

TOWN OF STRASBURG, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

TOWN OF STRASBURG, VIRGINIA

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2025

Prepared by

Angie Stine, Director of Finance

Strasburg, Virginia

**TOWN OF STRASBURG, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

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INTRODUCTORY SECTION



December 3, 2025

The Honorable Mayor,
Members of Town Council, and
Citizens of the Town of Strasburg

RE: FY 2024-2025 Annual Comprehensive Financial Report (ACFR)
Letter of Transmittal

The Annual Comprehensive Financial Report of the Town of Strasburg, Virginia (“Strasburg”) documents Strasburg’s financial position and results of operations as of and for the fiscal year ended June 30, 2025. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), set forth by the Governmental Accounting Standards Board.

Management is responsible for both the accuracy of the data and the completeness and fairness of the report. To ensure reliability of the information, management has established a comprehensive framework of internal control. Internal controls protect Strasburg’s assets from loss, theft and misuse and help ensure that information is reliable for the preparation of this report. Because the cost of the internal controls should not outweigh their benefits, Strasburg’s controls have been designed to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. On behalf of the management team, to the best of our knowledge and belief, this financial report is complete, accurate, and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Town’s financial activities have been included.

Independent certified public accountants at the firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, audited the financial statements and concluded in an unmodified (commonly referred to as “clean”) opinion that the financial statements present fairly in conformity with GAAP, in all material respects, Strasburg’s financial position and changes in financial position. The goal for the audit is to provide reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in

the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards Board and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basis financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Strasburg's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

Strasburg is located in north-central Shenandoah County approximately ten (10) miles west of the Town of Front Royal, seventy –eight (78) miles west of Washington, D.C., eighteen (18) miles south of the City of Winchester, and fifteen (15) miles east of the Virginia/West Virginia border. The Town has two interstate exits along I-81 (exits 296 and 298) and is located about four (4) miles from the I-66 and I-81 interchange. US Route 11 and State Route 55/US Route 48 intersect in the center of Town. The Town covers 2,274 acres, or roughly three and half (3.5) square miles, and has a population estimated at seven thousand two hundred ninety 7,290.

In 1921, the Town annexed an area of the County, bringing its land area to a total of 448 acres, where it remained until the annexation effective Tuesday, January 1st, 1985, that added an additional 578 acres, for a total of 1,026 acres. As of Saturday, January 1st, 2000, Strasburg annexed the land surrounding Route 11 to Interstate 81. On Wednesday, January 1st, 2014, the Town annexed its 366-acre industrial park, in addition to more acreage to the east of the properties fronting on the east side of Route 11. Strasburg continues to grow and flourish with its rich history and community pride. The Town of Strasburg will continue to promote itself as one of the growth centers for Shenandoah County, while simultaneously retaining its small-town charm and character.

Overview of the Town Government

The Town of Strasburg was chartered in 1761 and incorporated in 1922. It is well known for its pottery, antiques, American Civil War history, and breathtaking views of the surrounding natural environment. The Town is currently governed under a Council/Manager form of government. The Town Council, in its role as a legislative body, adopts all ordinances and resolutions, formulates, and adopts general policies, adopts the budget, and sets tax rates.

The Town Council consists of eight members, all elected at large to serve four-year terms. Elections for half of the Council (four seats) are held every two years. The mayor, elected separately for a four-year term, presides over Council meetings but only votes to break a tie. All elections (for both Council and Mayor) take place in November, and the newly elected officials assume office on January 1 of the following year.

The Town Manager is appointed by the Town Council as the chief executive officer of the Town and is responsible to the Town Council and community members for the proper administration of the Town government. Council also appoints the Treasurer, Clerk of Council, Town Attorney, and Chief of Police. The Assistant Town Manager and Department head positions are hired and supervised by the Town Manager.

Budgetary Controls

The Town government exercises budgetary control over all spending, in order to ensure compliance with all legal provisions inherent in the appropriated budget approved by the Town Council. Additionally, Council and staff have collaboratively developed various fiscal policies which ensure compliance with the Virginia Public Procurement Act, safeguard fund balance amounts, limit the quantity of capital projects, etc. As demonstrated by the statements and schedules included in the financial section of the report, the Town government continues to meet its responsibilities for sound fiscal management.

The Council is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the Town of Strasburg's financial planning and control. The budget is prepared by funds, function (e.g., general government administration, public safety, public works, health, and welfare), and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the department level. Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the Council.

