
Retainage payable	280,035	173,954	453,989
Performance bonds	2,610,720	9,000	2,619,720
Reserve for proffers	3,096,702	-	3,096,702
Unearned revenue (Note 3)	97,165	-	97,165
Customer deposits	125,405	1,372,702	1,498,107
Insurance and benefit claims	940,103	-	940,103

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
LIABILITIES (Continued)			
Noncurrent liabilities			
Due within one year (Note 7)			
Compensated absences	\$ 2,324,242	\$ 643,739	\$ 2,967,981
Note payable	1,623,022	2,980	1,626,002
Bonds payable	12,508,938	9,716,089	22,225,027
Subscription liability	743,310	-	743,310
Due in more than one year (Notes 7)			
Compensated absences	863,400	234,086	1,097,486
Note payable	3,408,774	4,931	3,413,705
Bonds payable, net	41,796,306	44,314,950	86,111,256
Subscription liability	1,327,676	-	1,327,676
Net pension liability (Notes 12 and 13)	9,692,561	2,576,503	12,269,064
Other postemployment benefits (Notes 10, 11, and 13)	5,058,316	1,344,616	6,402,932
Total liabilities	<u>96,171,939</u>	<u>63,031,578</u>	<u>159,203,517</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension plan (Notes 12 and 13)	3,341,598	888,273	4,229,871
Deferred inflows related to other postemployment benefits (Notes 10, 11, and 13)	5,385,926	1,431,702	6,817,628
Deferred inflows related to leases (Note 4)	3,824,104	3,171,200	6,995,304
Deferred gain on refunding of debt	110,295	59,883	170,178
Grants (Note 3)	14,599,552	-	14,599,552
Property taxes (Note 3)	11,944,546	-	11,944,546
Total deferred inflows of resources	<u>39,206,021</u>	<u>5,551,058</u>	<u>44,757,079</u>
NET POSITION			
Net investment in capital assets	354,834,574	146,393,320	501,227,894
Restricted			
Restricted for capital projects	9,550,377	-	9,550,377
Restricted for Balch Library	1,197,640	-	1,197,640
Unrestricted	38,444,972	52,663,873	91,108,845
Total net position	<u>\$ 404,027,563</u>	<u>\$ 199,057,193</u>	<u>\$ 603,084,756</u>

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

TOWN OF LEESBURG, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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	\$ 320,120	\$ -	\$ -	\$ -	\$ (320,120)		\$ (320,120)
Executive	3,115,470	-	564,257	-	(2,551,213)		(2,551,213)
Legal	1,802,306	-	-	-	(1,802,306)		(1,802,306)
Parks and recreation	8,729,678	5,278,435	4,500	-	(3,446,743)		(3,446,743)
Finance and administrative services	7,993,864	-	-	-	(7,993,864)		(7,993,864)
Balch Library	650,593	-	-	-	(650,593)		(650,593)
Public works	23,529,213	134,906	4,679,808	12,355,004	(6,359,495)		(6,359,495)
Public safety	13,623,509	300,418	1,363,490	-	(11,959,601)		(11,959,601)
Community development	3,869,045	996,168	-	-	(2,872,877)		(2,872,877)
Airport	1,977,343	200,847	5,030,013	-	3,253,517		3,253,517
Townwide	-	-	3,004,640	-	3,004,640		3,004,640
Interest	1,589,928	-	-	-	(1,589,928)		(1,589,928)
Total governmental activities	67,201,069	6,910,774	14,646,708	12,355,004	(33,288,583)		(33,288,583)
Business-type activities:							
Utilities	26,616,062	29,578,425	-	7,057,614		\$ 10,019,977	10,019,977
Total business-type activities	26,616,062	29,578,425	-	7,057,614		10,019,977	10,019,977
Total government	\$ 93,817,131	\$ 36,489,199	\$ 14,646,708	\$ 19,412,618	(33,288,583)	10,019,977	(23,268,606)
General Revenues:							
Taxes:							
General property taxes, including penalties					22,171,204	-	22,171,204
Other local taxes:							
Communication sales and use					8,884,029	-	8,884,029
Meals					7,378,289	-	7,378,289
Business and occupational licenses					4,752,232	-	4,752,232
Utility					1,555,313	-	1,555,313
Cigarette					623,539	-	623,539
Other local taxes					3,552,928	-	3,552,928
Intergovernmental, non-categorical aid					1,871,034	-	1,871,034
Use of money and property					3,967,153	2,198,738	6,165,891
Gain on sale of assets					158,748	138,028	296,776
Miscellaneous					212,252	401,148	613,400
Transfers					1,893,000	(1,893,000)	-
Total general revenues and transfers, net					57,019,721	844,914	57,864,635
Change in net position					23,731,138	10,864,891	34,596,029
Net position, beginning, as restated (Note 15)					380,296,425	188,192,302	568,488,727
Net position, ending					\$ 404,027,563	\$ 199,057,193	\$ 603,084,756

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

TOWN OF LEESBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	Capital Projects	NVTA	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash, cash equivalents, and investments	\$ 48,136,878	\$ 22,901,553	\$ -	\$ 1,197,640	\$ 72,236,071
Receivables (net of allowance for doubtful accounts)					
Property taxes, including penalties	11,716,103	-	-	-	11,716,103
Utility taxes	166,670	-	-	-	166,670
Local taxes	1,079,019	-	-	-	1,079,019
Accounts	393,990	-	-	-	393,990
Miscellaneous	-	61,948	-	-	61,948
Leases	3,987,804	-	-	-	3,987,804
Due from other governments	7,810,611	7,552,088	-	-	15,362,699
Accrued interest	19,381	9,087	-	-	28,468
Deposits	117,294	-	-	-	117,294
Inventory	2,972	-	-	-	2,972
Prepaid items	458,692	4,000	-	-	462,692
Restricted cash	2,782,286	4,318,120	-	-	7,100,406
	<u>\$ 76,671,700</u>	<u>\$ 34,846,796</u>	<u>\$ -</u>	<u>\$ 1,197,640</u>	<u>\$ 112,716,136</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,401,644	\$ 3,476,440	\$ -	\$ -	\$ 5,878,084
Due to other governments	284,228	-	-	-	284,228
Retainage payable	219,627	60,408	-	-	280,035
Accrued payroll	1,144,594	-	-	-	1,144,594
Accrued liabilities – other	545,764	1,120,591	-	-	1,666,355
Customer deposits	125,405	-	-	-	125,405
Performance bonds	2,610,720	-	-	-	2,610,720
Reserve for proffers	104,404	2,992,298	-	-	3,096,702
Unearned revenue	97,165	-	-	-	97,165
	<u>7,533,551</u>	<u>7,649,737</u>	<u>-</u>	<u>-</u>	<u>15,183,288</u>
DEFERRED INFLOWS OF RESOURCES					
Grants	-	14,599,552	-	-	14,599,552
Leases	3,824,104	-	-	-	3,824,104
Property taxes	12,310,479	-	-	-	12,310,479
	<u>16,134,583</u>	<u>14,599,552</u>	<u>-</u>	<u>-</u>	<u>30,734,135</u>

(Continued)

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

TOWN OF LEESBURG, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	Capital Projects	NVTAs	Other Governmental Fund	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (Continued)					
FUND BALANCES					
Nonspendable					
Deposit	\$ 117,294	\$ -	\$ -	\$ -	\$ 117,294
Inventory	2,972	-	-	-	2,972
Prepaid costs	458,692	4,000	-	-	462,692
Restricted					
Thomas Balch Library Endowment Fund	-	-	-	1,197,640	1,197,640
Parks and recreation (Symmington)	50,521	-	-	-	50,521
Police	147,340	-	-	-	147,340
Bond proceeds	-	4,318,120	-	-	4,318,120
Proffers	-	6,012,499	-	-	6,012,499
Gas tax	2,443,083	-	-	-	2,443,083
Parking in lieu	517,130	-	-	-	517,130
Esummons	379,804	-	-	-	379,804
Committed					
Capital Projects – general government	-	20,407,279	-	-	20,407,279
Capital Projects – parks and recreation	-	53,122	-	-	53,122
Capital Projects – streets and highways	-	6,459,338	-	-	6,459,338
Capital Projects – storm drainage	-	-	-	-	-
Capital Projects – airport	-	221,749	-	-	221,749
Assigned					
Debt service reserve	9,753,620	-	-	-	9,753,620
Other reserves	7,327,396	-	-	-	7,327,396
Expenditures designated for future years	3,463,611	-	-	-	3,463,611
Unassigned	28,342,103	(24,878,600)	-	-	3,463,503
Total fund balances	<u>53,003,566</u>	<u>12,597,507</u>	<u>-</u>	<u>1,197,640</u>	<u>66,798,713</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 76,671,700</u>	<u>\$ 34,846,796</u>	<u>\$ -</u>	<u>\$ 1,197,640</u>	<u>\$ 112,716,136</u>

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, 2023

Total fund balances – governmental funds \$ 66,798,713

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	\$ 602,413,365	
Less accumulated depreciation and amortization	(187,431,634)	
Net capital assets		414,981,731

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

365,933

Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to:		
Pensions	4,574,667	
Other postemployment benefits	4,256,927	
Deferred inflows related to:		
Pensions	(3,341,598)	
Other postemployment benefits	(5,385,926)	
Net pension liability	(9,692,561)	
Other postemployment benefit liability	(5,058,316)	
		(14,646,807)

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	878,967	
Deferred gain on refunding of debt	(110,295)	
		768,672

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

1,046,860

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	(54,305,244)	
Notes payable	(5,031,796)	
Subscription liability	(2,070,986)	
Compensated absences	(3,187,642)	
Interest payable	(691,871)	
		(65,287,539)

Net position of governmental activities \$ 404,027,563

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, 2023

	General	Capital Projects	NVTA	Other Governmental Fund	Total Governmental Funds
REVENUES					
General property taxes	\$ 22,236,816	\$ -	\$ -	\$ -	\$ 22,236,816
Other local taxes	17,862,301	-	-	-	17,862,301
Permits, fees, and licenses	1,197,015	-	-	-	1,197,015
Fines and forfeitures	300,383	-	-	-	300,383
Use of money and property	3,560,212	406,941	-	-	3,967,153
Charges for services	5,413,376	-	-	-	5,413,376
Contributions and proffers	51,302	721,938	-	41,791	815,031
Miscellaneous	17,099	-	-	102,061	119,160
Intergovernmental	20,415,509	9,937,765	-	-	30,353,274
Total revenues	<u>71,054,013</u>	<u>11,066,644</u>	<u>-</u>	<u>143,852</u>	<u>82,264,509</u>
EXPENDITURES					
Current					
Legislative	295,327	-	-	-	295,327
Executive	2,731,957	-	-	-	2,731,957
Legal	1,785,037	-	-	-	1,785,037
Finance and administrative services	7,746,091	-	-	-	7,746,091
Public safety	13,657,147	-	-	-	13,657,147
Public works	16,291,434	-	-	-	16,291,434
Parks and recreation	7,933,830	-	-	-	7,933,830
Balch Library	626,206	-	-	9,716	635,922
Community development	4,007,520	-	-	-	4,007,520
Airport	1,073,301	-	-	-	1,073,301
Capital projects	-	19,475,973	-	19,868	19,495,841
Debt service					
Principal	8,075,637	-	-	-	8,075,637
Interest and fiscal charges	2,066,537	-	-	-	2,066,537
Total expenditures	<u>66,290,024</u>	<u>19,475,973</u>	<u>-</u>	<u>29,584</u>	<u>85,795,581</u>
Excess (deficiency) of revenues over expenditures	<u>4,763,989</u>	<u>(8,409,329)</u>	<u>-</u>	<u>114,268</u>	<u>(3,531,072)</u>
OTHER FINANCING SOURCES (USES)					
Sales of capital assets	-	169,724	-	-	169,724
Issuance of note payable	-	1,325,526	-	-	1,325,526
Issuance of long-term debt	-	5,390,781	-	-	5,390,781
Transfers in	3,659,253	1,966,416	-	-	5,625,669
Transfers out	(1,900,967)	(1,766,253)	(65,449)	-	(3,732,669)
Total other financing sources (uses), net	<u>1,758,286</u>	<u>7,086,194</u>	<u>(65,449)</u>	<u>-</u>	<u>8,779,031</u>
Net change in fund balances	<u>6,522,275</u>	<u>(1,323,135)</u>	<u>(65,449)</u>	<u>114,268</u>	<u>5,247,959</u>
Fund balances, beginning	<u>46,481,291</u>	<u>13,920,642</u>	<u>65,449</u>	<u>1,083,372</u>	<u>61,550,754</u>
Fund balances, ending	<u>\$ 53,003,566</u>	<u>\$ 12,597,507</u>	<u>\$ -</u>	<u>\$ 1,197,640</u>	<u>\$ 66,798,713</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, 2023**

Net change in fund balances – total governmental funds	\$	5,247,959
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	\$ 20,208,635	
Book value of assets disposed	(10,976)	
Less depreciation and amortization expense	(11,685,197)	
Excess of depreciation and amortization over capital outlay	8,512,462	8,512,462
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		6,681,563
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		(65,612)
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	(6,716,307)	
Principal retired on:		
General obligation debt, notes payable, and subscription liability	8,075,637	
	1,359,330	1,359,330
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	2,894,877	
Pension expense	(2,010,198)	
	884,679	884,679
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	136,532	
Other postemployment benefits income	1,218,207	
	1,354,739	1,354,739
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	136,995	
Compensated absences	(159,475)	
Amortization of premiums and deferred charges on refundings	317,915	
	295,435	295,435
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue(expense) of the internal service funds are reported with governmental activities and business-type activities in the Statement of Activities.		
Net revenue (expense) of internal service funds	(539,417)	
	(539,417)	(539,417)
Change in net position of governmental activities	\$	23,731,138

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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 20,950,706	\$ 20,950,706	\$ 22,236,816	\$ 1,286,110
Other local taxes	16,167,670	16,167,670	17,862,301	1,694,631
Permits, fees, and licenses	1,099,250	1,099,250	1,197,015	97,765
Fines and forfeitures	374,000	444,000	300,383	(143,617)
Use of money and property	2,053,560	2,053,560	3,560,212	1,506,652
Charges for services	5,236,115	5,236,115	5,413,376	177,261
Proffers	320,000	320,000	-	(320,000)
Contributions	51,000	51,000	51,302	302
Miscellaneous	26,300	26,300	17,099	(9,201)
Intergovernmental	15,973,877	15,973,877	20,415,509	4,441,632
Total revenues	<u>62,252,478</u>	<u>62,322,478</u>	<u>71,054,013</u>	<u>8,731,535</u>
EXPENDITURES				
Current				
Legislative	275,618	314,387	295,327	19,060
Executive	2,676,950	2,984,355	2,731,957	252,398
Legal	1,329,354	1,809,811	1,785,037	24,774
Finance and administrative services	8,382,144	9,161,359	7,746,091	1,415,268
Public safety	16,301,778	14,988,671	13,657,147	1,331,524
Public works	17,954,443	20,501,753	16,291,434	4,210,319
Parks and recreation	8,248,789	8,528,766	7,933,830	594,936
Balch Library	612,938	668,863	626,206	42,657
Community development	4,602,541	4,864,573	4,007,520	857,053
Airport	1,000,266	1,185,513	1,073,301	112,212
Townwide expenditures	(552,286)	305,290	-	305,290
Debt service				
Principal	7,772,999	7,361,549	8,075,637	(714,088)
Interest and fiscal charges	2,418,327	2,043,095	2,066,537	(23,442)
Total expenditures	<u>71,023,861</u>	<u>74,717,985</u>	<u>66,290,024</u>	<u>8,427,961</u>
Excess (deficiency) of revenues over expenditures	<u>(8,771,383)</u>	<u>(12,395,507)</u>	<u>4,763,989</u>	<u>17,159,496</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,508,541	3,508,541	3,659,253	150,712
Transfers out	(1,665,541)	(1,739,853)	(1,900,967)	(161,114)
Use of fund balance	6,928,383	8,289,723	-	(8,289,723)
Total other financing sources, net	<u>8,771,383</u>	<u>10,058,411</u>	<u>1,758,286</u>	<u>(8,300,125)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,337,096)</u>	<u>\$ 6,522,275</u>	<u>\$ 8,859,371</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, 2023

	<u>Business-Type Activities – Enterprise Fund Utilities</u>	<u>Governmental Activities Internal Service Self-Insurance Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 53,503,720	\$ 1,971,486
Receivables (net of allowance for doubtful accounts):		
Trade and other accounts	6,245,644	25,609
Leases	3,282,338	-
Prepaid expenses	12,532	-
Inventories	803,301	-
Accrued interest	17,330	-
	<u>63,864,865</u>	<u>1,997,095</u>
Total current assets		
NONCURRENT ASSETS		
Nondepreciable assets	8,174,759	-
Depreciable assets, net	191,662,886	-
	<u>199,837,645</u>	<u>-</u>
Total noncurrent assets		
	<u>263,702,510</u>	<u>1,997,095</u>
Total assets		
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	1,216,051	-
Deferred outflows related to other postemployment benefits	1,131,588	-
Deferred loss on refunding	1,589,680	-
	<u>3,937,319</u>	<u>-</u>
Total deferred outflows of resources		
	<u>267,639,829</u>	<u>1,997,095</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, 2023

	<u>Business-Type Activities – Enterprise Fund Utilities</u>	<u>Governmental Activities Internal Service Self-Insurance Fund</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 1,498,720	\$ 10,132
Accrued expenses	404,840	-
Accrued interest	734,468	-
Compensated absences	643,739	-
Retainage payable	173,954	-
Note payable	2,980	-
Bonds payable	9,716,089	-
Performance bonds payable	9,000	-
Customer deposits and contingent charges	1,372,702	-
Insurance and benefit claims	-	940,103
Total current liabilities	<u>14,556,492</u>	<u>950,235</u>
NONCURRENT LIABILITIES		
Compensated absences	234,086	-
Net pension liability	2,576,503	-
Net other postemployment benefit liability	1,344,616	-
Note payable	4,931	-
Bonds payable, net	44,314,950	-
Total noncurrent liabilities	<u>48,475,086</u>	<u>-</u>
Total liabilities	<u>63,031,578</u>	<u>950,235</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	3,171,200	-
Deferred inflows related pension plan	888,273	-
Deferred inflows related to other postemployment benefits	1,431,702	-
Deferred gain on refunding	59,883	-
Total deferred inflows of resources	<u>5,551,058</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>68,582,636</u>	<u>950,235</u>
NET POSITION		
Net investment in capital assets	146,393,320	-
Unrestricted	52,663,873	1,046,860
Total net position	<u>\$ 199,057,193</u>	<u>\$ 1,046,860</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, 2023**

	<u>Business-Type Activities – Enterprise Fund Utilities</u>	<u>Governmental Activities Internal Service Self-Insurance Fund</u>
OPERATING REVENUES		
Charges for services	\$ 27,319,139	\$ 5,122,323
Other	45,215	3,879
Total operating revenues	<u>27,364,354</u>	<u>5,126,202</u>
OPERATING EXPENSES		
Personnel service	10,784,126	-
Contractual services	1,845,938	-
Depreciation and amortization	6,895,240	-
Materials and supplies	2,347,802	-
Continuous charges	1,745,744	-
Internal and other	1,306,337	-
Risk financing and benefit payments	-	5,676,742
Total operating expenses	<u>24,925,187</u>	<u>5,676,742</u>
Operating income (loss)	<u>2,439,167</u>	<u>(550,540)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	2,198,738	11,123
Gain on sale of assets	138,028	-
Rental, lease, and other charges	355,933	-
Installation and connection charges	2,259,286	-
Interest and fiscal charges	(1,690,875)	-
Total nonoperating revenues, net	<u>3,261,110</u>	<u>11,123</u>
Income (loss) before contributions and transfers	<u>5,700,277</u>	<u>(539,417)</u>
TRANSFERS		
Transfers out	(1,893,000)	-
Total transfers	<u>(1,893,000)</u>	<u>-</u>
Capital contributions	7,057,614	-
Change in net position	10,864,891	(539,417)
Total net position, beginning – as restated (Note 15)	<u>188,192,302</u>	<u>1,586,277</u>
Total net position, ending	<u>\$ 199,057,193</u>	<u>\$ 1,046,860</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, 2023**

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self-Insurance Fund
OPERATING ACTIVITIES		
Receipts from customers	\$ 26,842,265	\$ -
Receipts from interfund services provided	-	5,123,098
Claims and benefits paid	-	(4,737,470)
Payments to suppliers for goods and services	(7,965,972)	-
Payments to employees for services	(11,642,686)	-
Net cash provided by operating activities	<u>7,233,607</u>	<u>385,628</u>
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Advance from other funds	305	-
Transfers out	(1,893,000)	-
Net cash used in noncapital and related financing activities	<u>(1,892,695)</u>	<u>-</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Installation and connection charges	2,259,286	-
Acquisition and construction of capital assets	(7,393,431)	-
Proceeds from sale of capital assets	165,328	-
Proceeds from debt issuance	2,499,569	-
Principal paid on debt	(3,548,953)	-
Principal collected on leases	175,356	-
Interest collected on leases	22,097	-
Interest and fiscal charges	(1,964,062)	-
Net cash used in capital and related financing activities	<u>(7,784,810)</u>	<u>-</u>
INVESTING ACTIVITIES		
Investment income	2,159,311	11,123
Rental, lease, and other charges	127,469	-
Net cash provided by investing activities	<u>2,286,780</u>	<u>11,123</u>
Net increase (decrease) in cash and cash equivalents	(157,118)	396,751
CASH AND CASH EQUIVALENTS		
Beginning	53,660,838	1,574,735
Ending	<u>\$ 53,503,720</u>	<u>\$ 1,971,486</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, 2023**

	Business-Type Activities – Enterprise Fund Utilities	Governmental Activities Internal Service Self-Insurance Fund
RECONCILIATION TO EXHIBIT 8		
Cash and cash equivalents	\$ 53,503,720	\$ 1,971,486
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,439,167	\$ (550,540)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,895,240	-
Pension expense, net of contributions	(235,168)	-
Other postemployment benefit expense, net of contributions	(360,121)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(584,879)	(3,104)
Prepaid expenses	33,538	-
Inventories	(121,232)	-
Increase (decrease) in:		
Accounts payable	(632,457)	(831)
Accrued liabilities	(263,271)	-
Insurance and benefit claims	-	940,103
Customer deposits and contingent charges	62,790	-
Net cash provided by operating activities	\$ 7,233,607	\$ 385,628
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	\$ 7,057,614	\$ -
Capital assets included in accounts payable	\$ 761,218	\$ -

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, 2023

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 78,858
Investments	
Mutual funds-equity	10,010,379
Mutual funds-fixed income	6,264,529
Total investments	16,274,908
Total assets	16,353,766
NET POSITION	
Net position restricted for other postemployment benefits (OPEB)	\$ 16,353,766

TOWN OF LEESBURG, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2023**

	OPEB Trust Fund
ADDITIONS	
Employer contributions	\$ 508,034
Total contributions	508,034
INVESTMENT INCOME (LOSS)	
Realized loss on sale of investments	(16,808)
Interest and dividends earned on investments	400,298
Net increase in fair value of investments	953,528
Total additions, net	1,845,052
DEDUCTIONS	
Administrative fees	49,946
Benefit payments	508,034
Total deductions	557,980
Change in net position	1,287,072
Net position, beginning	15,066,694
Net position, ending	\$ 16,353,766

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation – Fund Accounting

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

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

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

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

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The Town reports the NVTA Fund as a major fund and the Thomas Balch Library Endowment Fund as a nonmajor governmental fund. In 2023, the Town moved the NVTA Fund into the Capital Projects 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, 2023

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, 2023

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, 2023

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, 2023, General Fund supplemental appropriations totaling \$3,694,124 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 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, 2023

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, 2023, estimated unbilled services included in accounts receivable and revenue amounted to approximately \$4.7 million.

6. Prepaid items

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

7. Inventory

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

8. Capital assets

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

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

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, 2023

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, 2023

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 qualify for reporting as deferred inflows or outflows:

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

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023

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 \$3.5 million have been classified as assigned fund balance. Capital Projects Fund encumbrances totaling approximately \$27 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, 2023

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), the Virginia State Non-Arbitrage Program (SNAP), 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, 2023

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 \$75.8 million in certificates of deposit.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 \$16,353,766. 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, 2023

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.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, 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	\$ 14,888,678	\$ 14,888,678
SNAP	4,318,120	4,318,120
U.S. Bank OPEB Trust	16,353,766	16,353,766
VML/VACo Investment Pool	26,809,888	26,809,888

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, 2023

Note 2. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

The Town has the following recurring fair value measurements as of June 30, 2023:

- Money markets and mutual funds in the amount of \$16,353,766 are valued using quoted market prices (Level 1 inputs).

Investments		\$ 62,370,452
Deposits		<u>88,794,997</u>
Total deposits and investments		<u>\$ 151,165,449</u>
Reconciliation of deposits and investments		
Exhibit 1:		
Cash and cash equivalents		\$ 127,711,277
Cash and cash equivalents, restricted		<u>7,100,406</u>
Total Exhibit 1 deposits and investments		<u>134,811,683</u>
Exhibit 11:		
Cash and cash equivalents		78,858
Investments		<u>16,274,908</u>
Total Exhibit 11 deposits and investments		<u>16,353,766</u>
Total Exhibits deposits and investments		<u>\$ 151,165,449</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, 2023

Note 3. Receivables

Receivables, other than leases, at June 30, 2023, 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	\$ 11,966,103	\$ -	\$ -	\$ -	\$ 11,966,103
Utility taxes	166,670	-	-	-	166,670
Local taxes	1,079,019	-	-	-	1,079,019
Accounts	460,785	61,948	25,609	6,320,644	6,868,986
	<u>13,672,577</u>	<u>61,948</u>	<u>25,609</u>	<u>6,320,644</u>	<u>20,080,778</u>
Gross receivables					
Less allowance for uncollectable accounts	316,795	-	-	75,000	391,795
	<u>13,355,782</u>	<u>61,948</u>	<u>25,609</u>	<u>6,245,644</u>	<u>19,688,983</u>
Net receivables					

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	\$ 9,426,351	\$ 9,426,351
Second half personal property billed in advance	1,915,727	1,915,727
Delinquent property taxes receivable	365,933	-
Prepaid property taxes	602,468	602,468
Other	-	97,165
	<u>\$ 12,310,479</u>	<u>\$ 12,041,711</u>

The Capital Projects Fund reported unearned revenue of \$14,599,552 in connection with funding from Loudoun County for various projects the Town has ongoing. The General Fund also reported unearned revenue of \$15,408 associated with 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 \$81,757 in grants.

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 4. Leases Receivable

The Town, as lessor, has entered into several non-cancellable lease agreements involving land and infrastructure, several of which are with global telecommunication providers. The Town uses an implicit interest rate or rate stated in the lease as a discount rate for each. The Town has leases receivable of \$3,282,338 and deferred inflows of resources of \$3,171,200 as of June 30, 2023 related to these leases in the Utilities Fund. The Town has leases receivable of \$291,226 and deferred inflows of resources of \$217,223 as of June 30, 2023 related to these leases in the General Fund. The total amount of inflows of resources, including lease revenue and interest revenue related to these leases, recognized during the fiscal year was \$228,465 for the Utilities Fund. The total amount of inflows of resources, including lease revenue and interest revenue related to these leases, recognized during the fiscal year was \$142,627 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	05/31/2013	06/30/2038
New Cingular Hogback Tank	Utilities	07/21/2014	07/15/2039
T-Mobile Carr 2 Tank	Utilities	04/12/2010	04/11/2035
T-Mobile Hospital Tank	Utilities	08/26/2010	08/23/2035
Public Works	General	03/13/2019	03/12/2024
SummitIG	General	01/21/2020	01/20/2025

* Maturity date includes option years, if applicable.

The Town, as lessor, has entered into several non-cancellable lease agreements involving land, hangars, and buildings related to the airport. The leases provide for annual rental increases and pass-through of certain maintenance costs. The Town uses an implicit interest rate or rate stated in the lease as a discount rate for each. The Town has leases receivable of \$3,680,486 and deferred inflows of resources of \$3,591,672 as of June 30, 2023 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 \$277,329 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
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, 2023

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 \$16,092 and deferred inflows of resources of \$15,209 as of June 30, 2023 related to these leases in the General Fund. The total amount of inflows of resources, including lease revenue and interest revenue, related to these leases recognized during the fiscal year was \$4,463 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>
AT&T Third Renewal	General	11/08/2021	11/27/2026

* Maturity date includes option years, if applicable.

Below is a summary of leases receivable and deferred inflows of resources related to leases as of June 30, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Leases receivable			
Telecommunications land and infrastructure	\$ 291,226	\$ 3,282,338	\$ 3,573,564
Airport related	3,680,486	-	3,680,486
Right of way easements	16,092	-	16,092
Total leases receivable	<u>\$ 3,987,804</u>	<u>\$ 3,282,338</u>	<u>\$ 7,270,142</u>
Deferred inflows of resources			
Telecommunications land and infrastructure	\$ 217,223	\$ 3,171,200	\$ 3,388,423
Airport related	3,591,672	-	3,591,672
Right of way easements	15,209	-	15,209
Total deferred inflows of resources	<u>\$ 3,824,104</u>	<u>\$ 3,171,200</u>	<u>\$ 6,995,304</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 5. Due from Other Governments

At June 30, 2023, amounts due from other governments were as follows:

General Fund:

County of Loudoun:	
Real estate taxes	\$ 6,007,634
Local sales taxes	1,137,251
Personal property taxes	222,464
Public service corporations	84,833
Traffic fines	21,220
Other	<u>1,097</u>
	<u>7,474,499</u>
Commonwealth of Virginia:	
Other taxes and grants	637
Car rental tax	38,654
Communication sales and use	<u>238,352</u>
	<u>277,643</u>
Federal Government:	
Department of Justice	4,436
Other:	
Cigarette tax	<u>54,033</u>
Total general fund	<u>7,810,611</u>

Capital Projects Fund:

Commonwealth of Virginia:	
Virginia Department of Transportation	3,416,730
Virginia Department of Aviation	<u>93,275</u>
	<u>\$ 3,510,005</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 5. Due from Other Governments (Continued)

Capital Projects Fund: (Continued)

Federal Government:	
Department of Aviation	\$ 211,968
Department of Treasury	158,000
Northern Virginia Transportation Authority (NVTA)	3,672,115
	4,042,083
Total capital projects fund	7,552,088
Total governmental activities	\$ 15,362,699

NVTA funding

The Town is awarded funding for various transportation projects by the NVTA. Funding is appropriated by the NVTA and the Town is eligible to draw down such funds as expenditures are incurred. The Town is also awarded Local Distribution Funds from the NVTA based on 30% of NVTA monthly revenue. These funds are distributed to Loudoun County to be distributed to the Town. Revenue related to NVTA funding amounted to \$4,197,802 during 2023 and is included in intergovernmental revenue in the capital projects fund.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2023 for governmental activities is as follows:

	Beginning Balance, Restated*	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 64,788,422	\$ 957,541	\$ -	\$ 65,745,963
Construction in progress	14,670,792	5,541,757	(2,202,546)	18,010,003
Total capital assets, not being depreciated	<u>79,459,214</u>	<u>6,499,298</u>	<u>(2,202,546)</u>	<u>83,755,966</u>
Capital assets, being depreciated:				
Buildings and improvements	87,124,020	4,492,917	-	91,616,937
Furniture and equipment	8,399,006	787,510	(134,124)	9,052,392
Computer equipment and software	4,065,712	35,663	(44,882)	4,056,493
Vehicles	7,679,927	1,080,944	(403,433)	8,357,438
Infrastructure	88,493,758	3,735,894	-	92,229,652
Streets	268,793,860	2,702,776	-	271,496,636
Hangars	6,057,289	-	-	6,057,289
Runways	16,569,753	-	-	16,569,753
Terminals	6,677,993	9,736,042	-	16,414,035
Total capital assets being depreciated	<u>493,861,318</u>	<u>22,571,746</u>	<u>(582,439)</u>	<u>515,850,625</u>
Less accumulated depreciation and for:				
Buildings and improvements	(42,477,380)	(1,810,522)	-	(44,287,902)
Furniture and equipment	(6,501,089)	(586,260)	134,125	(6,953,224)
Computer equipment and software	(3,354,630)	(246,255)	33,905	(3,566,980)
Vehicles	(4,417,732)	(758,832)	403,433	(4,773,131)
Infrastructure	(31,948,731)	(1,819,175)	-	(33,767,906)
Streets	(65,430,727)	(5,100,142)	-	(70,530,869)
Hangars	(3,357,621)	(181,404)	-	(3,539,025)
Runway	(15,365,758)	(334,034)	-	(15,699,792)
Terminals	(3,464,232)	(143,228)	-	(3,607,460)
Total accumulated depreciation	<u>(176,317,900)</u>	<u>(10,979,852)</u>	<u>571,463</u>	<u>(186,726,289)</u>
Total capital assets being depreciated, net	<u>317,543,418</u>	<u>11,591,894</u>	<u>(10,976)</u>	<u>329,124,336</u>
Subscription assets, being amortized:				
Software – general administration	2,806,774	-	-	2,806,774
Less accumulated amortization for:				
Software	-	(705,345)	-	(705,345)
Governmental activities capital assets, net	<u>\$ 399,809,406</u>	<u>\$ 17,385,847</u>	<u>\$ (2,213,522)</u>	<u>\$ 414,981,731</u>

* Restated beginning balance for subscription asset implementation as of July 1, 2022. See also depreciation adjustment in Note 15 for prior period adjustment.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6. Capital Assets (Continued)

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

Governmental activities:		
Legislative	\$	33,691
Executive		282,986
Finance and administrative services		842,051
Public safety		484,560
Parks and recreation		981,832
Planning and zoning		2,194
Balch Library		14,306
Public works		8,057,671
Airport		<u>985,906</u>
Total depreciation and amortization expense – governmental activities	\$	<u>11,685,197</u>

Capital asset activity for the year ended June 30, 2023 for business-type activities is as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,577,329	\$ -	\$ -	\$ 1,577,329
Construction in progress	<u>3,861,764</u>	<u>3,150,894</u>	<u>(415,228)</u>	<u>6,597,430</u>
Total capital assets, not being depreciated	<u>5,439,093</u>	<u>3,150,894</u>	<u>(415,228)</u>	<u>8,174,759</u>
Capital assets, being depreciated:				
Water and sewer plant	127,318,765	1,920,111	-	129,238,876
Water and sewer lines	158,862,342	8,598,853	-	167,461,195
Furniture, equipment, and software	5,954,829	1,335,261	(133,237)	7,156,853
Vehicles	<u>3,996,556</u>	<u>126,509</u>	<u>(317,407)</u>	<u>3,805,658</u>
Total capital assets being depreciated	<u>296,132,492</u>	<u>11,980,734</u>	<u>(450,644)</u>	<u>307,662,582</u>
Less accumulated depreciation for:				
Water and sewer plant	(48,224,189)	(2,654,798)	-	(50,878,987)
Water and sewer lines	(56,238,123)	(3,080,100)	-	(59,318,223)
Furniture, equipment, and software	(2,976,951)	(838,064)	117,235	(3,697,780)
Vehicles	<u>(2,088,538)</u>	<u>(322,278)</u>	<u>306,110</u>	<u>(2,104,706)</u>
Total accumulated depreciation	<u>(109,527,801)</u>	<u>(6,895,240)</u>	<u>423,345</u>	<u>(115,999,696)</u>
Total capital assets being depreciated, net	<u>186,604,691</u>	<u>5,085,494</u>	<u>(27,299)</u>	<u>191,662,886</u>
Business-type activities capital assets, net	<u>\$ 192,043,784</u>	<u>\$ 8,236,388</u>	<u>\$ (442,527)</u>	<u>\$ 199,837,645</u>

*See depreciation adjustment in Note 15 for prior period adjustment disclosure.

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 7. Long-Term Debt

In 2023, the Town implemented the guidance GASB 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset on the government-wide financial statements.