Economic Outlook

For years, development and population growth have fueled Strasburg's surge in revenues—but what's happening now goes beyond momentum: it's a full-throttle expansion. A detailed look at our development pipeline reveals a tax base poised to explode, setting the stage for another era of prosperity. Projects already in the works—from concept to construction—promise to transform the town in the years ahead. Because it can take several years to move from approved plans to permitted occupancy and full tax valuation,

the volume of “in the pipeline” development isn’t just speculative—it’s a powerful indicator that Strasburg’s financial and civic future is on the verge of a major leap forward.

The Town’s General Fund revenues remain stable, thanks to sound fiscal management in prior years. Absent major economic shocks, the General Fund is well-positioned to support future growth. Meanwhile, the Town’s Enterprise Funds are steadily moving toward fiscal sustainability.

It is clear the inflationary increases paired with a shift in covering fixed costs with fixed fees, rather than larger consumption amounts, will continue to allow for the sustainability of the Enterprise Funds.

Major Initiatives in FY 24/25

The Town continued implementation of Strategic Planning Initiatives in FY2024-2025.

- 115 W. King Street – The Town purchased 115 W. King Street in FY2023. The intent was to renovate it into a modern Police Department. The current space in Town Hall has outgrown its capacity, offers limited amenities, and can be physically blocked during major downtown events, restricting police access and operations. Renovating 115 West King Street allows the Town to create a purpose-built, secure, and community-focused law enforcement facility with room for future growth, improved technology, and enhanced vehicle and staff circulation. This is a long-term capital project with various funding sources.
- The Tribute to Trent Skate Park expands recreational offerings in Strasburg Town Park and implements a key recommendation of the Master Park Plan. The project creates a safe, inclusive, multi-use concrete riding area for skateboards, scooters, and bikes, honoring the memory of Trent Williams while providing a much-needed outlet for youth and families. Funded in part with ARPA dollars and significant community support, the skate park transforms an underutilized area of the park into an active space that encourages healthy activity, social connection, and year-round use. The project is anticipated to be completed in fiscal year 2026 and dedicated in October 2026.
- The Town Park Restroom Renovation Project modernizes aging restroom facilities to improve safety, accessibility, and the overall visitor experience. The project replaces outdated restrooms with dedicated men’s and women’s facilities and two family-style, ADA-compliant restrooms, in line with the Master Park Plan and current accessibility standards. These upgrades support increasing park usage, large community events, and family-friendly programming, and they demonstrate the Town’s commitment to inclusive public spaces funded in part through ARPA.

Awards and Acknowledgements

The Town of Strasburg continues to operate with the intent and achievement of a stable financial position through effective management of financial controls and operations paired with sound accounting and reporting practices. Gratitude is expressed to the Mayor and Town Council, who continue to show support for programs and practices as well as the management of Town finances, and their exceptional financial stewardship.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Strasburg for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. This was the 6th consecutive year that the Town of Strasburg achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town of Strasburg had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR for fiscal year ended June 30, 2025, continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program’s requirements as well, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedication, skill, and effort of the entire Finance Department staff. We also thank all Town of Strasburg departments for their cooperation in providing the data needed to complete this report. Finally, we extend our sincere appreciation to the Mayor and Town Council for their steadfast support and commitment to the highest standards of professionalism in managing the Town’s finances.

Respectfully Submitted,



Mellanie Shipe, Acting Town Manager



Angie Stine, Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Strasburg
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