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, 2023 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%.	\$ 18,055,000
\$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%.	31,120,000
\$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%.	9,695,000
\$25,500,000 maximum drawdown 2019 Series A General Obligation Bond Anticipation Note, due June 13, 2024, plus interest at 2.561% due monthly.	7,059,731
\$32,500,000 maximum drawdown 2019 Series B General Obligation Bond Anticipation Note, due June 13, 2024, plus interest at 2.561% due monthly.	6,253,295
\$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%.	9,625,000
\$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%.	7,650,000
\$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%.	10,437,000

Plus unamortized premiums, net	99,895,026
Total bonded debt	<u>8,441,257</u> <u>\$ 108,336,283</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7. Long-Term Debt (Continued)

Notes Payable from Financing Leases and Direct Borrowings:

\$1,750,000 Capital Asset Replacement, due in semi-annual installments of \$343,000 to \$359,000 through January 2026, including interest at 1.46%.	\$ 1,060,000
\$1,253,561 Equipment Financing, due in semi-annual installments of \$134,965 through January 2024, including interest at 2.73%.	264,498
\$1,036,390 Equipment Financing, due in semi-annual installments of \$109,220 through January 2025, including interest at 1.93%.	427,973
\$960,597 Equipment Financing, due in semi-annual installments of \$99,068 through January 2026, including interest at 1.13%.	581,413
\$1,725,373 Capital Asset Replacement, due in semi-annual installments of \$345,075 through January 2027, including interest at 3.387%.	1,380,298
\$1,325,525 Capital Asset Replacement, due in annual installments of \$265,105 through July 2028, including interest at 5.218%.	<u>1,325,525</u>
Total notes payable	<u>\$ 5,039,707</u>

Subscription-Based Information Technology Arrangements

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

Subscription Contract*	Contract Date	Maturity Date
GovernmentJobs	11/01/2021	1/31/2026
Eventeny	06/01/2022	05/31/2025
Grancicus	07/01/2020	06/30/2024
Lumos Networks	03/01/2021	02/28/2025

* Maturity date includes option years, if applicable.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7. Long-Term Debt (Continued)

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

Description	Business-Type Activities	Governmental Activities	Total
Bonded long-term debt:			
2014 General obligation & refunding	\$ 10,745,000	\$ 7,310,000	\$ 18,055,000
2015 General obligation & refunding	22,380,000	8,740,000	31,120,000
2016 VRA refunding	3,493,015	6,201,985	9,695,000
2019 Series A General obligation	-	7,059,731	7,059,731
2019 Series B General obligation	6,253,295	-	6,253,295
2019 General obligation & refunding	3,025,000	6,600,000	9,625,000
2020 Restructuring	3,890,000	3,760,000	7,650,000
2021 General obligation & refunding	-	10,437,000	10,437,000
Total bonds payable	49,786,310	50,108,716	99,895,026
Plus:			
Unamortized premiums	4,244,729	4,196,528	8,441,257
Notes payable from financed purchases and direct borrowings:			
Equipment financing	7,911	2,591,498	2,599,409
Capital asset replacement	-	2,440,298	2,440,298
Total notes payable	7,911	5,031,796	5,039,707
Subscription liability	-	2,070,986	2,070,986
Total	<u>\$ 54,038,950</u>	<u>\$ 61,408,026</u>	<u>\$ 115,446,976</u>

The following is a summary of long-term liability activity of the Town for the year ended June 30, 2023:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 50,623,920	\$ 5,390,781	\$ 5,905,985	\$ 50,108,716	\$ 12,508,938
Unamortized premiums	4,648,883	-	452,355	4,196,528	-
Notes payable from financing and direct borrowings	5,161,834	1,325,526	1,455,564	5,031,796	1,623,022
Subscription liability	2,785,074	-	714,088	2,070,986	743,310
Compensated absences	3,028,167	2,367,436	2,207,961	3,187,642	2,324,242
Governmental activities long-term liabilities	<u>\$ 66,247,878</u>	<u>\$ 9,083,743</u>	<u>\$ 10,735,953</u>	<u>\$ 64,595,668</u>	<u>\$ 17,199,512</u>

* Restated beginning balance for subscription liability implementation as of July 1, 2022.

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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		Subscription Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 12,508,938	\$ 1,691,855	\$ 1,623,022	\$ 155,748	\$ 743,310	\$ 46,052
2025	4,715,530	1,266,714	1,369,749	107,725	678,586	29,353
2026	4,328,732	1,050,218	1,163,741	71,768	649,090	14,767
2027	3,850,734	878,297	610,180	39,355	-	-
2028	3,486,158	711,212	265,104	13,834	-	-
2029-2033	13,766,624	1,779,697	-	-	-	-
2034-2038	4,995,000	415,291	-	-	-	-
2039-2043	2,457,000	95,172	-	-	-	-
	<u>\$ 50,108,716</u>	<u>\$ 7,888,456</u>	<u>\$ 5,031,796</u>	<u>\$ 388,430</u>	<u>\$ 2,070,986</u>	<u>\$ 90,172</u>

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable	\$ 50,832,756	\$ 2,499,569	\$ 3,546,015	\$ 49,786,310	\$ 9,716,089
Unamortized premiums	4,547,735	-	303,006	4,244,729	-
Notes payable from financing and direct borrowings	10,849	-	2,938	7,911	2,980
Compensated absences	860,763	648,289	631,227	877,825	643,739
Business-type activities long-term liabilities	<u>\$ 56,252,103</u>	<u>\$ 3,147,858</u>	<u>\$ 4,483,186</u>	<u>\$ 54,916,775</u>	<u>\$ 10,362,808</u>

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

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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
2024	\$ 9,716,089	\$ 1,748,476	\$ 2,980	\$ 97
2025	3,358,469	1,489,089	3,022	54
2026	3,353,268	1,321,781	1,909	16
2027	3,408,266	1,171,743	-	-
2028	3,190,842	1,018,699	-	-
2029-2032	14,469,376	3,504,093	-	-
2033-2037	10,725,000	1,223,278	-	-
2038-2042	1,450,000	132,944	-	-
2043-2047	115,000	4,169	-	-
	\$ 49,786,310	\$ 11,614,272	\$ 7,911	\$ 167

The legal debt margin for the Town mandated by the Commonwealth of Virginia is \$1,083 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	\$ -	\$ 1,900,967	\$ 1,900,967
Capital projects	1,766,253	-	1,766,253
NVTA	-	65,449	65,449
Utility	1,893,000	-	1,893,000
	\$ 3,659,253	\$ 1,966,416	\$ 5,625,669

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. The Town closed the NVTA Fund into the Capital Projects Fund on July 1, 2022, which is shown above as a transfer for \$65,449.

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 9. Commitments and Contingent Liabilities

Pump station pro-rata

In 2017, the Town approved a pro-rata agreement with the developer of a pump station, which included a 25-year sunset clause which will go into effect in 2042. The clause states the Town will reimburse Arcadia and the Kettler properties, the developers of the pump station, the difference between the sum of the Town's maximum reimbursement obligations owed to each, adjusted by the Engineering News Record Construction Cost Index value at the time of payment based on change of the index value from the time of the effective date of the agreement, less the amounts collected from benefited parcels by the Town and previously reimbursed to the developers. While the sunset clause has not yet gone into effect, the Town has estimated a projected liability of \$1,228,557, which is the present value of an estimated \$2.5 million liability using a discount rate of 3.81%. The Leesburg Town Council approved a resolution on November 14, 2023 requiring the remaining benefitting property owners to pay the pro-rata amounts remaining due to the developers as the properties are developed. If the Town is required to pay the developer in 2040, then the Town will also acquire any accounts receivable still due on the undeveloped properties.

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, 2023, the Town was contractually obligated, except for milling and paving street maintenance, for \$26,600,032 to complete various construction projects within the Town. The funds for these improvements are expected to come from fund balance reserves, the issuance of debt, federal funding, and state funding.

Litigation

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

Note 10. Other Postemployment Benefits – Local Plan

Plan Description and Funding Policy

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

- General and Utilities Employees: Age 65 with 5 or more years of service and retired under the Virginia Retirement System

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

Plan Description and Funding Policy (Continued)

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

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

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

The Town will pay between 25% and 90% of the premium for retirees based on years of service. Employees hired after April 1, 2016 pay 100% of their retiree health insurance premium.

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 \$4,808,227 was measured as of June 30, 2023 and was determined by an actuarial valuation performed as of July 1, 2022.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, the annual money-weighted rate of return on investments, net of investment expense was 7.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 %	8.95 %	2.52 %
International	21.00	9.11	1.39
Fixed Income – U.S.	40.00	4.40	0.76
Total	100.00 %		4.67
	Inflation		2.50
			7.17 %

Discount Rate: The discount rate used to measure the total OPEB liability is 6.50%. The Town’s funding expectations/policy is to contribute the Actuarially Determined Contribution each year, with a minimum amortization (level percentage of payroll) of ten years. On this basis, it is expected that benefits will be paid from the trust until 2065, at which time the trust will be depleted.

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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	\$ 19,704,629	\$ 15,066,694	\$ 4,637,935
Changes for the year:			
Service cost	186,051	-	186,051
Interest	1,354,404	-	1,354,404
Experience gains (losses)	(408,976)	-	(408,976)
Contributions – employer	-	508,034	(508,034)
Net investment income	-	1,287,072	(1,287,072)
Assumption changes	833,919	-	833,919
Benefit payments	(508,034)	(508,034)	-
Net changes	<u>1,457,364</u>	<u>1,287,072</u>	<u>170,292</u>
Balances at June 30, 2022	<u>\$ 21,161,993</u>	<u>\$ 16,353,766</u>	<u>\$ 4,808,227</u>

The plan's fiduciary net position as a percent of Total OPEB Liability 77.28%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower, 5.50%, or one percentage point higher, 7.50%, than the current discount rate:

	1.00% Decrease (5.50)%	Current Discount Rate (6.50)%	1.00% Increase (7.50)%
Net OPEB liability	<u>\$ 8,249,949</u>	<u>\$ 4,808,227</u>	<u>\$ 2,048,183</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 was 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	\$ 1,953,690	\$ 4,808,227	\$ 8,360,639

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$(1,057,215). At June 30, 2023, 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	\$ -	\$ 4,457,308
Changes of assumptions	3,829,923	2,035,480
Net difference between projected and actual earnings on OPEB plan investments	1,137,287	-
Total	\$ 4,967,210	\$ 6,492,788

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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
2024	\$ (1,629,263)
2025	(1,639,790)
2026	868,846
2027	442,254
2028	432,375
Thereafter	-

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

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Town of Leesburg, Virginia also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

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

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

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

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

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB program are as follows:

Group Life Insurance Program

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, 2023 Contribution	\$172,825
June 30, 2022 Contribution	\$155,587

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

The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2023 proportionate share of liability	\$ 1,594,705
June 30, 2022 proportion	0.13244%
June 30, 2021 proportion	0.13181%
June 30, 2023 expense	\$ 63,505

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, 2023

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

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

At June 30, 2023, 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	\$ 126,281	\$ 63,976
Changes of assumptions	59,480	155,331
Net difference between projected and actual earnings on OPEB plan investments	-	99,646
Changes in proportion	62,719	5,887
Employer contributions subsequent to the measurement date	172,825	-
Total	\$ 421,305	\$ 324,840

The \$172,825 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, 2024. 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,	Increase (Decrease) to OPEB Expense
2024	\$ (8,453)
2025	(5,143)
2026	(68,673)
2027	16,365
2028	(10,456)

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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	5.25 – 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 12.

Net OPEB Liability

The net OPEB liability represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	<u>Group Life Insurance Program</u>
Total OPEB liability	\$ 3,672,085
Plan fiduciary net position	2,467,989
Employers’ net OPEB liability	1,204,096
Plan fiduciary net position as a percentage of total OPEB liability	67.21%

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Net OPEB Liability (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 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33
	Inflation		2.50
	*Expected arithmetic nominal return		7.83 %

* The above allocation provides for a one-year return of 7.83%. 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 6.72%, 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, 2023

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, 2022, 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 was calculated using a discount rate that is one percentage point lower (5.75)% or one percentage point higher (7.75)% than the current discount rate:

	1.00% Decrease (5.75)%	Current Discount Rate (6.75)%	1.00% Increase (7.75)%
GLI Net OPEB liability	\$ 2,320,483	\$ 1,594,705	\$ 1,008,178

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Comprehensive Annual Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023

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, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	213
Inactive members:	
Vested inactive members	115
Non-vested inactive members	116
Inactive members active elsewhere in VRS	106
Total inactive members	337
Active members	351
Total covered employees	901

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023 was 12.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$3,664,402 and \$3,091,539 for the years ended June 30, 2023 and 2022, 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 – 4.75%
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 Pub-2010 Mortality Table with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2021 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; decreased rates of withdrawal; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33
	Inflation		2.50
			7.83 %

* The above allocation provides for a one-year return of 7.83%. 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 6.72%, 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%.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 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, 2021	\$ 129,062,091	\$ 124,396,342	\$ 4,665,749
Changes for the year:			
Service cost	3,053,217	-	3,053,217
Interest	8,734,431	-	8,734,431
Differences between expected and actual experience	57,051	-	57,051
Contributions – employer	-	3,091,539	(3,091,539)
Contributions – employee	-	1,390,152	(1,390,152)
Net investment income	-	(166,263)	166,263
Benefit payments, including refunds of employee contributions	(5,432,665)	(5,432,665)	-
Administrative expenses	-	(76,939)	76,939
Other changes	-	2,895	(2,895)
Net changes	6,412,034	(1,191,281)	7,603,315
Balances at June 30, 2022	\$ 135,474,125	\$ 123,205,061	\$ 12,269,064

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

	1.00% Decrease (5.75)%	Current Discount Rate (6.75)%	1.00% Increase (7.75)%
Political subdivision's net pension liability (asset)	\$ 31,333,575	\$ 12,269,064	\$ (3,200,881)

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

For the year ended June 30, 2023, the political subdivision recognized pension expense of \$2,544,554. At June 30, 2023, 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	\$ 95,092	\$ 761,232
Change in assumptions	2,031,224	-
Net difference between projected and actual earnings on pension plan investments	-	3,468,639
Employer contributions subsequent to the measurement date	3,664,402	-
Total	\$ 5,790,718	\$ 4,229,871

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 12. Defined Benefit Pension Plan (Continued)

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

The \$3,664,402 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2024. 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,	Increase (Decrease) to Pension Expense
2024	\$ (327,580)
2025	(1,120,428)
2026	(2,361,233)
2027	1,705,686
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023, \$440,075 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Summary of Pension and Other Postemployment Benefits Elements

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 75,123	\$ 19,969	\$ 95,092
Changes in assumptions			
VRS	1,604,667	426,557	2,031,224
Employer contributions subsequent to the measurement date			
VRS	2,894,877	769,525	3,664,402
 Total deferred outflows of resources – pensions	\$ 4,574,667	\$ 1,216,051	\$ 5,790,718
 Deferred outflows of resources – OPEB			
Difference between expected and actual experience			
VRS GLI	\$ 99,762	\$ 26,519	\$ 126,281
Change in assumptions			
Local plan	3,025,639	804,284	3,829,923
VRS GLI	46,989	12,491	59,480
Net difference between projected and actual investment earnings on OPEB plan investments			
Local plan	898,457	238,830	1,137,287
Change in proportionate share			
VRS GLI	49,548	13,171	62,719
Employer contributions subsequent to the measurement date			
VRS GLI	136,532	36,293	172,825
 Total deferred outflows of resources – OPEB	\$ 4,256,927	\$ 1,131,588	\$ 5,388,515

(Continued)

TOWN OF LEESBURG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

	Governmental Activities	Business-Type Activities	Total Primary Government
Net pension liability			
VRS	\$ 9,692,561	\$ 2,576,503	\$ 12,269,064
Total net pension liability	\$ 9,692,561	\$ 2,576,503	\$ 12,269,064
Net OPEB liability			
Local plan	\$ 3,798,499	\$ 1,009,728	\$ 4,808,227
VRS GLI	1,259,817	334,888	1,594,705
Total net OPEB liability	\$ 5,058,316	\$ 1,344,616	\$ 6,402,932
Deferred inflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 601,373	\$ 159,859	\$ 761,232
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS	2,740,225	728,414	3,468,639
Total deferred inflows of resources – pensions	\$ 3,341,598	\$ 888,273	\$ 4,229,871
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 3,521,274	\$ 936,034	\$ 4,457,308
VRS GLI	50,541	13,435	63,976
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS GLI	78,720	20,926	99,646
Change in assumptions			
Local plan	1,608,029	427,451	2,035,480
VRS GLI	122,711	32,620	155,331
Change in proportionate share			
VRS GLI	4,651	1,236	5,887
Total deferred inflow of resources – OPEB	\$ 5,385,926	\$ 1,431,702	\$ 6,817,628

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

	Governmental Activities	Business-Type Activities	Total Primary Government
Pension expense			
VRS	\$ 2,010,198	\$ 534,356	\$ 2,544,554
Total pension expense	\$ 2,010,198	\$ 534,356	\$ 2,544,554
OPEB expense			
Local plan	\$ (835,200)	\$ (222,015)	\$ (1,057,215)
VRS GLI	50,169	13,336	63,505
Total OPEB expense	\$ (785,031)	\$ (208,679)	\$ (993,710)

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 2022-2023, total premiums paid were approximately \$418,292. 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 2022-2023, total premiums paid were approximately \$314,802. 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 2022-2023, the premiums paid for LODA was approximately \$153,814.

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, 2023

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 2022-2023, the total premium paid for the Town's cyber security liability insurance was approximately \$26,124.

Health Insurance

Town employees, retirees, and employee dependents are eligible for medical benefits from a health insurance internal-service fund. Funding is provided by charges to Town departments, employees, and retirees. The program is supplemented by stop loss protection, which limits the Town's annual liability.

The Town records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2023.

<u>Year Ended</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
June 30, 2022	\$ 955,625	\$ 4,615,507	\$ 5,571,132	\$ -
June 30, 2023	-	5,676,742	4,736,639	940,103

Note 15. Restatement of Beginning Net Position/Fund Balance

The Town corrected certain items related to overstatement of revenue in the Internal Service Fund and understatement of depreciation expense for Governmental Activities and Utilities Fund.

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

	<u>Governmental Activities</u>	<u>Utilities</u>	<u>Internal Service</u>
Net position/fund balance July 1, 2022, as previously reported	\$ 381,361,922	\$ 188,625,628	\$ 1,794,564
Correct revenue overstatement	(208,287)	-	(208,287)
Correct depreciation understatement	(857,210)	(433,326)	-
Net position/fund balance July 1, 2022, as restated	<u>\$ 380,296,425</u>	<u>\$ 188,192,302</u>	<u>\$ 1,586,277</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 16. New Accounting Standards

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, 2023

	Plan Year						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 186,051	\$ 325,183	\$ 519,132	\$ 289,793	\$ 412,508	\$ 400,493	\$ 349,000
Interest	1,354,404	1,406,787	1,525,699	1,372,800	1,288,983	1,362,031	648,747
Benefit payments, including refunds of employee contributions	(508,034)	(395,192)	(385,904)	(394,478)	(590,275)	(500,009)	(350,446)
Difference between actual and expected experience	(408,976)	(3,283,081)	(3,986,589)	(789,486)	-	(1,325,151)	-
Changes in assumptions	833,919	1,205,836	(3,526,395)	4,043,398	642,914	(1,874,770)	-
Net change in total OPEB liability	1,457,364	(740,467)	(5,854,057)	4,522,027	1,754,130	(1,937,406)	647,301
Total OPEB liability – beginning	<u>19,704,629</u>	<u>20,445,096</u>	<u>26,299,153</u>	<u>21,777,126</u>	<u>20,022,996</u>	<u>21,960,402</u>	<u>21,313,101</u>
Total OPEB liability – ending	<u>\$ 21,161,993</u>	<u>\$ 19,704,629</u>	<u>\$ 20,445,096</u>	<u>\$ 26,299,153</u>	<u>\$ 21,777,126</u>	<u>\$ 20,022,996</u>	<u>\$ 21,960,402</u>
Plan Fiduciary Net Position							
Contributions – employer	\$ 508,034	\$ 619,147	\$ 601,045	\$ 569,478	\$ 765,275	\$ 825,009	\$ 675,446
Net investment income (loss)	1,287,072	(2,676,486)	3,413,497	853,811	781,063	871,303	1,106,629
Benefit payments	(508,034)	(395,192)	(385,904)	(394,478)	(590,275)	(500,009)	(350,446)
Administrative expenses	-	-	-	-	(55,703)	(53,108)	(32,007)
Net change in plan fiduciary net position	1,287,072	(2,452,531)	3,628,638	1,028,811	900,360	1,143,195	1,399,622
Plan fiduciary net position – beginning	<u>15,066,694</u>	<u>17,519,225</u>	<u>13,890,587</u>	<u>12,861,776</u>	<u>11,961,416</u>	<u>10,818,221</u>	<u>9,418,599</u>
Plan fiduciary net position – ending	<u>\$ 16,353,766</u>	<u>\$ 15,066,694</u>	<u>\$ 17,519,225</u>	<u>\$ 13,890,587</u>	<u>\$ 12,861,776</u>	<u>\$ 11,961,416</u>	<u>\$ 10,818,221</u>
Net OPEB liability – ending	<u>\$ 4,808,227</u>	<u>\$ 4,637,935</u>	<u>\$ 2,925,871</u>	<u>\$ 12,408,566</u>	<u>\$ 8,915,350</u>	<u>\$ 8,061,580</u>	<u>\$ 11,142,181</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>77.28%</u>	<u>76.46%</u>	<u>85.69%</u>	<u>52.82%</u>	<u>59.06%</u>	<u>59.74%</u>	<u>49.26%</u>
Covered-employee payroll	<u>\$ 19,244,246</u>	<u>\$ 18,817,696</u>	<u>\$ 19,151,423</u>	<u>\$ 17,651,501</u>	<u>\$ 18,430,633</u>	<u>\$ 23,652,124</u>	<u>\$ 20,250,454</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>24.99%</u>	<u>24.65%</u>	<u>15.28%</u>	<u>70.30%</u>	<u>48.37%</u>	<u>34.08%</u>	<u>55.02%</u>

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2023

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2023	\$ 438,000	\$ 508,034	\$ (70,034)	\$ 19,244,246	2.64 %
2022	468,000	619,147	(151,147)	18,817,696	3.29
2021	825,000	601,045	223,955	19,151,423	3.14
2020	550,092	569,478	(19,386)	17,651,501	3.23
2019	550,092	765,275	(215,183)	18,430,633	4.15
2018	983,426	825,009	158,417	23,652,124	3.49
2017	625,000	675,446	(50,446)	20,250,454	3.34

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

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

TOWN OF LEESBURG, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS – LOCAL OPEB TRUST FUND
 June 30, 2023**

<u>Entity Fiscal Year Ended June 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2023	7.16 %
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, 2023

<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					
2023	0.13244 %	\$ 1,594,705	\$ 28,757,188	5.55 %	67.21 %
2022	0.13181	1,534,626	27,117,559	5.66	67.45
2021	0.13086	2,184,000	26,958,776	8.10	52.64
2020	0.12909	2,101,000	25,303,778	8.30	52.00
2019	0.12479	1,895,000	23,700,718	8.00	51.22
2018	0.12289	1,849,000	22,666,448	8.16	48.86

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB CONTRIBUTIONS – VRS GLI
 June 30, 2023

<u>Entity Fiscal Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer’s Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Virginia Retirement System – Group Life Insurance – General Employees					
2023	\$ 172,825	\$ 172,825	\$ -	\$ 32,004,702	0.54 %
2022	155,587	155,587	-	28,757,188	0.54
2021	146,962	146,962	-	27,117,559	0.54
2020	140,052	140,052	-	26,958,776	0.52
2019	131,635	131,635	-	25,303,778	0.52
2018	123,393	123,393	-	23,700,718	0.52

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

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

TOWN OF LEESBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
VIRGINIA RETIREMENT SYSTEM
June 30, 2023

	Plan Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 3,053,217	\$ 3,001,969	\$ 2,926,714	\$ 2,568,975	\$ 2,482,892	\$ 2,528,010	\$ 2,707,578	\$ 2,756,117	\$ 2,694,218
Interest	8,734,431	7,919,257	7,503,239	7,039,500	6,835,511	6,574,956	6,094,951	5,739,077	5,339,294
Benefit payments, including refunds of employee contributions	(5,432,665)	(4,810,559)	(4,402,784)	(4,398,201)	(3,880,198)	(3,432,679)	(3,117,573)	(2,632,670)	(2,011,985)
Difference between actual and expected experience	57,051	(1,932,360)	339,942	1,912,417	(2,265,073)	(809,317)	1,329,813	(536,148)	-
Changes in assumptions	-	5,156,184	-	3,474,412	-	(915,005)	-	-	-
Net change in total pension liability	6,412,034	9,334,491	6,367,111	10,597,103	3,173,132	3,945,965	7,014,769	5,326,376	6,021,527
Total pension liability – beginning	129,062,091	119,727,600	113,360,489	102,763,386	99,590,254	95,644,289	88,629,520	83,303,144	77,281,617
Total pension liability – ending	\$ 135,474,125	\$ 129,062,091	\$ 119,727,600	\$ 113,360,489	\$ 102,763,386	\$ 99,590,254	\$ 95,644,289	\$ 88,629,520	\$ 83,303,144
Plan Fiduciary Net Position									
Contributions – employer	\$ 3,091,539	\$ 2,937,379	\$ 2,409,743	\$ 2,290,800	\$ 2,147,461	\$ 2,071,096	\$ 1,918,622	\$ 1,945,907	\$ 1,897,869
Contributions – employee	1,390,152	1,337,124	1,287,395	1,223,924	1,183,157	1,131,997	1,126,655	1,146,789	1,173,237
Net investment income (loss)	(166,263)	26,950,250	1,851,717	6,126,069	6,360,318	9,410,583	1,328,647	3,306,840	9,751,444
Benefit payments, including refunds of employee contributions	(5,432,665)	(4,810,559)	(4,402,784)	(4,398,201)	(3,880,198)	(3,432,679)	(3,117,573)	(2,632,670)	(2,011,985)
Administrative expenses	(76,939)	(65,767)	(62,277)	(59,974)	(54,244)	(53,518)	(46,512)	(44,184)	(51,182)
Other	2,895	2,760	(2,211)	(3,870)	(5,697)	(8,408)	(563)	(706)	514
Net change in plan fiduciary net position	(1,191,281)	26,351,187	1,081,583	5,178,748	5,750,797	9,119,071	1,209,276	3,721,976	10,759,897
Plan fiduciary net position – beginning	124,396,342	98,045,155	96,963,572	91,784,824	86,034,027	76,914,956	75,705,680	71,983,704	61,223,807
Plan fiduciary net position – ending	\$ 123,205,061	\$ 124,396,342	\$ 98,045,155	\$ 96,963,572	\$ 91,784,824	\$ 86,034,027	\$ 76,914,956	\$ 75,705,680	\$ 71,983,704
Net pension liability – ending	\$ 12,269,064	\$ 4,665,749	\$ 21,682,445	\$ 16,396,917	\$ 10,978,562	\$ 13,556,227	\$ 18,729,333	\$ 12,923,840	\$ 11,319,440
Plan fiduciary net position as a percentage of total pension liability	90.94%	96.38%	81.89%	85.54%	89.32%	86.39%	80.42%	85.42%	86.41%
Covered payroll	\$ 28,757,188	\$ 27,117,559	\$ 26,958,776	\$ 25,303,778	\$ 23,700,718	\$ 22,666,448	\$ 22,378,363	\$ 23,045,393	\$ 23,700,725
Net pension liability as a percentage of covered payroll	42.66%	17.21%	80.43%	64.80%	46.32%	59.81%	83.69%	56.08%	47.76%

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

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

TOWN OF LEESBURG, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM
June 30, 2023**

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					
2023	\$ 3,664,402	\$ 3,664,402	\$ -	\$ 32,000,035	11.45 %
2022	3,091,539	3,091,539	-	28,757,188	10.75
2021	2,937,586	2,937,586	-	27,117,559	10.83
2020	2,409,743	2,409,743	-	26,958,776	8.94
2019	2,402,307	2,402,307	-	25,303,778	9.49
2018	2,147,461	2,147,461	-	23,700,718	9.06
2017	2,071,096	2,071,096	-	22,666,448	9.14
2016	1,945,907	1,945,907	-	22,378,363	8.70
2015	1,897,869	1,897,869	-	23,045,393	8.24

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, 2023**

Note 1. Changes of Benefit Terms

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, 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 age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale
- No change to line of duty rates.
- No change to discount rates.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality 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, 2023**

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 age and service through 9 years of service.
- No change to disability rates
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality tables to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality 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, 2023

(With Comparative Amounts for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash, cash equivalents, and temporary cash investments	\$ 48,136,878	\$ 47,366,899
Receivables (net of allowance for doubtful accounts)		
Property taxes, including penalties	11,716,103	10,764,709
Utility taxes	166,670	130,568
Local taxes	1,079,019	1,931,016
Accounts	393,990	415,962
Leases	3,987,804	4,420,424
Due from other governments	7,810,611	4,534,862
Due from other funds	19,381	-
Lease deposit	117,294	167,004
Inventory	2,972	2,972
Prepaid items	458,692	299,181
Restricted cash	2,782,286	1,551,179
	<u>\$ 76,671,700</u>	<u>\$ 71,584,776</u>
LIABILITIES		
Accounts payable	\$ 2,401,644	\$ 1,900,876
Due to other governments	284,228	76,827
Due from other funds	-	305
Retainage payable	219,627	12,482
Accrued payroll	1,144,594	2,280,463
Accrued liabilities – other	545,764	413,616
Customer deposits	125,405	103,937
Performance bonds	2,610,720	1,579,734
Reserve for proffers	104,404	100,912
Unearned revenues	97,165	3,562,980
	<u>7,533,551</u>	<u>10,032,132</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	3,824,104	4,252,167
Property taxes	12,310,479	10,819,186
	<u>16,134,583</u>	<u>15,071,353</u>
FUND BALANCE		
Nonspendable		
Lease deposit	117,294	167,004
Inventory	2,972	2,972
Prepaid items	458,692	299,181
Restricted		
Parks and recreation (Symmington)	50,521	50,521
Police	147,340	146,600
Gas tax	2,443,083	2,970,810
Parking in Lieu	517,130	390,606
Esummons	379,804	352,146
Assigned		
Debt service reserve	9,753,620	9,753,620
Other reserves	7,327,396	7,494,010
Expenditures designated for future years	3,463,611	2,517,818
Unassigned	28,342,103	22,336,003
	<u>53,003,566</u>	<u>46,481,291</u>
Total fund balances	<u>\$ 76,671,700</u>	<u>\$ 71,584,776</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 76,671,700</u>	<u>\$ 71,584,776</u>

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	<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	\$ 8,954,436	\$ 8,954,436	\$ 9,189,891	\$ 235,455
Deferred	8,780,255	8,780,255	8,760,145	(20,110)
Personal property taxes:				
Current	1,416,000	1,416,000	1,618,760	202,760
Deferred	1,403,000	1,403,000	2,162,514	759,514
Public service corporation taxes	255,700	255,700	269,784	14,084
Penalties and interest	141,315	141,315	235,722	94,407
Total general property taxes	<u>20,950,706</u>	<u>20,950,706</u>	<u>22,236,816</u>	<u>1,286,110</u>
Other local taxes:				
Utility	1,489,000	1,489,000	1,555,313	66,313
Daily rental	203,670	203,670	121,008	(82,662)
Meals	6,540,000	6,540,000	7,378,289	838,289
Bank franchise	1,535,700	1,535,700	1,660,510	124,810
Cigarette	616,000	616,000	623,539	7,539
Business and occupational licenses	4,031,300	4,031,300	4,752,232	720,932
Motor vehicle licenses	1,052,000	1,052,000	892,637	(159,363)
Transient occupancy	700,000	700,000	878,773	178,773
Total other local taxes	<u>16,167,670</u>	<u>16,167,670</u>	<u>17,862,301</u>	<u>1,694,631</u>
Permits, fees, and licenses:				
Zoning, subdivision, and development fees	915,700	915,700	967,645	51,945
Permits	1,600	1,600	(27,103)	(28,703)
Airport				
Fuel flow fees	17,500	17,500	53,426	35,926
Annual user fees	35,250	35,250	46,079	10,829
Annual FBO license fees	65,000	65,000	101,342	36,342
Other	64,200	64,200	55,626	(8,574)
Total permits, fees, and licenses	<u>1,099,250</u>	<u>1,099,250</u>	<u>1,197,015</u>	<u>97,765</u>
Fines and forfeitures:				
Police forfeitures	10,000	80,000	740	(79,260)
Traffic fines	250,000	250,000	163,022	(86,978)
Parking fines	114,000	114,000	136,621	22,621
Total fines and forfeitures	<u>374,000</u>	<u>444,000</u>	<u>300,383</u>	<u>(143,617)</u>
Use of money and property:				
Interest/investment loss	135,000	135,000	1,796,739	1,661,739
Parking meters	99,000	99,000	73,709	(25,291)
Sales of surplus property	85,000	85,000	2,961	(82,039)

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	<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	\$ 179,010	\$ 179,010	\$ 134,709	\$ (44,301)
Insurance recoveries	110,000	110,000	24,588	(85,412)
Airport				
Hangar rentals	782,400	782,400	914,706	132,306
Tie-downs	144,000	144,000	177,834	33,834
Commercial tenant leases	449,850	449,850	355,341	(94,509)
Building rental	4,300	4,300	656	(3,644)
Recreational facility rental	3,000	3,000	1,330	(1,670)
Other	62,000	62,000	77,639	15,639
Total use of money and property	<u>2,053,560</u>	<u>2,053,560</u>	<u>3,560,212</u>	<u>1,506,652</u>
Charges for services:				
Publications	-	-	20	20
False alarm	100,000	100,000	(650)	(100,650)
Fingerprinting	1,300	1,300	685	(615)
Extradition	10,000	10,000	-	(10,000)
Special events				
Recreation	265,200	265,200	225,819	(39,381)
Other	214,800	214,800	134,886	(79,914)
Parks and recreation user fees	4,644,815	4,644,815	5,052,616	407,801
Total charges for services	<u>5,236,115</u>	<u>5,236,115</u>	<u>5,413,376</u>	<u>177,261</u>
Proffers and Gas Tax	320,000	320,000	-	(320,000)
Contributions	51,000	51,000	51,302	302
Miscellaneous	26,300	26,300	17,099	(9,201)
Total revenues from local sources	<u>46,278,601</u>	<u>46,348,601</u>	<u>50,638,504</u>	<u>4,289,903</u>
Intergovernmental:				
Revenue from local sources:				
Local aid:				
Loudoun County	556,506	556,506	564,257	7,751
Total local aid	<u>556,506</u>	<u>556,506</u>	<u>564,257</u>	<u>7,751</u>
Revenue from the Commonwealth:				
Non-categorical:				
Motor vehicles carrier tax	100	100	464	364
Mobile home titling tax	600	600	150	(450)
Rental car tax	170,000	170,000	193,826	23,826
Cable TV franchise	256,000	256,000	198,653	(57,347)
Miscellaneous	-	-	9,000	9,000

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCIAL SOURCES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	<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	6,593,000	6,593,000	7,382,899	789,899
Communication sales and use	1,529,000	1,529,000	1,501,130	(27,870)
Total non-categorical aid	<u>10,017,641</u>	<u>10,017,641</u>	<u>10,755,063</u>	<u>737,422</u>
Categorical:				
VA Commission for the Arts	4,500	4,500	4,500	-
State fire programs funds	160,000	160,000	193,584	33,584
Miscellaneous state revenue	-	-	1,224	1,224
Law enforcement assistance	922,280	922,280	1,014,010	91,730
Highway maintenance	4,030,250	4,030,250	4,679,808	649,558
Department of Aviation	100,000	100,000	43,751	(56,249)
Total categorical aid	<u>5,217,030</u>	<u>5,217,030</u>	<u>5,936,877</u>	<u>719,847</u>
Total revenue from the Commonwealth	<u>15,234,671</u>	<u>15,234,671</u>	<u>16,691,940</u>	<u>1,457,269</u>
Revenue from the federal government:				
Passed through Loudoun County:				
Coronavirus State Aid Local Recovery Funds	-	-	2,963,837	2,963,837
Categorical aid:				
E-Summons	43,700	43,700	27,658	(16,042)
Gang Officer	10,000	10,000	34,543	24,543
Miscellaneous	-	-	39,579	39,579
Safe Streets Task Force	39,000	39,000	1,204	(37,796)
OVAW Domestic Violence Grant	90,000	90,000	92,491	2,491
Total categorical aid	<u>182,700</u>	<u>182,700</u>	<u>3,159,312</u>	<u>2,976,612</u>
Total revenue from the federal government	<u>182,700</u>	<u>182,700</u>	<u>3,159,312</u>	<u>2,976,612</u>
Total intergovernmental	<u>15,973,877</u>	<u>15,973,877</u>	<u>20,415,509</u>	<u>4,441,632</u>
Total revenues	<u>62,252,478</u>	<u>62,322,478</u>	<u>71,054,013</u>	<u>8,731,535</u>
Other financing sources:				
Transfers in	3,508,541	3,508,541	3,659,253	150,712
Use of fund balance	6,928,383	8,289,723	-	(8,289,723)
Total other financing sources	<u>10,436,924</u>	<u>11,798,264</u>	<u>3,659,253</u>	<u>(8,139,011)</u>
Total General Fund revenues and other financing sources	<u>\$ 72,689,402</u>	<u>\$ 74,120,742</u>	<u>\$ 74,713,266</u>	<u>\$ 592,524</u>