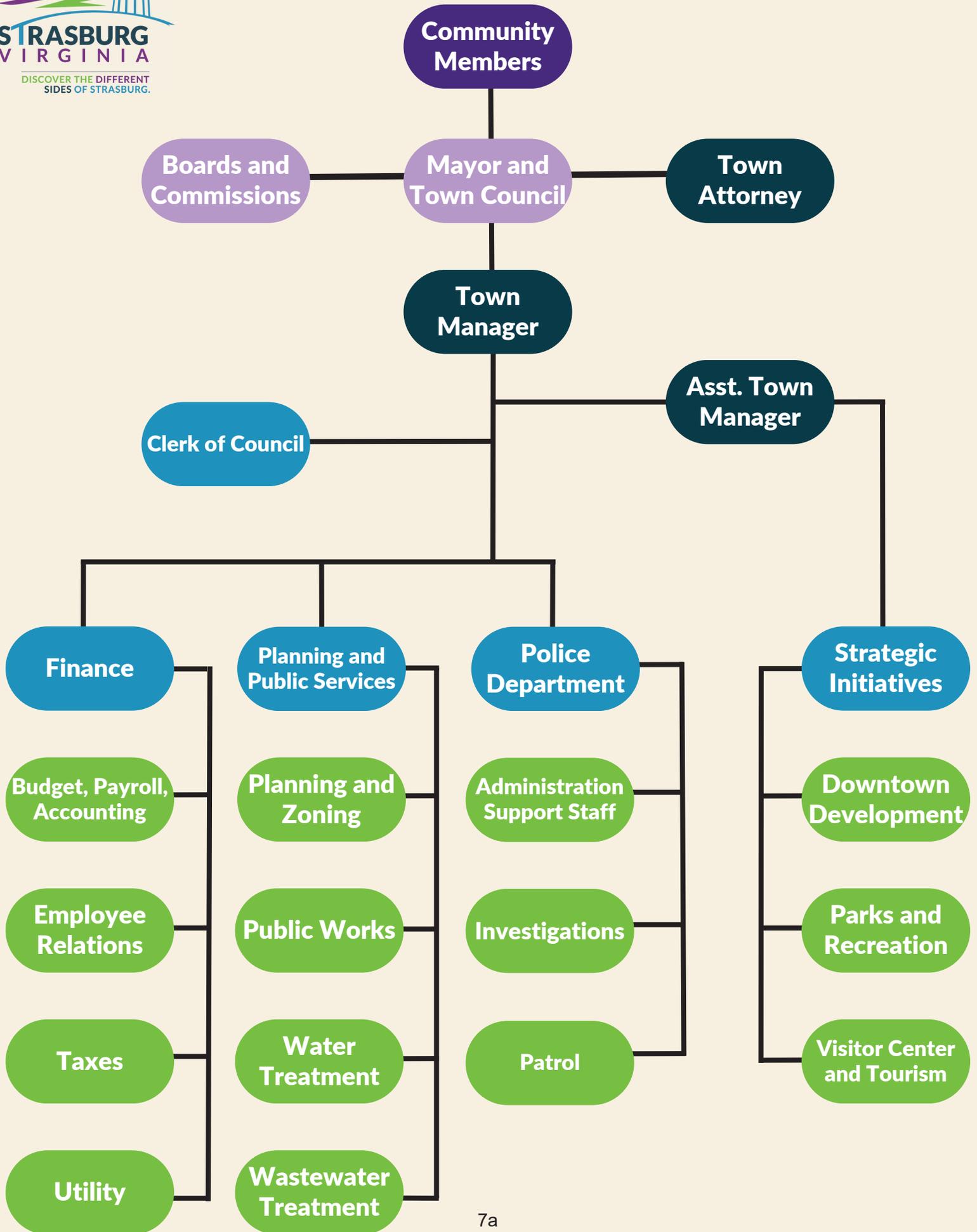
June 30, 2024

Christopher P. Morill

Executive Director/CEO



Town of Strasburg Organization Chart



TOWN OF STRASBURG, VIRGINIA

OFFICIALS

Brandy Boies, Mayor
J. Waverly Coggsdale, III, Town Manager
Mellanie Shipe, Assistant Town Manager
Angie Stine, Director of Finance

TOWN COUNCIL

A.D. Carter
Ashleigh Kimmons
Andrew Lowder
Christie Monahan

Emily McCorn
Jonathan Price
Brad Stover
David Woodson

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**To the Honorable Members of the Town Council
Town of Strasburg, 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, and each major fund of the Town of Strasburg, Virginia, as of and for the year ended June 30, 2025, 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 financial position of the governmental activities, the business type activities, and each major fund of the Town of Strasburg, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof 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 the *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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Strasburg, Virginia, 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 Principles

As described in Note 1 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2025, the Town restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Strasburg, Virginia'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.

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, 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 Town of Strasburg, Virginia'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 Town of Strasburg, Virginia'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents to 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of performing opinions on the financial statements that collectively comprise the Town of Strasburg, Virginia's basic financial statements. The accompanying supporting schedules 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 supporting schedules 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 auditors' 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 3, 2025, on our consideration of the Town of Strasburg, Virginia'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 of Strasburg, Virginia'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 of Strasburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 3, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) offers an overview and analysis of the financial activities of the Town of Strasburg for the fiscal year ended June 30, 2025. The information presented here should be considered in conjunction with additional information provided in the Annual Comprehensive Financial Report.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at June 30, 2025. The total net position of the Town at June 30, 2025, was \$50,194,960. Of this amount, \$17,315,938 is unrestricted and may be used to meet the Town's future obligations. Of the \$17,315,938 unrestricted net position, approximately \$8,805,780 is related to governmental activities and is undesignated and available for future General Fund expenditures. The \$8,510,158 remaining balance of unrestricted net position is related to business-type activities, which includes the Town's enterprise funds.