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Legislative:				
Town council:				
Personnel services	\$ 142,968	\$ 142,968	\$ 135,210	\$ 7,758
Contractual services	129,550	157,545	148,827	8,718
Materials and supplies	3,100	13,874	11,290	2,584
Total town council	<u>275,618</u>	<u>314,387</u>	<u>295,327</u>	<u>19,060</u>
Total legislative	<u>275,618</u>	<u>314,387</u>	<u>295,327</u>	<u>19,060</u>
Executive:				
Town manager:				
Personnel services	928,515	1,115,587	1,105,999	9,588
Contractual services	47,781	79,618	60,662	18,956
Materials and supplies	8,075	8,333	5,129	3,204
Transfer payments	50,000	68	-	68
Continuous charges	5,885	5,478	5,478	-
Capital outlay	1,000	1,000	-	1,000
Total town manager	<u>1,041,256</u>	<u>1,210,084</u>	<u>1,177,268</u>	<u>32,816</u>
Public arts commission:				
Personnel services	9,205	9,205	3,146	6,059
Contractual services	12,250	12,250	5,551	6,699
Materials and supplies	150	150	-	150
Transfer payments	10,000	10,000	10,000	-
Total public arts commission	<u>31,605</u>	<u>31,605</u>	<u>18,697</u>	<u>12,908</u>
Economic development operations:				
Personnel services	481,387	486,467	481,235	5,232
Contractual services	151,415	176,482	111,796	64,686
Materials and supplies	15,200	26,281	23,665	2,616
Grants and contributions	95,000	95,000	95,000	-
Continuous charges	80,910	126,014	125,570	444
Capital outlay	1,000	1,022	804	218
Total economic development operations	<u>824,912</u>	<u>911,266</u>	<u>838,070</u>	<u>73,196</u>
Economic development commission:				
Personnel services	9,205	9,205	4,128	5,077
Contractual services	1,200	1,200	-	1,200
Total economic development commission	<u>10,405</u>	<u>10,405</u>	<u>4,128</u>	<u>6,277</u>
Diversity commission:				
Personnel services	9,205	9,205	1,946	7,259
Total diversity commission	<u>9,205</u>	<u>9,205</u>	<u>1,946</u>	<u>7,259</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Executive: (Continued)				
Public Information:				
Personnel services	\$ 340,788	\$ 342,912	\$ 303,809	\$ 39,103
Contractual services	58,140	66,581	40,961	25,620
Materials and supplies	700	700	508	192
Total public information	<u>399,628</u>	<u>410,193</u>	<u>345,278</u>	<u>64,915</u>
Emergency Management:				
Personnel services	270,449	281,804	279,157	2,647
Contractual services	22,740	21,502	9,246	12,256
Materials and supplies	1,750	5,389	4,984	405
Capital outlay	-	2,474	2,474	-
Total emergency management	<u>294,939</u>	<u>311,169</u>	<u>295,861</u>	<u>15,308</u>
ADA Compliance:				
Contractual services	49,000	82,528	43,791	38,737
Materials and supplies	16,000	7,900	6,918	982
Total ADA compliance	<u>65,000</u>	<u>90,428</u>	<u>50,709</u>	<u>39,719</u>
Total executive	<u>2,676,950</u>	<u>2,984,355</u>	<u>2,731,957</u>	<u>252,398</u>
Legal:				
Town attorney:				
Personnel services	854,898	899,902	892,292	7,610
Contractual services	57,880	441,535	441,386	149
Materials and supplies	3,400	5,052	2,999	2,053
Continuous charges	143	133	133	-
Total town attorney	<u>916,321</u>	<u>1,346,622</u>	<u>1,336,810</u>	<u>9,812</u>
Clerk of council:				
Personnel services	361,628	404,076	401,079	2,997
Contractual services	48,655	56,363	44,750	11,613
Materials and supplies	2,750	2,750	2,398	352
Total clerk of council	<u>413,033</u>	<u>463,189</u>	<u>448,227</u>	<u>14,962</u>
Total legal	<u>1,329,354</u>	<u>1,809,811</u>	<u>1,785,037</u>	<u>24,774</u>
Finance and administrative services:				
Finance:				
Personnel services	2,925,725	2,980,370	2,899,518	80,852
Contractual services	655,431	792,740	702,376	90,364
Materials and supplies	20,300	26,865	13,594	13,271
Transfer payments	-	840	1,636	(796)
Continuous charges	78,996	78,865	12,505	66,360
Capital outlay	156,000	163,880	3,594	160,286
Total finance	<u>3,836,452</u>	<u>4,043,560</u>	<u>3,633,223</u>	<u>410,337</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	<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	\$ 618,190	\$ 663,846	\$ 658,543	\$ 5,303
Contractual services	224,710	270,357	222,210	48,147
Materials and supplies	6,622	7,187	1,677	5,510
Continuous charges	2,600	2,600	-	2,600
Total human resources	<u>852,122</u>	<u>943,990</u>	<u>882,430</u>	<u>61,560</u>
Information technology operations:				
Personnel services	1,674,149	1,729,902	1,714,660	15,242
Contractual services	1,787,165	2,093,010	1,204,659	888,351
Materials and supplies	45,900	60,908	60,904	4
Continuous charges	72,151	72,151	57,739	14,412
Capital outlay	105,000	208,633	188,658	19,975
Total information technology operations	<u>3,684,365</u>	<u>4,164,604</u>	<u>3,226,620</u>	<u>937,984</u>
Information technology commission:				
Personnel services	9,205	9,205	3,818	5,387
Total information technology commission	<u>9,205</u>	<u>9,205</u>	<u>3,818</u>	<u>5,387</u>
Total finance and administrative services	<u>8,382,144</u>	<u>9,161,359</u>	<u>7,746,091</u>	<u>1,415,268</u>
Public safety:				
Administrative support:				
Personnel services	2,327,919	1,935,584	1,765,280	170,304
Contractual services	743,463	818,093	611,776	206,317
Materials and supplies	152,860	141,292	121,179	20,113
Continuous charges	407,822	384,141	375,122	9,019
Capital outlay	9,492	83,477	8,139	75,338
Total administrative support	<u>3,641,556</u>	<u>3,362,587</u>	<u>2,881,496</u>	<u>481,091</u>
Patrol operations:				
Personnel services	5,880,247	5,189,621	4,775,351	414,270
Contractual services	105,103	110,381	84,159	26,222
Materials and supplies	125,600	111,706	97,542	14,164
Transfer payments	-	1,394	1,394	-
Capital outlay	5,300	10,300	6,820	3,480
Total patrol operations	<u>6,116,250</u>	<u>5,423,402</u>	<u>4,965,266</u>	<u>458,136</u>
Criminal investigations:				
Personnel services	1,884,004	1,702,810	1,591,570	111,240
Contractual services	52,048	38,398	18,590	19,808
Materials and supplies	23,020	10,155	6,287	3,868
Continuous charges	19,440	19,440	10,295	9,145
Total criminal investigations	<u>1,978,512</u>	<u>1,770,803</u>	<u>1,626,742</u>	<u>144,061</u>
Community services:				
Personnel services	2,266,655	1,954,969	1,795,405	159,564
Contractual services	8,340	9,488	3,160	6,328
Materials and supplies	32,751	25,858	14,544	11,314
Total community services	<u>2,307,746</u>	<u>1,990,315</u>	<u>1,813,109</u>	<u>177,206</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	<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	\$ 1,840,666	\$ 1,973,786	\$ 1,926,156	\$ 47,630
Contractual services	209,292	213,823	203,004	10,819
Materials and supplies	7,942	9,305	6,678	2,627
Continuous charges	6,000	6,000	-	6,000
Capital outlay	26,500	37,000	34,441	2,559
Total information services	<u>2,090,400</u>	<u>2,239,914</u>	<u>2,170,279</u>	<u>69,635</u>
Citizens' support team:				
Materials and supplies	1,395	1,395	-	1,395
Continuous charges	5,919	6,671	6,671	-
Total citizens' support team	<u>7,314</u>	<u>8,066</u>	<u>6,671</u>	<u>1,395</u>
Fire and rescue:				
Grants and contributions	160,000	193,584	193,584	-
Total fire and rescue	<u>160,000</u>	<u>193,584</u>	<u>193,584</u>	<u>-</u>
Total public safety	<u>16,301,778</u>	<u>14,988,671</u>	<u>13,657,147</u>	<u>1,331,524</u>
Public works:				
Public works administration:				
Personnel services	1,279,826	1,153,040	1,097,361	55,679
Contractual services	257,751	503,880	215,704	288,176
Materials and supplies	1,700	7,778	7,388	390
Continuous charges	23,240	23,246	23,246	-
Capital outlays	5,500	20,739	1,078	19,661
Total public works administration	<u>1,568,017</u>	<u>1,708,683</u>	<u>1,344,777</u>	<u>363,906</u>
Engineering and inspections:				
Personnel services	728,371	736,632	720,842	15,790
Contractual services	214,650	296,617	55,686	240,931
Materials and supplies	4,200	6,313	4,752	1,561
Capital outlay	5,000	5,196	3,575	1,621
Total engineering and inspections	<u>952,221</u>	<u>1,044,758</u>	<u>784,855</u>	<u>259,903</u>
Streets and grounds maintenance:				
Personnel services	3,079,275	3,092,066	2,932,727	159,339
Contractual services	515,000	695,099	562,167	132,932
Materials and supplies	261,300	188,677	141,641	47,036
Transfer payments	-	-	-	-
Continuous charges	51,400	40,600	25,164	15,436
Capital outlay	116,500	203,264	187,252	16,012
Total streets and grounds maintenance	<u>4,023,475</u>	<u>4,219,706</u>	<u>3,848,951</u>	<u>370,755</u>
Building maintenance:				
Personnel services	601,087	614,696	592,811	21,885
Contractual services	530,950	502,051	331,840	170,211
Materials and supplies	99,100	104,633	60,447	44,186
Continuous charges	159,020	159,020	152,476	6,544
Capital outlay	115,400	248,748	80,264	168,484
Total building maintenance	<u>1,505,557</u>	<u>1,629,148</u>	<u>1,217,838</u>	<u>411,310</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works: (Continued)				
Fleet maintenance:				
Personnel services	\$ 806,440	\$ 979,892	\$ 966,945	\$ 12,947
Contractual services	120,536	130,401	84,870	45,531
Materials and supplies	293,500	333,422	322,574	10,848
Grants and contributions	20,000	20,000	10,174	9,826
Continuous charges	333,000	398,908	379,901	19,007
Capital outlay	3,000	3,293	3,293	-
Total fleet maintenance	<u>1,576,476</u>	<u>1,865,916</u>	<u>1,767,757</u>	<u>98,159</u>
Refuse collection and recycling:				
Contractual services	3,694,875	4,208,375	3,845,579	362,796
Materials and supplies	13,500	-	-	-
Total refuse collection and recycling	<u>3,708,375</u>	<u>4,208,375</u>	<u>3,845,579</u>	<u>362,796</u>
Traffic management:				
Personnel services	457,429	497,502	488,989	8,513
Contractual services	337,700	463,812	254,253	209,559
Materials and supplies	55,650	57,565	54,405	3,160
Continuous charges	635,500	679,967	638,347	41,620
Capital outlay	72,100	96,810	40,688	56,122
Total traffic management	<u>1,558,379</u>	<u>1,795,656</u>	<u>1,476,682</u>	<u>318,974</u>
Emergency weather response				
Personnel services	98,151	34,858	707	34,151
Materials and supplies	88,700	109,151	52,926	56,225
Transfer payments	800,000	671,000	-	671,000
Continuous charges	254,750	194,550	46,906	147,644
Capital outlay	-	59,000	34,502	24,498
Total emergency weather response	<u>1,241,601</u>	<u>1,068,559</u>	<u>135,041</u>	<u>933,518</u>
Milling and paving				
Contractual services	710,000	1,533,583	1,042,480	491,103
Total milling and paving	<u>710,000</u>	<u>1,533,583</u>	<u>1,042,480</u>	<u>491,103</u>
Regional transportation:				
Personnel services	9,205	9,205	2,153	7,052
Transfer payments	320,000	394,286	282,013	112,273
Total regional transportation	<u>329,205</u>	<u>403,491</u>	<u>284,166</u>	<u>119,325</u>
Capital projects management:				
Personnel services	1,082,444	1,060,270	1,032,645	27,625
Contractual services	515,460	775,980	332,980	443,000
Materials and supplies	6,925	6,214	2,519	3,695
Transfer payments	(831,000)	(825,812)	(825,812)	-
Continuous charges	1,058	976	976	-
Capital outlay	6,250	6,250	-	6,250
Total capital projects management	<u>781,137</u>	<u>1,023,878</u>	<u>543,308</u>	<u>480,570</u>
Total public works	<u>17,954,443</u>	<u>20,501,753</u>	<u>16,291,434</u>	<u>4,210,319</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation:				
Parks and recreation administration:				
Personnel services	\$ 568,886	\$ 574,358	\$ 560,079	\$ 14,279
Contractual services	10,000	34,584	22,131	12,453
Materials and supplies	2,000	1,985	1,182	803
Continuous charges	28,371	30,565	29,590	975
Capital outlay	30,000	38,930	19,398	19,532
Total parks and recreation administration	<u>639,257</u>	<u>680,422</u>	<u>632,380</u>	<u>48,042</u>
Parks:				
Personnel services	1,094,177	1,104,569	1,058,260	46,309
Contractual services	122,525	128,196	96,967	31,229
Materials and supplies	217,070	218,035	196,016	22,019
Continuous charges	61,000	64,201	57,685	6,516
Capital outlay	28,000	100,125	76,125	24,000
Total parks	<u>1,522,772</u>	<u>1,615,126</u>	<u>1,485,053</u>	<u>130,073</u>
Recreation programs administration:				
Personnel services	240,903	265,093	262,350	2,743
Contractual services	25,060	12,500	12,172	328
Total recreation programs administration	<u>265,963</u>	<u>277,593</u>	<u>274,522</u>	<u>3,071</u>
Ida Lee recreation center:				
Personnel services	1,097,548	1,076,364	1,017,671	58,693
Contractual services	276,761	283,216	248,592	34,624
Materials and supplies	68,018	80,439	61,275	19,164
Grants and contributions	-	-	(209)	209
Capital outlay	-	4,818	4,818	-
Continuous charges	230,130	267,221	244,337	22,884
Total Ida Lee recreation center	<u>1,672,457</u>	<u>1,712,058</u>	<u>1,576,484</u>	<u>135,574</u>
Fitness programs:				
Personnel services	502,137	504,003	442,075	61,928
Contractual services	35,170	35,170	21,918	13,252
Materials and supplies	8,100	8,100	6,237	1,863
Total fitness programs	<u>545,407</u>	<u>547,273</u>	<u>470,230</u>	<u>77,043</u>
Community outreach:				
Personnel services	119,788	131,889	129,660	2,229
Contractual services	14,470	13,627	9,501	4,126
Materials and supplies	6,300	7,839	6,495	1,344
Total community outreach	<u>140,558</u>	<u>153,355</u>	<u>145,656</u>	<u>7,699</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation: (Continued)				
Aquatics:				
Personnel services	\$ 1,397,555	\$ 1,269,612	\$ 1,253,269	\$ 16,343
Contractual services	37,845	35,118	23,252	11,866
Continuous charges	20,000	29,500	29,500	-
Materials and supplies	89,210	135,124	125,619	9,505
Total aquatics	<u>1,544,610</u>	<u>1,469,354</u>	<u>1,431,640</u>	<u>37,714</u>
Sports programs:				
Personnel services	243,903	246,520	244,248	2,272
Contractual services	170	669	499	170
Materials and supplies	27,300	27,300	23,650	3,650
Total sports programs	<u>271,373</u>	<u>274,489</u>	<u>268,397</u>	<u>6,092</u>
Recreation classes:				
Personnel services	69,160	69,202	31,848	37,354
Contractual services	2,070	2,070	30	2,040
Materials and supplies	3,325	3,325	2,570	755
Total recreation classes	<u>74,555</u>	<u>74,597</u>	<u>34,448</u>	<u>40,149</u>
Special events:				
Personnel services	168,294	187,020	185,500	1,520
Contractual services	241,644	228,798	220,666	8,132
Materials and supplies	64,750	81,914	77,066	4,848
Grants and contributions	16,000	5,050	-	5,050
Total special events	<u>490,688</u>	<u>502,782</u>	<u>483,232</u>	<u>19,550</u>
Tennis court complex:				
Personnel services	708,490	822,625	819,298	3,327
Contractual services	28,700	23,060	21,986	1,074
Materials and supplies	35,550	28,574	24,375	4,199
Continuous charges	88,000	128,591	87,677	40,914
Total tennis court complex	<u>860,740</u>	<u>1,002,850</u>	<u>953,336</u>	<u>49,514</u>
Camp programs:				
Personnel services	119,199	119,491	114,402	5,089
Contractual services	36,500	31,941	27,409	4,532
Materials and supplies	9,500	12,225	12,225	-
Total camp programs	<u>165,199</u>	<u>163,657</u>	<u>154,036</u>	<u>9,621</u>
Parks and recreation commission:				
Personnel services	9,205	9,205	8,341	864
Materials and supplies	35,000	35,000	8,058	26,942
Total parks and recreation commission	<u>44,205</u>	<u>44,205</u>	<u>16,399</u>	<u>27,806</u>
Tree commission:				
Personnel services	9,205	9,205	6,267	2,938
Contractual services	1,800	1,800	1,750	50
Total tree commission	<u>11,005</u>	<u>11,005</u>	<u>8,017</u>	<u>2,988</u>
Total parks and recreation	<u>8,248,789</u>	<u>8,528,766</u>	<u>7,933,830</u>	<u>594,936</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Balch Library:				
Library operations:				
Personnel services	\$ 475,347	\$ 519,621	\$ 501,469	\$ 18,152
Contractual services	53,908	43,432	34,384	9,048
Materials and supplies	50,784	62,909	52,736	10,173
Continuous charges	22,544	29,746	27,620	2,126
Capital outlay	-	3,500	3,138	362
Total library operations	<u>602,583</u>	<u>659,208</u>	<u>619,347</u>	<u>39,861</u>
Library advisory commission:				
Personnel services	9,205	9,205	6,414	2,791
Contractual services	800	450	445	5
Materials and supplies	350	-	-	-
Total library advisory commission	<u>10,355</u>	<u>9,655</u>	<u>6,859</u>	<u>2,796</u>
Total Balch Library	<u>612,938</u>	<u>668,863</u>	<u>626,206</u>	<u>42,657</u>
Planning and zoning:				
Planning and zoning operations:				
Contractual services	260,000	211,488	79,577	131,911
Total planning and zoning operations	<u>260,000</u>	<u>211,488</u>	<u>79,577</u>	<u>131,911</u>
Planning commission				
Personnel services	27,667	27,667	25,511	2,156
Contractual services	-	3,398	3,008	390
Materials and supplies	-	-	-	-
Total planning commission	<u>27,667</u>	<u>31,065</u>	<u>28,519</u>	<u>2,546</u>
Board of zoning appeals:				
Personnel services	6,459	6,459	861	5,598
Total board of zoning appeals	<u>6,459</u>	<u>6,459</u>	<u>861</u>	<u>5,598</u>
Board of architectural review:				
Personnel services	27,667	27,667	15,030	12,637
Contractual services	3,500	3,083	510	2,573
Materials and supplies	-	417	417	-
Total board of architectural review	<u>31,167</u>	<u>31,167</u>	<u>15,957</u>	<u>15,210</u>
Environmental advisory commission:				
Personnel services	9,205	9,205	4,037	5,168
Contractual services	3,500	3,500	2,566	934
Total environment advisory commission	<u>12,705</u>	<u>12,705</u>	<u>6,603</u>	<u>6,102</u>
Total planning and zoning	<u>337,998</u>	<u>292,884</u>	<u>131,517</u>	<u>161,367</u>

(Continued)

TOWN OF LEESBURG, VIRGINIA

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCIAL USES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Plan review:				
Personnel services	\$ 3,073	\$ 2,786	\$ 765	\$ 2,021
Contractual services	3,600	3,350	1,986	1,364
Materials and supplies	5,500	5,500	2,181	3,319
Total plan review	<u>12,173</u>	<u>11,636</u>	<u>4,932</u>	<u>6,704</u>
Community development:				
Personnel services	3,801,145	3,857,144	3,727,170	129,974
Contractual services	443,078	623,699	67,992	555,707
Materials and supplies	7,600	8,884	5,888	2,996
Continuous charges	547	505	505	-
Capital outlay	-	69,821	69,516	305
Total community development	<u>4,252,370</u>	<u>4,560,053</u>	<u>3,871,071</u>	<u>688,982</u>
Airport:				
Personnel services	509,808	553,690	541,828	11,862
Contractual services	295,485	399,177	314,797	84,380
Materials and supplies	27,950	38,239	31,921	6,318
Continuous charges	157,818	163,443	159,348	4,095
Capital outlay	-	21,759	21,759	-
Total airport	<u>991,061</u>	<u>1,176,308</u>	<u>1,069,653</u>	<u>106,655</u>
Airport commission:				
Personnel services	9,205	9,205	3,648	5,557
Total airport commission	<u>9,205</u>	<u>9,205</u>	<u>3,648</u>	<u>5,557</u>
Total airport	<u>1,000,266</u>	<u>1,185,513</u>	<u>1,073,301</u>	<u>112,212</u>
Townside expenditures:				
Salary savings	(756,286)	-	-	-
Budget hold back	204,000	305,290	-	305,290
Total townside expenditures	<u>(552,286)</u>	<u>305,290</u>	<u>-</u>	<u>305,290</u>
Debt service:				
GO bond retirement principal	6,248,985	6,594,059	6,594,059	-
GO bond retirement interest and other fiscal charges	1,852,780	1,886,867	1,886,867	-
BAN interest and fiscal charges	-	122,598	122,598	-
SBITA principal	-	-	714,088	(714,088)
SBITA interest	-	-	23,442	(23,442)
CARP principal	1,524,014	767,490	767,490	-
CARP interest and fiscal charges	565,547	33,630	33,630	-
Total debt service	<u>10,191,326</u>	<u>9,404,644</u>	<u>10,142,174</u>	<u>(737,530)</u>
Total expenditures	<u>71,023,861</u>	<u>74,717,985</u>	<u>66,290,024</u>	<u>8,427,961</u>
Other financing uses:				
Transfers to capital projects	1,665,541	1,739,853	1,900,967	(161,114)
Total other financing uses	<u>1,665,541</u>	<u>1,739,853</u>	<u>1,900,967</u>	<u>(161,114)</u>
Total general fund expenditures and other financing uses	<u>\$ 72,689,402</u>	<u>76,457,838</u>	<u>\$ 68,190,991</u>	<u>\$ 8,266,847</u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023
(With Comparative Amounts for 2022)

	<u>2023</u>	<u>2022, Restated (Note 15)</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 53,503,720	\$ 53,660,838
Accounts receivable, net	6,245,644	5,660,765
Lease receivable	3,282,338	3,457,694
Prepaid expenses	12,532	46,070
Inventory	803,301	682,069
Due from other funds	-	305
Accrued interest	17,330	-
Total current assets	<u>63,864,865</u>	<u>63,507,741</u>
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	8,174,759	5,439,093
Depreciable assets, net	<u>191,662,886</u>	<u>186,604,691</u>
Total noncurrent assets	<u>199,837,645</u>	<u>192,043,784</u>
Total assets	<u>263,702,510</u>	<u>255,551,525</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan	1,216,051	1,602,633
Deferred outflows related to other post employment benefits	1,131,588	1,291,596
Deferred loss on refunding	<u>1,589,680</u>	<u>1,704,453</u>
Total deferred outflows of resources	<u>3,937,319</u>	<u>4,598,682</u>
Total assets and deferred outflows of resources	<u>267,639,829</u>	<u>260,150,207</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,498,720	1,817,854
Accrued expenses	404,840	685,173
Accrued interest	734,468	814,326
Compensated absences	643,739	631,227
Retainage payable	173,954	221,921
Notes payable	2,980	2,938
Bonds payable	9,716,089	3,546,015
Performance bonds payable	9,000	9,000
Customer deposits and contingent charges	<u>1,372,702</u>	<u>1,309,912</u>
Total current liabilities	<u>14,556,492</u>	<u>9,038,366</u>
NONCURRENT LIABILITIES		
Compensated absences	234,086	229,536
Net pension obligation liability	2,576,503	979,807
Net other postemployment benefit liability	1,344,616	1,296,238
Notes payable	4,931	7,911
Bonds payable, net	<u>44,314,950</u>	<u>51,834,476</u>
Total noncurrent liabilities	<u>48,475,086</u>	<u>54,347,968</u>
Total liabilities	<u>63,031,578</u>	<u>63,386,334</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	3,171,200	3,399,664
Deferred inflows related to pension plan	888,273	3,106,719
Deferred inflows related to other postemployment benefits	1,431,702	2,000,209
Deferred gain on refunding	<u>59,883</u>	<u>64,979</u>
Total liabilities and deferred inflows of resources	<u>68,582,636</u>	<u>71,957,905</u>
NET POSITION		
Net investment in capital assets	146,393,320	138,069,997
Unrestricted	<u>52,663,873</u>	<u>50,122,305</u>
Total net position	<u>\$ 199,057,193</u>	<u>\$ 188,192,302</u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2023
(With Comparative Amounts for 2022)

	2023	2022 Restated (Note 15)
OPERATING REVENUES		
Charges for services	\$ 27,319,139	\$ 26,807,830
Other	45,215	136,031
	<u>27,364,354</u>	<u>26,943,861</u>
OPERATING EXPENSES		
Personnel service	10,784,126	9,525,050
Contractual services	1,845,938	2,108,798
Depreciation and amortization	6,895,240	6,957,664
Materials and supplies	2,347,802	2,132,991
Continuous charges	1,745,744	1,289,476
Claims and settlements	-	579
Internal and other	1,306,337	(221)
	<u>24,925,187</u>	<u>22,014,337</u>
Total operating expenses	<u>24,925,187</u>	<u>22,014,337</u>
Operating income	<u>2,439,167</u>	<u>4,929,524</u>
NONOPERATING REVENUES (EXPENSES)		
(Loss) gain on investments	2,198,738	(72,008)
Gain on sale of assets	138,028	120,107
Rental and other charges	355,933	497,314
Installation and connection charges	2,259,286	7,857,935
Interest and fiscal charges	(1,690,875)	(1,803,149)
	<u>3,261,110</u>	<u>6,600,199</u>
Total nonoperating revenues, net	<u>3,261,110</u>	<u>6,600,199</u>
Income before capital contributions and transfers	<u>5,700,277</u>	<u>11,529,723</u>
TRANSFERS		
Transfers out	(1,893,000)	(1,764,000)
Capital contributions	7,057,614	2,394,458
	<u>5,164,614</u>	<u>630,458</u>
Total contributions and transfers, net	<u>5,164,614</u>	<u>630,458</u>
Change in net position	<u>10,864,891</u>	<u>12,160,181</u>
Total net position, beginning, as restated	<u>188,192,302</u>	<u>176,032,121</u>
Total net position, ending	<u>\$ 199,057,193</u>	<u>\$ 188,192,302</u>

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2023
(With Comparative Amounts for 2022)

	2023	2022 Restated (Note 15)
OPERATING ACTIVITIES		
Receipts from customers	\$ 26,842,265	\$ 26,131,245
Payments to suppliers for goods and services	(7,965,972)	(6,540,334)
Payments to employees for services	(11,642,686)	(10,086,222)
Net cash provided by operating activities	7,233,607	9,504,689
NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Advance from other funds	305	(305)
Transfers out	(1,893,000)	(1,764,000)
Net cash used in noncapital and related financing activities	(1,892,695)	(1,764,305)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Installation and connection charges	2,259,286	7,857,935
Acquisition and construction of capital assets	(7,393,431)	(7,108,136)
Proceeds from sale of capital assets	165,328	130,035
Proceeds from debt issuance	2,499,569	1,484,688
Principal paid on debt	(3,548,953)	(3,583,233)
Principal collected on leases	175,356	170,434
Interest collected on leases	22,097	21,267
Interest and fiscal charges	(1,964,062)	(2,116,980)
Net cash used in capital and related financing activities	(7,784,810)	(3,143,990)
INVESTING ACTIVITIES		
Investment (loss) gain	2,159,311	(93,275)
Rental, lease, and other charges	127,469	268,850
Net cash provided by investing activities	2,286,780	175,575
Net increase (decrease) in cash and cash equivalents	(157,118)	4,771,969
CASH AND CASH EQUIVALENTS		
Beginning	53,660,838	48,888,869
Ending	\$ 53,503,720	\$ 53,660,838

(Continued)

TOWN OF LEESBURG, VIRGINIA

UTILITIES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2023
(With Comparative Amounts for 2022)

	2023	2022 Restated (Note 15)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 2,439,167	\$ 4,929,524
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	6,895,240	6,957,664
Pension expense, net of contributions	(235,168)	(375,043)
Other postemployment benefits expense, net of contributions	(360,121)	(389,773)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(584,879)	(969,380)
Due from other funds	33,538	(8,476)
Inventory	(121,232)	(153,581)
Increase (decrease) in:		
Accounts payable	(632,457)	(847,233)
Accrued liabilities	(263,271)	204,223
Customer deposits and contingent charges	62,790	156,764
	<u>\$ 7,233,607</u>	<u>\$ 9,504,689</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	<u>\$ 7,057,614</u>	<u>\$ 2,394,458</u>
Capital assets included in accounts payable	<u>\$ 761,218</u>	<u>\$ 447,895</u>

TOWN OF LEESBURG, VIRGINIA

ENTERPRISE FUND – UTILITIES OPERATING FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES – BUDGET AND ACTUAL
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
UTILITIES OPERATIONS:				
Use of money and property	\$ 474,417	\$ 474,417	\$ 2,593,230	\$ 2,118,813
Charges for services	27,194,272	27,194,272	27,558,528	364,256
Contributions – pro-rata	-	-	7,057,614	7,057,614
Other	10,000	10,000	15,662	5,662
Total operating revenue	<u>27,678,689</u>	<u>27,678,689</u>	<u>37,225,034</u>	<u>9,546,345</u>
UTILITIES EXPENSES:				
Personnel services	11,273,249	12,128,863	10,784,126	(1,344,737)
Contractual services	4,583,829	4,123,256	2,690,286	(1,432,970)
Material and supplies	2,396,350	2,631,915	2,356,415	(275,500)
Project management cost	1,613,600	1,686,288	1,671,908	(14,380)
Continuous charges	1,499,971	1,872,805	1,745,744	(127,061)
Repairs and maintenance	474,840	688,507	533,007	(155,500)
Depreciation	-	-	6,895,240	6,895,240
Interest	5,836,850	4,850,475	1,690,875	(3,159,600)
Total operating expenses	<u>27,678,689</u>	<u>27,982,109</u>	<u>28,367,601</u>	<u>385,492</u>
Net operating income (loss)	<u>-</u>	<u>(303,420)</u>	<u>8,857,433</u>	<u>9,160,853</u>
TRANSFERS:				
Transfers out to Utilities Replacement Fund	-	769,577	6,402,891	(5,633,314)
Total transfers	<u>-</u>	<u>769,577</u>	<u>6,402,891</u>	<u>(5,633,314)</u>
Change in operating net position	<u>\$ -</u>	<u>\$ (1,072,997)</u>	<u>\$ 2,454,542</u>	<u>\$ 3,527,539</u>

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF NET POSITION
Year Ended June 30, 2023
(With Comparative Amounts for 2022)

	2023	2022, Restated (Note 15)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,971,486	\$ 1,574,735
Receivables (net of allowance for doubtful accounts):		
Trade and other accounts	25,609	22,505
Total assets	1,997,095	1,597,240
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	10,132	10,963
Insurance and benefit claims	940,103	-
Total liabilities	950,235	10,963
NET POSITION		
Unrestricted	1,046,860	1,586,277
Total net position	\$ 1,046,860	\$ 1,586,277

TOWN OF LEESBURG, VIRGINIA

INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2023
(With Comparative Amounts for 2022)

	2023	2022, Restated (Note 15)
OPERATING REVENUES		
Charges for services	\$ 5,122,323	\$ 4,761,377
Other	3,879	-
	<u>5,126,202</u>	<u>4,761,377</u>
OPERATING EXPENSES		
Risk financing and benefit payments	<u>5,676,742</u>	<u>4,615,507</u>
	<u>5,676,742</u>	<u>4,615,507</u>
Operating income (loss)	<u>(550,540)</u>	<u>145,870</u>
NONOPERATING REVENUES		
Interest on investments	<u>11,123</u>	<u>-</u>
	<u>11,123</u>	<u>-</u>
Change in net position	(539,417)	145,870
Total net position, beginning as restated	<u>1,586,277</u>	<u>1,440,407</u>
Total net position, ending	<u>\$ 1,046,860</u>	<u>\$ 1,586,277</u>

TOWN OF LEESBURG, VIRGINIA

**INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Year Ended June 30, 2023
(With Comparative Amounts for 2022)**

	2023	2022, Restated (Note 15)
OPERATING ACTIVITIES		
Receipts from interfund services provided	\$ 5,123,098	\$ 4,968,417
Claims and benefits paid	(4,737,470)	(4,838,142)
Net cash provided by operating activities	385,628	130,275
INVESTING ACTIVITIES		
Interest on investments	11,123	-
Net cash provided by investing activities	11,123	-
Net increase in cash and cash equivalents	396,751	130,275
CASH AND CASH EQUIVALENTS		
Beginning	1,574,735	1,444,460
Ending	\$ 1,971,486	\$ 1,574,735
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (550,540)	\$ 145,870
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,104)	207,040
Increase (decrease) in:		
Accounts payable	(831)	(14,278)
Insurance and benefit claims	940,103	(208,357)
Net cash provided by operating activities	\$ 385,628	\$ 130,275

TOWN OF LEESBURG, VIRGINIA

SPECIAL REVENUE FUND
BALANCE SHEET

June 30, 2023

**Thomas Balch
Library
Endowment
Fund**

ASSETS

CURRENT ASSETS

Cash, cash equivalents, and investments

\$ 1,197,640

Total assets

\$ 1,197,640**LIABILITIES**

CURRENT LIABILITIES

Accounts payable

\$ -

Total liabilities

-**FUND BALANCE**

Restricted

1,197,640

Total fund balance

1,197,640Total liabilities, deferred inflows of resources,
and fund balances\$ 1,197,640

TOWN OF LEESBURG, VIRGINIA

SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended June 30, 2023

	Thomas Balch Library Endowment Fund
REVENUES	
Contributions	\$ 41,791
Interest and investment losses	102,061
Total revenues	143,852
EXPENDITURES	
Capital projects	19,868
Contractual services	9,716
Total expenditures	29,584
Net change in fund balance	114,268
Fund balance, beginning	1,083,372
Fund balance, ending	\$ 1,197,640

STATISTICAL SECTION

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									
	2014	2015	2016 (1)	2017	2018	2019	2020	2021	2022 (2)	2023
Governmental activities:										
Net investment in capital assets	\$ 269,470,483	\$ 253,108,079	\$ 260,418,011	\$ 283,018,215	\$ 294,700,876	\$ 305,543,608	\$ 316,442,063	\$ 309,533,766	\$ 341,585,240	\$ 354,834,574
Restricted	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	10,748,017
Unrestricted	11,475,555	9,767,484	12,371,943	12,634,883	10,367,657	11,415,206	11,181,903	24,115,067	27,945,118	38,444,972
Total governmental activities net position	<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>\$ 380,296,425</u>	<u>\$ 404,027,563</u>
Business-type activities:										
Net investment in capital assets	\$ 111,153,372	\$ 106,179,841	\$ 106,514,815	\$ 116,239,800	\$ 119,676,742	\$ 120,511,325	\$ 121,944,564	\$ 132,795,226	138,069,997	\$ 146,393,320
Unrestricted	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	52,663,873
Total business-type activities net position	<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>\$ 188,192,302</u>	<u>\$ 199,057,193</u>
Primary government:										
Net investment in capital assets	\$ 380,623,855	\$ 359,287,920	\$ 366,932,826	\$ 399,258,015	\$ 414,377,618	\$ 426,054,933	\$ 438,386,627	\$ 442,328,992	\$ 479,655,237	\$ 501,227,894
Restricted	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	10,748,017
Unrestricted	27,359,972	26,737,558	29,999,266	35,050,862	32,786,179	41,021,458	53,212,407	55,755,733	78,067,423	91,108,845
Total primary government net position	<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>\$ 568,488,727</u>	<u>\$ 603,084,756</u>