The Town's total long-term debt decreased by \$330,285 from \$26,452,640 as of June 30, 2024, to \$26,122,355 as of June 30, 2025. The decrease was due to paying down debt and completing capital projects but was not as significant due to an increase in net pension liability and in increase in compensated absence liability as a result of the new GASB 101 standard.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds.

The Town's governmental funds reported revenues and other financing sources a surplus in the amount of \$1,349,455 for the fiscal year; with an ending fund balance of \$11,987,964 of that amount \$113,223 is restricted for proffers, \$138,546 is restricted for asset forfeiture for the Police Department, \$188,066 is restricted for debt service, and \$2,436,915 is restricted for unspent bond proceeds.

The Town's proprietary funds reported an increase in the net position of \$1,389,413. This is primarily due to capital grants and contributions (availability fees).

OVERVIEW OF THE FINANCIAL STATEMENTS

Management Discussion and Analysis serves as an introduction to the Town's basic financial statements which are the government-wide financial statements, fund financial statements, and notes to the financial statements.

The Town's financial statements present two kinds of statements, each with a different view of the Town's finances. The government-wide financial statements provide both long and short-term information about the Town's overall financial status. The fund financial statements focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data. The statements and notes are followed by required supplementary information that contains more detailed data.

Government-wide Financial Statements

The government-wide financial statements report information about the Town uses accounting methods similar to those used by private-sector businesses. In addition, they report the Town's net position and how they have changed during the fiscal year.

The Statement of Net Position and the Statement of Activities report the Town's net position and changes in assets. One can think of the Town's net position – the difference between assets and liabilities – as one way to measure the Town's financial position.

Governmental activities – Most of the Town's basic services are reported here, general government, police, public works, and recreation. Property taxes, and other taxes, finance most of these activities.

Business-type activities – The financial activity of the water, sewer and trash are reported here. The Town charges a fee to customers to help cover all or most of the cost of services provided by these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's most significant funds. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for purposes. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to report on most of the Town's basic services. The funds focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances remaining at year-end available for spending. The governmental funds financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided with the fund financial statements to explain the relationship (or differences). The General Fund is the main operating account of the Town.

Proprietary Funds

Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long and short-term financial information. The Town maintains three proprietary funds. The Town uses enterprise funds to account for its water, sewer, and trash services.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's total assets, liabilities and net position on a government-wide basis are summarized below:

**Summary of Statement of Net Position
as of June 30, 2025
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 16,037	\$ 16,315	\$ 9,679	\$ 8,470	\$ 25,716	\$ 24,785
Capital assets	11,986	11,266	42,194	42,867	54,180	54,133
Total Assets	\$ 28,023	\$ 27,581	\$ 51,873	\$ 51,337	\$ 79,896	\$ 78,918
Deferred outflows of resources	\$ 763	\$ 327	\$ 492	\$ 208	\$ 1,255	\$ 535
Long-term debt						
outstanding	\$ 3,785	\$ 3,519	\$ 20,742	\$ 21,558	\$ 24,527	\$ 25,077
Other liabilities	2,837	4,535	1,781	1,484	4,618	6,019
Total Liabilities	\$ 6,622	\$ 8,054	\$ 22,523	\$ 23,042	\$ 29,145	\$ 31,096
Deferred inflows of resources	\$ 1,568	\$ 1,287	\$ 243	\$ 174	\$ 1,811	\$ 1,461
Net Position						
Net investment in capital assets	\$ 11,348	\$ 10,816	\$ 20,838	\$ 20,722	\$ 32,186	\$ 31,538
Restricted for debt service	188	180	249	243	437	423
Restricted asset forfeitures	139	124	-	-	139	124
Restricted for other purposes	115	101	2	1	117	102
Unrestricted	8,806	7,346	8,510	7,363	17,316	14,709
Total net position	\$ 20,596	\$ 18,567	\$ 29,599	\$ 28,329	\$ 50,195	\$ 46,896

The Town's combined net position increased by seven (7) percent from \$46,631,297 at June 30, 2024, to \$50,194,960 at June 30, 2025, primarily due to an increase in capital assets in both governmental and business type activities. The majority (56 percent) of the Town's net position of governmental activities is invested in capital assets (streets, drainage, constructions in progress, buildings, equipment, etc.). In fiscal year 2025, the town began several extensive projects to include:

Colley Block Road/Radio Station Road Land Purchase

The Town purchased a 5.864-acre parcel on Borden Mowery Drive from Kickin Rentals III, LLC as part of the Borden Mowery Drive Extension project. By acquiring land in that corridor, the Town is preparing for business park growth and owning the land or having control through the purchase means the Town can build the road, utilities, and other infrastructure without being blocked by holdout property owners, reducing the risk of future delays or legal issues. The extension itself will provide a direct, industrial-friendly road connection between Borden Mowery Drive and Radio Station Road, which is vital for accessing and expanding the Northern Shenandoah Business Park.

Tribute to Trent Skate Park

The Tribute to Trent Skate Park expands recreational offerings in Strasburg Town Park and implements a key recommendation of the Master Park Plan. The project creates a safe, inclusive, multi-use concrete riding area for skateboards, scooters, and bikes, honoring the memory of Trent Williams while providing a much-needed outlet for youth and families. Funded in part with ARPA dollars and significant community support, the skate park transforms an underutilized area of the park into an active space that encourages healthy activity, social connection, and year-round use. The project is anticipated to be completed in fiscal year 2026 and dedicated in October 2026.

Borden Mowery Drive Extension

The Borden Mowery Drive Extension is a critical transportation and utility project that supports the Northern Shenandoah Business Park and the broader Golden Triangle economic development area. By extending Borden Mowery Drive to connect with Radio Station Road, the project creates an alternate route for industrial and commercial traffic, reducing congestion in the downtown core and providing additional options when incidents affect the interstate. The project includes a new two-lane roadway, water main, and stormwater infrastructure, which together improves access, enhances safety, and positions the business park for future private investment. The project is funded by VDOT funds and the Town's local match. The project is anticipated to be completed in the summer of 2026.

115 West King Street – Police Department

The Town acquired the former bank building at 115 West King Street to renovate it into a modern Police Department. The current space in Town Hall has outgrown its capacity, offers limited amenities, and can be physically blocked during major downtown events, restricting police access and operations. Renovating 115 West King Street allows the Town to create a purpose-built, secure, and community-focused law enforcement facility with room for future growth, improved technology, and enhanced vehicle and staff circulation. This is a long-term capital project with various funding sources.

Park Bathrooms – Town Park Restroom Renovation Project

The Town Park Restroom Renovation Project modernizes aging restroom facilities to improve safety, accessibility, and the overall visitor experience. The project replaces outdated restrooms with dedicated men's and women's facilities and two family-style, ADA-compliant restrooms, in line with the Master Park Plan and current accessibility standards. These upgrades support increasing park usage, large community events, and family-friendly programming, and they demonstrate the Town's commitment to inclusive public spaces funded in part through ARPA.

Public Works Vehicles

Several vehicles and pieces of equipment were purchased under the Public Works Department in FY2025. Because Public Works provides services to both the Water and Wastewater Treatment Plants, certain purchases—such as the service body, dump body, and pickup truck—are allocated across multiple funds.

The 2500 Diesel ¾-ton truck was acquired as a replacement vehicle for the inspection crew. The crew had been using a 2013 Nissan Rogue, which had become increasingly unsuitable due to its age, high mileage, limited cargo capacity, and lack of versatility for field operations. It no longer provided adequate space for the specialized equipment required for inspections. Additionally, Public Works is transitioning its fleet to diesel engines, as gasoline engines cannot be serviced in-house. Moving to a fully diesel fleet will enhance maintenance efficiency and reduce long-term operating costs.

The pickup truck was acquired as a replacement for an existing unit in the fleet that was 17 years old and had reached the end of its useful life. Repair costs were beginning to exceed the value of replacement, and the vehicle had become increasingly difficult to keep in compliance with inspection requirements. Continuing to operate it posed a growing liability for the Town, making replacement the most responsible and cost-effective option.

The Town relies on a dump truck for routine operations across Public Works, Water, and Wastewater divisions. The existing dump truck bed is rusted beyond repair. Necessary maintenance would be extensive and not cost-effective. For this reason, replacing the bed was the most cost-effective and safest option for continued operations.

Public Works also purchased a new bucket truck, which is essential for streetscape work and routine maintenance operations. This acquisition replaces the previous bucket truck, which had significant mechanical issues, could no longer be certified for safe operation, and had increasingly difficult-to-source replacement parts. The Town utilized ARPA funding to support this purchase, ensuring that Public Works staff have safe, reliable equipment to perform their duties.