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

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

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

TABLE 2

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
Legislative	\$ 1,647,737	\$ 358,882	\$ 252,822	\$ 258,238	\$ 275,494	\$ 266,921	\$ 306,311	\$ 284,782	\$ 392,862	\$ 320,120
Executive	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	3,115,470
Legal	428,396	812,884	730,310	764,127	850,797	1,449,665	1,281,417	1,094,510	1,616,223	1,802,306
Finance and administrative services	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	7,993,864
Public safety	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	13,623,509
Public works	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	23,529,213
Parks and recreation	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	8,729,678
Balch Library	638,586	635,782	666,442	670,011	521,563	540,759	515,262	482,434	580,140	650,593
Planning and zoning	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	1,332,438	1,251,101	1,346,812	1,329,164	1,351,632	1,460,785	1,446,718	1,493,857	1,535,305	-
Community development	-	-	-	-	-	-	-	-	-	3,869,045
Airport	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	1,977,343
Townwide	-	-	-	-	-	-	84,100	5,484,709	-	-
Interest	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	1,589,928
Total governmental activities	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	67,201,069
Business-type activities:										
Utilities	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	26,616,062
Total business-type activities	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	26,616,062
Total government	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	93,817,131
Program revenue:										
Governmental activities:										
Charges for services:										
Legislative	-	-	-	319,340	-	-	-	-	-	-
Public safety	733,367	582,487	441,899	398,197	431,632	700,562	490,334	293,768	317,789	300,418
Public works	368,345	390,712	265,239	115,470	177,044	159,506	169,809	72,114	162,634	134,906
Parks and recreation	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	5,278,435
Plan review	-	-	-	1,280,528	896,791	948,850	1,032,586	1,208,102	677,041	-
Planning and zoning	706,135	649,181	513,145	1,919,609	252,393	382,255	458,660	299,752	377,160	-
Community development	-	-	-	-	-	-	-	-	-	996,168
Airport	-	-	-	-	101,252	81,960	91,746	99,390	107,008	200,847
Operating grants and contributions:										
Executive	-	255,441	259,066	-	861,824	789,810	916,872	615,674	626,970	564,257
Public safety	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	1,363,490
Public works	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	4,679,808

(Continued)

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 4,500
Balch Library	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	5,030,013
Townwide	-	-	-	-	-	-	-	9,458,419	2,971,104	3,004,640
Capital grants and contributions:										
Executive	-	137,400	-	-	36,298	-	-	-	-	-
Public works	9,498,970	5,081,809	-	8,557,324	12,719,606	21,434,223	14,187,071	10,098,336	89,273,115	12,355,004
Parks and recreation	-	-	3,234,028	-	-	-	-	-	-	-
Airport	3,957,230	916,850	1,420,215	304,166	-	-	-	-	-	-
Total governmental activities program revenue	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	33,912,486
Business-type activities:										
Charges for services:										
Utilities	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	29,578,425
Operating grants and contributions:										
Utilities	-	2,176,412	1,592,787	571,739	-	-	-	-	-	-
Capital grants and contributions:										
Utilities	4,417,288	271,759	321,724	571,739	12,128,538	2,811,012	6,474,287	520,097	2,394,458	7,057,614
Total business-type activities program revenues	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	36,636,039
Total government program revenues	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	70,548,525
Net (expense) revenue:										
Governmental activities	(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)	(33,288,583)
Business-type activities	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	10,019,977
Total government net expense	(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)	(23,268,606)

(Continued)

TABLE 2

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
General property	\$ 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	\$ 22,171,204
Communication sales and use	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	8,884,029
Meals	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	7,378,289
Business and occupational licenses	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	4,752,232
Utility	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	1,555,313
Cigarette	1,047,206	980,759	934,508	905,450	872,841	821,296	675,880	616,040	618,476	623,539
Other	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	3,552,928
Intergovernmental, non-categorical aid	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	1,871,034
Use of money and property	1,768,730	1,796,693	1,785,866	2,185,769	2,581,923	2,410,130	2,719,823	2,039,440	2,067,931	3,967,153
Miscellaneous, lease, gains on asset	1,608,459	813,747	676,490	611,090	257,235	82,456	109,750	361,665	175,628	371,000
Transfers	1,907,496	1,492,850	1,501,662	1,723,931	1,422,107	1,324,800	1,421,440	(4,562,156)	1,503,330	1,893,000
Total governmental activities	40,145,396	39,157,724	39,849,365	42,419,604	51,731,119	44,280,722	45,399,830	41,726,330	50,439,242	57,019,721
Business-type activities:										
Use of money and property	562,996	194,274	66,363	236,150	350,671	312,200	740,938	83,482	21,267	2,198,738
Miscellaneous and gains on asset	411,370	548,717	546,126	424,837	237,681	481,091	726,882	445,051	497,315	539,176
Transfers	(1,907,496)	(1,492,850)	(1,501,662)	(1,723,931)	(1,422,107)	(1,324,800)	(1,421,440)	4,562,156	4,990,692	(1,893,000)
Total business-type activities	(933,130)	(749,859)	(889,173)	(1,062,944)	(833,755)	(531,509)	46,380	5,090,689	5,509,274	844,914
Total primary government	39,212,266	38,407,865	38,960,192	41,356,660	50,897,364	43,749,213	45,446,210	46,817,019	55,948,516	57,864,635
Changes in net position:										
Governmental activities	3,975,766	4,815,305	3,491,853	7,115,836	21,649,780	18,182,797	10,889,314	5,887,723	35,742,162	23,731,138
Business-type activities	866,659	(2,102,764)	(1,055,886)	458,224	14,513,641	6,261,239	13,857,491	12,057,053	5,509,274	10,864,891
Total primary government	\$ 4,842,425	\$ 2,712,541	\$ 2,435,967	\$ 7,574,060	\$ 36,163,421	\$ 24,444,036	\$ 24,746,805	\$ 17,944,776	\$ 41,251,436	\$ 34,596,029

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.

TABLE 3

TOWN OF LEESBURG, VIRGINIA

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

Function / Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Legislative	\$ -	\$ -	\$ -	\$ 319,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Executive	137,400	255,441	259,066	36,298	861,824	789,810	916,872	615,674	626,970	564,257
Parks and recreation	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	5,282,935
Balch Library	12,379	16,500	8,872	-	-	-	-	-	-	-
Planning and zoning	706,135	649,181	513,145	1,919,609	252,393	382,255	458,660	299,752	377,160	-
Public works	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	17,169,718
Public safety	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	1,663,908
Plan review	-	-	-	1,280,528	896,791	948,850	1,032,586	1,208,102	677,041	-
Community development	-	-	-	-	-	-	-	-	-	996,168
Airport	1,016,047	1,545,990	417,744	82,780	320,141	341,033	1,041,829	322,527	545,788	5,230,860
Townwide	-	-	-	-	-	-	-	9,458,419	2,971,104	3,004,640
Total governmental activities	17,419,422	16,075,830	20,866,317	27,562,270	34,855,593	29,448,867	28,404,082	30,670,616	104,707,342	33,912,486
Business-type activities:										
Utilities	18,068,298	18,756,371	20,809,420	34,515,843	26,684,396	28,646,149	36,780,936	28,623,795	37,060,223	36,636,039
Total business-type activities	18,068,298	18,756,371	20,809,420	34,515,843	26,684,396	28,646,149	36,780,936	28,623,795	37,060,223	36,636,039
Total government	\$ 35,487,720	\$ 34,832,201	\$ 41,675,737	\$ 62,078,113	\$ 61,539,989	\$ 58,095,016	\$ 65,185,018	\$ 59,294,411	\$ 141,767,565	\$ 70,548,525

TABLE 4

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year									
	2014									
General Fund:										
Nonspendable	\$ 155,411									
Restricted	973,799									
Assigned	8,747,716									
Unassigned	<u>10,958,360</u>									
Total general fund	<u>\$ 20,835,286</u>									
All Other Governmental Funds:										
Unreserved, reported in:										
Capital projects fund	7,750,173									
Assigned, reported in:										
Capital projects fund	<u>(12,805,982)</u>									
Total all other government funds	<u>\$ (5,055,809)</u>									
		Fiscal Year								
		2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 159,370	\$ 217,801	\$ 302,316	\$ 277,338	\$ 224,707	\$ -	\$ 394,248	\$ 469,157	\$ 578,958	
Restricted	985,772	1,025,170	1,379,857	716,204	888,975	847,935	3,864,355	3,910,683	3,537,878	
Assigned	11,349,940	12,940,397	14,145,306	14,010,719	13,744,579	10,892,207	11,796,983	19,765,448	20,544,627	
Unassigned	<u>10,286,067</u>	<u>11,521,249</u>	<u>12,288,356</u>	<u>14,494,275</u>	<u>11,610,081</u>	<u>14,695,778</u>	<u>23,299,386</u>	<u>22,336,003</u>	<u>28,342,103</u>	
Total general fund	<u>\$ 22,781,149</u>	<u>\$ 25,704,617</u>	<u>\$ 28,115,835</u>	<u>\$ 29,498,536</u>	<u>\$ 26,468,342</u>	<u>\$ 26,435,920</u>	<u>\$ 39,354,972</u>	<u>\$ 46,481,291</u>	<u>\$ 53,003,566</u>	
All Other Governmental Funds:										
Nonspeandable, reported in:										
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,902	\$ 4,000	
Restricted, reported in:										
Capital projects fund	10,615,526	12,595,634	12,480,905	14,277,505	14,487,721	9,052,617	8,493,436	9,932,743	10,330,619	
NVTVA fund	-	-	-	-	-	65,449	65,449	65,449	-	
Other governmental funds	-	-	-	1,130,864	893,187	1,054,630	1,266,577	1,083,372	1,197,640	
Committed, reported in:										
Capital projects fund	2,131,395	5,044,819	10,557,120	2,180,641	14,347,994	8,042,273	3,430,156	12,535,347	27,141,488	
Assigned, reported in:										
Capital projects fund	-	-	-	1,271,396	3,463,611	-	3,451,472	-	-	
Unassigned, reported in:										
Capital projects fund	(1,779,735)	(3,980,575)	(9,581,537)	-	(8,405,774)	(8,283,240)	-	(8,586,350)	(24,878,600)	
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>\$ 24,786,739</u>	<u>\$ 9,898,783</u>	<u>\$ 16,707,090</u>	<u>\$ 15,069,463</u>	<u>\$ 13,795,147</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
General property taxes	\$ 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	\$ 22,236,816
Other local taxes	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	17,862,301
Permits, privilege fees, and regulatory licenses	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	1,197,015
Fines and forfeitures	718,350	530,509	341,152	378,181	426,404	558,857	426,867	252,776	291,303	300,383
Use of money and property	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	3,967,153
Charges for services	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	5,413,376
Contributions and proffers	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	815,031
Grants	-	-	-	-	5,250	8,700	-	-	-	-
Miscellaneous	813,747	676,490	611,090	257,235	77,206	279,113	109,750	361,665	(202,008)	119,160
Intergovernmental	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	30,353,274
Total revenues	55,233,420	54,081,132	58,604,382	65,595,007	76,760,343	68,238,438	69,402,683	72,755,539	125,956,675	82,264,509
Expenditures:										
Legislative	1,645,525	395,084	249,418	247,809	280,712	255,452	280,031	266,202	347,356	295,327
Executive	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	2,731,957
Legal	470,940	854,433	738,157	761,453	835,408	1,449,337	1,283,155	1,073,543	1,597,631	1,785,037
Finance and administrative services	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	7,746,091
Public safety	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	13,657,147
Public works	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	16,291,434
Parks and recreation	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	7,933,830
Balch Library	457,866	459,214	488,583	490,644	505,607	536,704	500,019	465,980	560,785	635,922
Planning and zoning	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	1,384,016	1,314,564	1,388,654	1,333,740	1,334,333	1,464,977	1,426,408	1,490,510	1,526,324	-
Community development	-	-	-	-	-	-	-	-	-	4,007,520
Airport	688,604	660,000	716,544	771,312	743,773	750,389	705,488	737,823	851,403	1,073,301
Capital projects	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	19,495,841
Townwide	-	-	-	-	84,100	-	-	5,484,709	-	-
Debt service:										
Principal	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	8,075,637
Interest and fiscal charges	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	2,066,537
Debt issuance cost	-	-	-	226,075	-	-	159,864	507,390	92,826	-
Total expenditures	60,651,582	58,683,890	60,766,470	65,031,073	71,854,512	71,431,894	76,340,307	68,432,856	132,292,118	85,795,581
Excess (deficiency) of revenues over expenditures	(5,418,162)	(4,602,758)	(2,162,088)	563,934	4,905,831	(3,193,456)	(6,937,624)	4,322,683	(6,335,443)	(3,531,072)
Other financing sources (uses):										
Transfers in	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	5,625,669
Transfers out	(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)	(3,732,669)
Issuance of debt	-	17,830,000	-	-	555,988	1,342,833	9,940,933	6,944,301	16,274,716	6,716,307
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	169,724
Total other financing sources, net	1,492,850	22,571,616	1,506,865	1,643,894	1,880,788	2,694,133	3,391,287	8,925,477	11,756,052	8,779,031
Net changes in fund balances	\$ (3,925,312)	\$ 17,968,858	\$ (655,223)	\$ 2,207,828	\$ 6,786,619	\$ (499,323)	\$ (3,546,337)	\$ 13,248,160	\$ 5,420,609	\$ 5,247,959
Total debt service	\$ 4,411,059	\$ 5,830,190	\$ 5,502,383	\$ 8,024,766	\$ 7,961,952	\$ 8,066,276	\$ 7,832,041	\$ 4,351,377	\$ 8,729,551	\$ 10,142,174
Total expenditures	\$ 60,651,582	\$ 58,683,890	\$ 60,766,470	\$ 65,031,073	\$ 71,854,512	\$ 71,431,894	\$ 76,340,307	\$ 68,432,856	\$ 132,292,118	\$ 85,795,581
Less: capital outlay	(15,485,939)	(11,091,705)	(10,812,959)	(10,341,003)	(14,369,653)	(10,284,912)	(18,886,882)	(9,531,634)	(13,204,709)	(20,208,635)
Noncapital expenditures	\$ 45,165,643	\$ 47,592,185	\$ 49,953,511	\$ 54,690,070	\$ 57,484,859	\$ 61,146,982	\$ 57,453,425	\$ 58,901,222	\$ 119,087,409	\$ 65,586,946
Debt service as a percentage of noncapital expenditures	9.77%	12.25%	11.02%	14.67%	13.85%	13.19%	13.63%	7.39%	7.33%	15.46%

TABLE 6

TOWN OF LEESBURG, VIRGINIA

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Revenues					
General property taxes	\$ 16,763,012	\$ 16,540,635	\$ 18,814,097	\$ 20,170,491	\$ 22,236,816
Other local taxes	15,419,538	14,140,990	15,012,966	17,561,322	17,862,301
Permits, fees, and licenses	1,368,371	1,582,992	1,607,244	1,161,209	1,197,015
Fines and forfeitures	558,857	426,867	252,776	291,303	300,383
Use of money and property	3,072,979	2,684,433	2,050,266	2,067,931	3,560,212
Charges for services	5,422,620	3,556,396	3,285,712	4,610,543	5,413,376
Contributions and proffers	362,744	356,045	319,188	306,983	51,302
Miscellaneous	259,645	82,409	129,480	27,084	17,099
Intergovernmental	15,487,579	16,725,951	25,104,481	19,531,074	20,415,509
Loan proceeds	201,441	176,898	202,011	39,818	-
Transfer from other funds	2,713,486	3,044,383	6,093,703	4,126,022	3,659,253
Total revenues	<u>61,630,272</u>	<u>59,317,999</u>	<u>72,871,924</u>	<u>69,893,780</u>	<u>74,713,266</u>
Expenditures					
Legislative	255,452	280,031	266,202	347,356	295,327
Executive	1,886,653	2,368,301	3,087,773	2,323,690	2,731,957
Legal	1,449,337	1,283,155	1,073,543	1,597,631	1,785,037
Finance and administrative services	5,540,062	5,806,893	6,158,087	6,865,230	7,746,091
Public safety	14,069,073	13,813,223	13,243,794	13,459,096	13,657,147
Public works	14,360,321	14,455,259	14,255,891	14,542,898	16,291,434
Parks and recreation	7,701,535	6,597,044	5,939,831	7,218,136	7,933,830
Balch library	512,893	492,145	457,314	550,510	626,206
Planning and zoning	1,881,100	2,128,753	1,942,018	2,132,944	131,517
Plan review	1,464,977	1,426,408	1,490,510	1,526,324	4,932
Community development	-	-	-	-	3,871,071
Airport	750,389	705,488	737,823	851,403	1,073,301
Townwide	-	84,100	5,484,709	-	-
Total expenditures	<u>64,660,466</u>	<u>59,350,421</u>	<u>59,952,872</u>	<u>62,767,461</u>	<u>68,190,991</u>
Net change in fund balances	(3,030,194)	(32,422)	12,919,052	7,126,319	6,522,275
Fund balance, beginning of year	<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>
Fund balance, end of year	<u>\$ 26,468,342</u>	<u>\$ 26,435,920</u>	<u>\$ 39,354,972</u>	<u>\$ 46,481,291</u>	<u>\$ 53,003,566</u>

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

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
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
2023	22,235,873	1,555,313	198,653	7,382,899	1,501,130	1,660,510	623,539	7,378,289	878,773	4,752,232	892,637	121,008	49,180,856
Change 2014-2023	61%	-1%	-21%	77%	-31%	90%	-36%	53%	27%	44%	11%	-26%	46%

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	
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
2023	10,815,278,020	602,929,115	149,255,277	103,159	11,567,565,571

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

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

TOWN OF LEESBURG, VIRGINIA

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
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
2023	9,475,893,930	1,818,412,490	149,255,277	1,339,384,090	12,782,945,787	11,443,561,697	8.3	0.177	10,815,278,020	95

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>
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
2023	0.177	1.00	0.875	4.15	1.05	5.15

Notes:

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

TABLE 11

TOWN OF LEESBURG, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Chelsea GCA Realty Partnership LP	\$ 200,207,170	1	1.73 %	\$ 151,818,300	2	2.32 %
CRP/TRC Leesburg Retail Owner LLC	108,840,060	2	0.94	-	-	-
Stanley Martin Companies LL	97,199,030	3	0.84	-	-	-
KJ Met Leesburg Property LLC	89,144,480	4	0.77	-	-	-
GEP X Fieldstone LLC	85,981,970	5	0.74	-	-	-
CS1031 Bellemeade Farms Apartments DST	65,571,790	6	0.57	-	-	-
C H Realty III/Battlefield LLC	55,514,190	7	0.48	45,370,620	6	0.69
RPAI Leesburg Fort Evans LLC	46,095,620	8	0.40	-	-	-
Fairfield Leesburg II LLC	40,999,760	9	0.35	-	-	-
AGNL SPINE LLC	39,510,410	10	0.34	-	-	-
Carlyle/Cypress Leesburg LLC	-	-	-	181,191,290	1	2.77
F R Leesburg Plaza LP	-	-	-	56,362,630	3	0.86
Battlefield FE LP	-	-	-	56,098,730	4	0.86
GTIS-HOV Festival Lakes LLC	-	-	-	47,407,750	5	0.72
Windsor at Fieldstone Ltd Partnership	-	-	-	43,154,860	7	0.66
Potomac Station (E&A) LLC	-	-	-	40,176,950	8	0.61
Fund IX CB Leesburg LLC	-	-	-	38,390,010	9	0.59
NA Properties Inc	-	-	-	32,401,960	10	0.49
	<u>\$ 829,064,480</u>		<u>7.17 %</u>	<u>\$ 692,373,100</u>		<u>10.57 %</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, 2023</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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	7,500,786 (1)	49.97	7,509,394	15,000,298	99.94
2021	15,782,021	7,980,455	50.57	7,777,667	15,732,463	99.69
2022	17,258,677	8,678,825	50.29	8,522,203	17,201,028	99.67
2023	18,743,422	9,448,976	50.41	-	-	-

**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, 2023</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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 (4)	1,358,901	46.64	1,505,681	2,864,583	98.32
2022	3,717,762 (4)	1,797,992	48.36	1,841,992	3,639,985	97.91
2023	3,877,870	1,962,143	50.60	-	-	-

Note:

(1) The amounts reflect only the first half of the collections, starting in fiscal year 2020. 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 2012-2022 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,	General Obligation Bonds	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Per Capita Personal Income	Debt Per Capita	General Bonded Debt	Percentage of Actual Taxable Value of Property	General Bonded Debt
		Notes Payable	Subscription Liability	Revenue Bonds	General Obligation Bonds	Notes Payable				Outstanding General Obligation Bonds		Outstanding Debt Per Capita
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	3.94	2,997	131,812,438	1.86	2,940
2018	62,453,834	555,988	-	1,858,946	61,892,273	-	126,761,041	3.55	2,808	124,346,107	1.65	2,754
2019	56,750,109	1,702,735	-	1,134,659	60,302,566	-	119,890,069	3.08	2,548	117,052,675	1.48	2,488
2020	51,508,052	2,387,586	-	384,800	59,883,210	5,460	114,169,108	2.77	2,366	111,391,262	1.34	2,309
2021	53,154,188	4,535,632	-	-	57,779,145	13,745	115,482,710	2.61	2,351	110,933,333	1.27	2,259
2022	55,272,803	5,161,834	-	-	55,380,491	10,849	115,825,977	2.44	2,339	110,653,294	1.11	2,235
2023	54,305,244	5,031,796	2,070,986	-	54,031,039	7,911	115,446,976	2.27	2,357	108,336,283	1.00	2,212

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, 2023
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Loudoun County, Virginia	\$1,939,129,289	8.32 %	\$ 161,355,028
Town Direct Debt			<u>61,408,026</u>
Total direct and overlapping debt			<u><u>\$ 222,763,054</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 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	\$ 1,144,356,170
Total net debt applicable to limit	<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>	<u>61,408,026</u>
Available legal debt margin	<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>	<u>\$ 1,082,948,144</u>
Total net debt applicable to the limit as a percentage of debt limit	8.74%	10.63%	10.14%	9.64%	8.68%	7.30%	6.38%	6.09%	5.72%	5.37%

Legal debt margin calculation for fiscal year 2023	
Assessed value of real estate	<u>\$ 11,443,561,697</u>
Debt limit (10% of assessed value)	\$ 1,144,356,170
Debt applicable to limit:	
Net direct debt outstanding	<u>61,408,026</u>
Available legal debt margin	<u>\$ 1,082,948,144</u>

Summary of outstanding debt:	
Gross bonded debt	\$ 115,446,976
Less: enterprise debt	<u>54,038,950</u>
General obligation debt:	<u>\$ 61,408,026</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			
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	
2023	32,178,311	18,029,947	14,148,364	3,548,953	1,915,401	5,464,354	2.59	

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
2014	43,996	\$ 3,039,639,644	\$ 69,089	4.40 %
2015	44,247	3,163,041,042	71,486	3.70
2016	44,522	3,312,525,844	74,402	3.30
2017	44,841	3,412,355,259	76,099	2.90
2018	45,149	3,572,143,731	79,119	2.60
2019	47,046	3,889,810,326	82,681	2.20
2020	48,250	4,128,656,000	85,568	8.70
2021	49,116	4,432,915,464	90,254	3.40
2022	49,516	4,755,516,640	96,040	2.40
2023	48,974	5,080,075,000	101,500	2.40

Notes:

(1) U.S. Census updated estimated population as of July 1, 2022

2014-2017: Loudoun County Department of Planning and Zoning April 24, 2017 Estimates Series

2018-19, 2021-23: Loudoun County Office of Management 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 2021. Estimates for 2022 and 2023 are from the Loudoun County Office of Management and Budget.

(3) Unemployment rates information is maintained for some towns in Virginia, including Leesburg. The information provided is sourced from the Bureau of Labor Statistics, Local Area Unemployment Statistics, September 7, 2023, 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	2023		Percentage of Total Employment	2014	
	Employees	Rank		Employees	Rank
Loudoun County Government	2,500-5,000	1	11.8 %	2,000-2,500	1
Loudoun County Public Schools	1,000-2,500	2	6.9	1,500-2,000	2
Federal Aviation Administration	500-1,000	3	3.2	500-1,000	3
Town of Leesburg	250-500	4	1.8	500-1,000	4
Wegmans	250-500	5	1.4	250-500	5
Commonwealth of Virginia	250-500	6	1.3	250-500	8
Stryker (formerly K2M)	250-500	7	1.1	-	-
Westec Security Systems	250-500	8	1.1	-	-
Target	250-500	9	1.1	250-500	7
Costco	250-500	10	1.0	100-250	10
Mastec Services	-	-	-	250-500	6
K2M	-	-	-	100-250	9

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									
	2014	2015	2016 (1)	2017	2018 (2)	2019	2020	2021	2022	2023
Town Manager’s Office	6.0	7.0	8.0	6.0	6.0	6.0	8.0	8.0	9.0	10.5
Town Attorney	3.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	5.0	5.0
Clerk of Council	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	3.0
Finance	15.5	15.5	17.5	19.5	19.0	19.5	21.5	21.5	21.5	22.0
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5
Information Technology	5.0	5.0	5.0	6.0	6.0	7.0	9.0	9.0	9.0	11.0
Public Safety	101.0	103.0	103.0	103.0	103.0	103.0	108.0	108.0	108.0	108.0
Public Works & Capital Projects	49.0	49.0	53.0	55.0	57.0	61.0	65.0	65.0	65.0	65.0
Capital Projects Management	9.4	6.0	-	-	-	-	-	-	-	-
Utilities	78.0	78.0	81.0	81.0	81.0	83.0	91.0	91.0	96.5	101.0
Parks, Recreation, and Cultural	107.1	107.5	107.5	105.5	37.3	35.0	36.0	36.0	34.0	34.0
Balch Library	5.2	5.2	5.2	5.2	3.0	3.0	3.0	3.0	3.0	3.0
Planning & Zoning	12.0	12.0	12.0	12.0	14.0	14.0	14.0	14.0	14.0	15.0
Plan Review	9.0	9.0	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	3.5
Airport	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	5.0
	<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>	<u>399.5</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									
	2014	2015	2016	2017	2018	2019	2020	2021 (1)	2022	2023
Police:										
Calls for service	51,028	54,261	44,110	45,831	49,695	33,734	24,946	26,881	22,985	30,645
Adult arrest	1,189	710	635	1,156	934	636	611	503	558	825
Juvenile arrest	165	83	58	227	71	28	20	18	42	47
Speeding citations only	1,260	1,542	887	854	1,069	903	405	571	339	394
Traffic citations	7,064	4,827	4,115	5,572	7,714	5,275	1,953	2,850	2,270	2,376
Administration:										
Applications processed (full and part-time)	2,528	3,141	2,744	3,134	2,886	2,345	1,489	2,083	2,085	2,165
Positions advertised (full and part-time)	109	132	115	113	103	92	47	74	86	79
New hires (full and part-time)	166	200	155	183	156	139	78	129	152	134
Reportable accidents	20	26	19	19	14	17	9	3	12	15
All town training sessions	29	30	40	50	49	53	10	40	35	64
Public service:										
Garbage collected (ton)	13,183	15,489	16,309	15,541	15,842	12,322	12,305	10,365	11,427	11,341
Recycle collected (ton)	5,226	7,529	7,288	7,604	6,016	5,286	5,529	4,259	2,605	3,067
Parks and recreation:										
Recreation program attendance	11,174	12,374	10,363	11,691	11,031	11,206	4,247	7,770	9,281	8,866
Aquatics program attendance	8,008	7,996	8,094	8,256	7,843	7,978	2,941	4,758	6,636	5,259
Utilities:										
New water connections	116	59	106	132	114	210	217	205	178	91
New wastewater connections	114	57	105	132	111	202	218	202	179	88
Average daily water consumption (mgd)	4.25	4.20	4.15	4.11	4.06	4.09	4.10	4.27	4.12	4.42
Average daily sewage treatment (mgd)	4.27	4.05	4.09	3.95	4.55	4.18	4.02	3.87	3.80	3.73
Airport:										
Number of hangers rented	57	57	57	57	57	57	57	57	57	107
Number of tie-downs rented	108	101	106	106	106	106	110	126	126	126
Number of incidents on airport property	2	-	1	-	-	-	-	1	1	2

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Streets:										
Primary (miles)	15	15	15	15	15	16	16	16	16	16
Secondary (miles)	92	92	92	93	93	93	94	94	96	96
Traffic signals	56	56	59	59	60	61	61	61	63	63
Number of street lights	2,920	2,993	3,089	3,165	3,180	3,221	3,297	3,301	3,326	3,562
Parks and recreation:										
Parks – number of acres	361	370	370	370	370	370	370	370	370	370
Major parks – number of acres	265	265	265	265	265	265	265	265	265	265
Neighborhood parks – number of acres	96	105	105	105	105	105	105	105	105	105
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football fields	3	3	3	3	3	3	3	4	3	3
Basketball courts	4	4	4	4	4	4	4	4	4	4
Tennis courts	11	11	11	11	11	11	11	11	11	11
Swimming pools	3	3	3	3	3	3	3	3	3	3
Parks with playground equipment	6	6	6	6	6	6	6	6	6	6
Picnic shelters	5	5	5	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Balch Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	74,262	76,203	77,899	94,987	124,737	128,119	130,532	131,349	170,706	148,754
Water:										
Wells	1	1	1	1	1	1	1	1	1	1
Water lines (miles)	218	218	218	218	220	223	223	237	242	244
Fire hydrants	2,595	2,606	2,606	2,606	2,724	2,792	2,837	2,895	2,895	2,978
Storage capacity (mgd)	8	8	8	8	8	8	8	8	8	8
Number of customers	15,553	15,634	15,712	15,791	15,929	16,050	16,256	16,407	16,407	16,701
Sewers:										
Sanitary sewers (miles)	172	174	174	174	176	178	186	186	188	189
Storm sewers (miles)	137	144	144	144	153	169	162	162	162	164
Number of customers	15,453	15,579	15,657	15,734	15,872	16,107	16,377	16,526	16,560	16,768
Airport:										
Hangers	57	57	57	57	57	57	57	57	57	107
Tie-downs	120	120	120	120	120	120	120	126	126	126
Take-off and landings	-	-	-	-	-	63,641	68,885	84,469	93,328	98,302

Source: Various Town departments

TOWN OF LEESBURG, VIRGINIA

LEGAL DEBT MARGIN INFORMATION FOR BOND COVENANT CONTINUING DISCLOSURE
 June 30, 2023
 (Unaudited)

	<u>As of</u> <u>June 30, 2023</u>
Assessed Value of Real Estate	\$ 11,443,561,697
Total amount of debt applicable to debt margin (1)	115,446,976
Legal Debt Limit-10% to total Assessed Value of Real Estate	<u>1,144,356,170</u>
Legal Margin for Creation of Additional Debt	<u>\$ 1,028,909,194</u>

Notes:

(1) See Table 15 Gross Bonded Debt.

COMPLIANCE SECTION

TOWN OF LEESBURG, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

	Pass-Through Entity Identifying Number	Assistance Listing Number	Expenditures
DEPARTMENT OF TREASURY			
Direct Payments:			
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	N/A	21.027	\$ 2,963,837
Total Department of Treasury			2,963,837
DEPARTMENT OF JUSTICE			
Pass-Through Payments:			
Virginia Department of Emergency Management Emergency Protective Measures	PA-03-VA-4512	97.036	31,883
DEPARTMENT OF JUSTICE			
Direct Payments:			
Bulletproof Vest Partnership	N/A	16.607	11,037
Pass-Through Payments:			
Northern Virginia Gang Task Force FBI Safe Streets Gang Task Force	N/A	16.544	1,204
Pass-Through Payments:			
Town of Vienna, Virginia Gang-Free Schools and Communities-Community Based Youth Gang Prevention	2010-DD-BX-0483	16.544	34,543
Pass-Through Payments:			
ARPA Law Enforcement Grant Program Law Enforcement Equipment	509676	21.027	158,000
Pass-Through Payments:			
Loudon County, VA OVW Domestic Violence	N/A	16.590	92,491
Total Department of Justice			297,275
DEPARTMENT OF TRANSPORTATION			
Direct Payments:			
Federal Aviation Administration North Hangars	3-51-0027-042-2019	20.106	4,572,980
Airport Runway Light Rehabilitation	3-51-0027-041-2019	20.106	62,424
Total Airport Improvement Program			4,635,404
Pass-Through Payments:			
Virginia Department of Transportation: Federal-Aid Highway Program – Evergreen Mill Road Widening	N/A	20.205	293,796
Federal-Aid Highway Program – Lower Sycolin	U000-253-312	20.205	122,934
Total Highway Planning and Construction Program			416,730
Total Department of Transportation			5,052,134
Total Federal Expenditures			\$ 8,345,129

TOWN OF LEESBURG, VIRGINIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

Basis of Presentation

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

De Minimus Indirect Cost Rate

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

Outstanding Loan Balances

At June 30, 2023, the Town had no outstanding loan balances requiring continuing disclosure.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leesburg, Virginia (the “Town”), as of and for the year ended June 30, 2023, 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 6, 2023.

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 2023-001 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, and 2023-004.**

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 6, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Town of Leesburg, Virginia's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

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 6, 2023

TOWN OF LEESBURG, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2023

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, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weakness and no significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The major programs of the Town are:

<u>Name of Program</u>	<u>Assistance Listing #</u>
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Airport Improvement Program	20.106

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001: Fund Balance Adjustments (Material Weakness)

Condition:

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

Recommendation:

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

TOWN OF LEESBURG, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2023-001: Fund Balance Adjustments (Material Weakness) (Continued)

View of Responsible Officials and Planned Corrective Action:

At the end of FY22, unused revenue for Gas Tax Revenue previously received was placed in a reserved fund balance account. In FY23, the Town had an internal discussion, as well as a discussion with auditors to reclassify those revenues to a deferred revenue account on the balance sheet. However, during the audit, the auditors determined that those funds could not be reclassified from the reserve account and placed into a deferred account, due to compliance with GASB regulations.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2023-002: Highway Maintenance – Equipment Rates

Condition:

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

Recommendation:

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

View of Responsible Officials and Planned Corrective Action:

To ensure equipment rates agree with supporting documentation and to ensure equipment rate changes are easily trackable, the Town will adjust permissions within the work order system to limit the number of staff members that are able to change equipment rates. In addition, the Town has made an enhancement request through the software provider to implement a tracking method that will allow the Town to record when and why an equipment rate is modified. The Town will also perform a review of all equipment records and associated rates at the beginning of each fiscal year to confirm that the rates in the database are current and correct for vehicles and equipment in the database at that time. Town staff will need to add vehicles and equipment throughout the year or update rates as new or replacement vehicles or equipment are made part of the Town fleet.

TOWN OF LEESBURG, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2023-003: Highway Maintenance – Material Rates

Condition:

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

Recommendation:

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

View of Responsible Officials and Planned Corrective Action:

The Town will implement additional training for staff members to ensure that all material rates and related costs are properly added to the work order system. In addition, the Town will implement supervisory quality control checks to verify that the costs included for materials in a work order match the receipts or invoices attached to said work order. The Town is in the process of creating a standard operating procedure to accompany the training. Town staff will perform a review at the beginning of each fiscal year to confirm material records in the database reflect known contract and vendor pricing. Town staff will also perform a review mid-year to ensure rates are per contract and vendor prices.

2023-004: Highway Maintenance – Labor Rates

Condition:

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

Recommendation:

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

View of Responsible Officials and Planned Corrective Action:

Labor rate adjustments are made throughout the year due to changes in pay or titles such as promotions, but changes made are not easily trackable in the work order software. The Town has made an enhancement request through the software provider to allow for continuous labor rate tracking so changes to the rates and a record of those who changed them will be logged for later review.

TOWN OF LEESBURG, VIRGINIA

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2023**

A. 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.

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.

Current Status:

This finding is still applicable, see similar instance noted at 2023-001.

B. 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.

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.

Current Status:

FEMA rates are no longer used as a basis for equipment rates, but there are still instances in the current year where equipment rates do not agree to supporting documentation. Similar instance is noted at Item 2023-002.

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