The capital assets are not available for future expenditures since they will not be sold.

The Town has a strong financial position with 41.9 percent of net position in governmental activities unrestricted and available for providing services to the citizens of the Town of Strasburg.

The net position of the Town's business-type activities is \$29,598,870. The majority (71.2 percent) of the net position in the business-type activities is invested in capital assets. The Town uses the unrestricted net position (27.9 percent) to upgrade water and sewer lines, maintain the water treatment plant and wastewater treatment plant. Key capital projects in fiscal year 2025 included:

Sandy Hook Water Line

The Sandy Hook Water Line project replaces approximately 3,500 linear feet of an existing 6-inch water main with a new 12-inch main from West Queen Street to the Sandy Hook Elementary School site. Installing the new line adjacent to the existing main creates redundancy for the school complex, improves pressure and fire flow, and addresses reliability issues in a critical segment of the system that serves both the elementary and middle schools. This investment strengthens core water infrastructure, supports school safety, and ensures more resilient service to a key public facility.

Water Meter Project

The Water Meter System Replacement Project is an ongoing project, which was completed in fiscal year 2025 and replaces older mechanical meters with advanced AMR or AMI smart meters, along with associated system upgrades. This modernization, supported with ARPA funds, improves the accuracy and efficiency of meter reading, reduces manual labor, and provides better data for billing and system management. The project will enable customers to monitor their usage through a portal, help both the Town and residents detect leaks more quickly, and address long-standing concerns about inconsistent or unusually high water bills.

In summary, the Town of Strasburg's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,194,960 at the close of the most recent fiscal year.

Statement of Activities

The Town's total revenues and expenses for governmental and business-type activities are reflected in the following chart:

	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
REVENUES						
Program revenues						
Charges for services	\$ 206,418	\$ 177,743	\$ 5,479,691	\$ 5,898,616	\$ 5,686,109	\$ 6,076,359
Operating grants and contributions	1,748,278	1,491,702	-	-	1,748,278	1,491,702
Capital grants and contributions	899,193	1,880,305	1,617,790	1,351,922	2,516,983	3,232,227
General revenues						
Property taxes	2,592,979	2,420,644	-	-	2,592,979	2,420,644
Other taxes and fees	2,792,141	2,705,017	-	-	2,792,141	2,705,017
Grants and contributions not restricted to specific programs	203,510	149,351	-	-	203,510	149,351
Revenue from use of money	619,122	574,257	388,182	406,840	1,007,304	981,097
Other	83,633	117,611	59,191	21,956	142,824	139,567
Total revenues	<u>\$ 9,145,274</u>	<u>\$ 9,516,630</u>	<u>\$ 7,544,854</u>	<u>\$ 7,679,334</u>	<u>\$ 16,690,128</u>	<u>\$ 17,195,964</u>
EXPENSES						
General government						
administration	\$ 1,034,463	\$ 886,005	\$ -	\$ -	\$ 1,034,463	\$ 886,005
Public safety	2,598,322	2,547,650	-	-	2,598,322	2,547,650
Public works	2,360,036	1,261,117	-	-	2,360,036	1,261,117
Health and welfare	35,223	25,445	-	-	35,223	25,445
Strategic Initiatives	490,571	544,966	-	-	490,571	544,966
Parks and recreation	358,655	423,946	-	-	358,655	423,946
Interest on long-term debt	75,177	81,102	-	-	75,177	81,102
Public utilities	-	-	6,174,018	6,047,245	6,174,018	6,047,245
Total expenses	<u>\$ 6,952,447</u>	<u>\$ 5,770,231</u>	<u>\$ 6,174,018</u>	<u>\$ 6,047,245</u>	<u>\$ 13,126,465</u>	<u>\$ 11,817,476</u>
Change in net position before transfers	\$ 2,192,827	\$ 3,746,399	\$ 1,370,836	\$ 1,632,089	\$ 3,563,663	\$ 5,378,488
Transfers	(18,577)	(41,712)	18,577	41,712	-	-
Change in net position	<u>\$ 2,174,250</u>	<u>\$ 3,704,687</u>	<u>\$ 1,389,413</u>	<u>\$ 1,673,801</u>	<u>\$ 3,563,663</u>	<u>\$ 5,378,488</u>
Net position, beginning, as previously stated	18,567,176	14,862,489	28,328,573	26,654,772	46,895,749	41,517,261
Change in Acctg. Principal (GASB 101)	(145,336)	-	(119,116)	-	(264,452)	-
Net position, beginning restated	<u>18,421,840</u>	<u>14,862,489</u>	<u>28,209,457</u>	<u>26,654,772</u>	<u>46,631,297</u>	<u>41,517,261</u>
Net position, ending	<u>\$ 20,596,090</u>	<u>\$ 18,567,176</u>	<u>\$ 29,598,870</u>	<u>\$ 28,328,573</u>	<u>\$ 50,194,960</u>	<u>\$ 46,895,749</u>

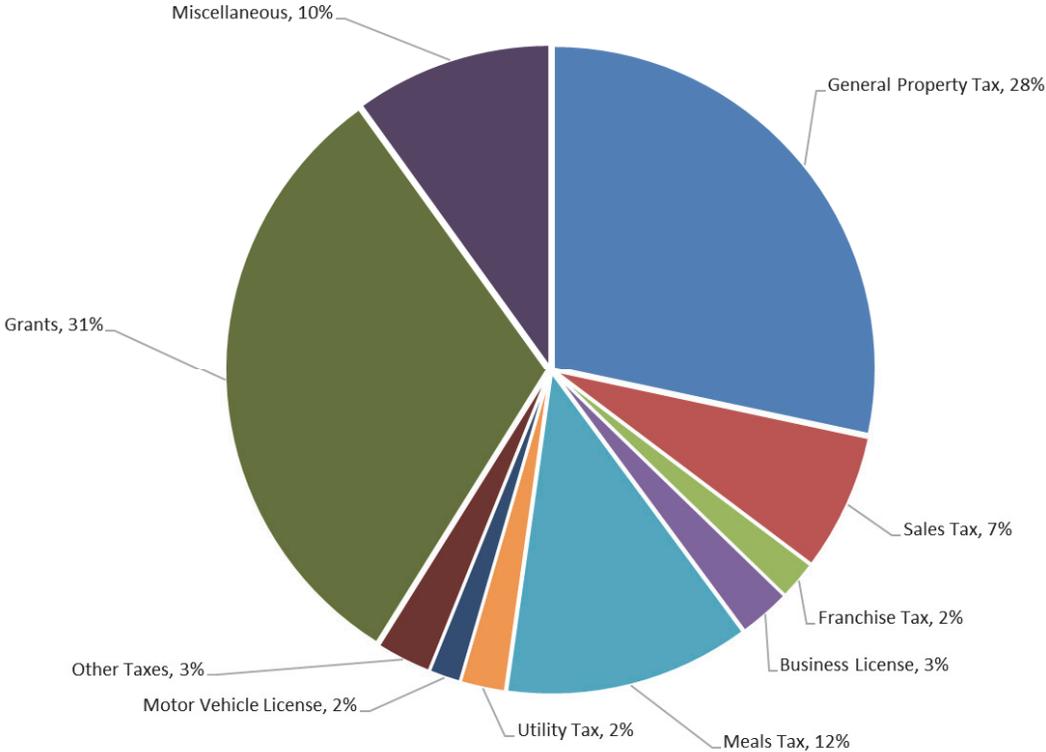
Governmental Activities

Revenues

Revenues from governmental activities totaled \$9,145,274. General property taxes and other taxes are the largest component of revenue (59 percent). General property tax revenues were \$2,592,979 an increase of 7.0% from June 30, 2024. The Town received reimbursement of \$138,898 from the Commonwealth of Virginia for taxes on individual automobiles.

Other local taxes and fees including revenue from local sales, franchise tax, business licenses, and meals taxes were \$2,792,141 an increase of three (3) percent from June 30, 2024.

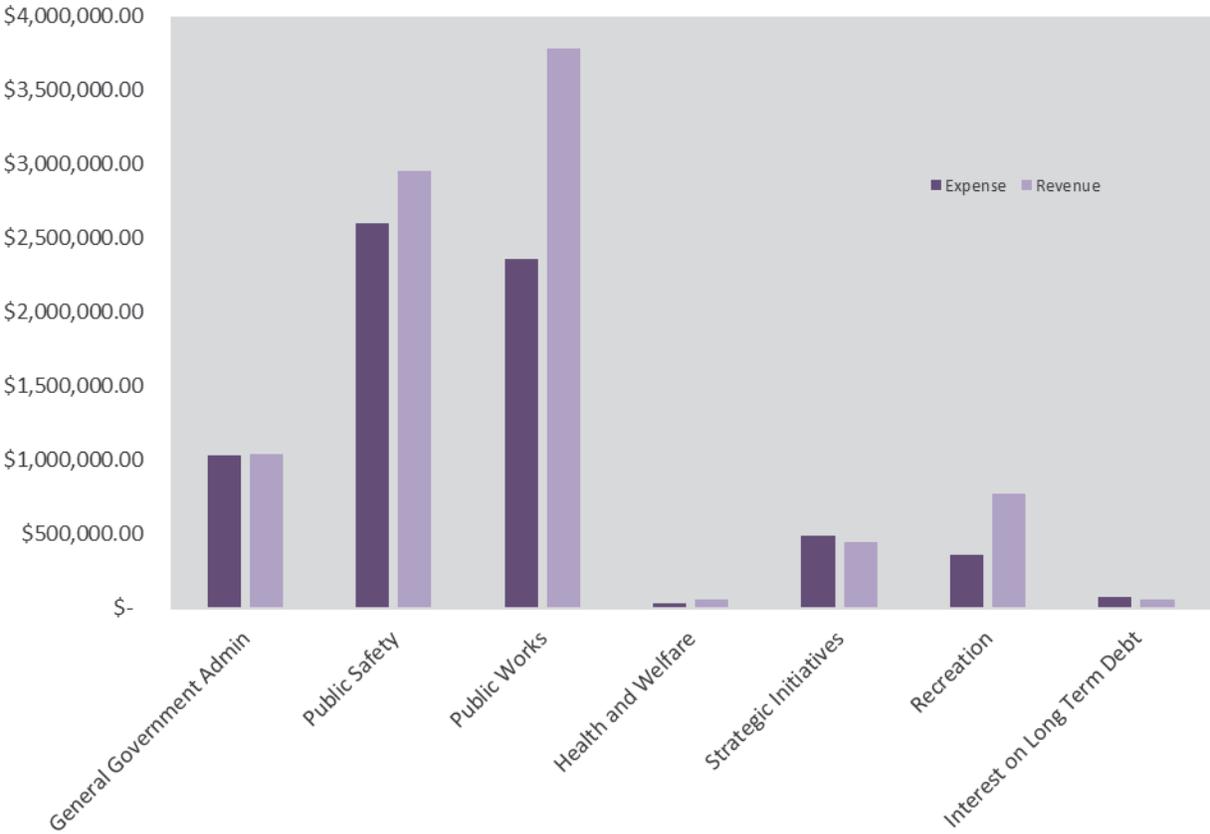
Revenue by Source-Governmental Activities



Expenses

Expenses for governmental activities totaled \$6,952,447, which was an increase of \$1,182,216 from the prior fiscal year. This increase in expenditures is primarily attributable to paving projects that were not contracted until fiscal year 2025. The Public Safety and Public Works departments account for 71 percent of the total expenses for governmental activities.

Program Expenses and Program Revenues – Governmental Activities



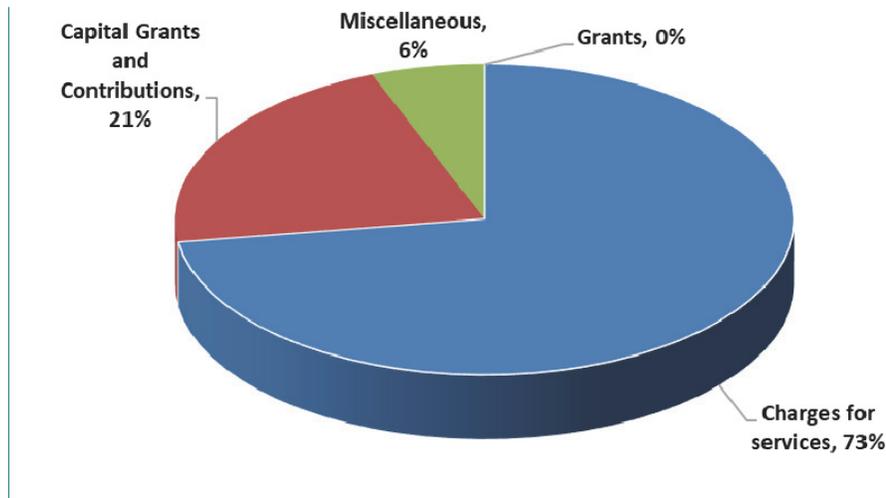
Business-type Activities

The Town's business-type activities are comprised of enterprise funds for water, sewer, and trash removal. For the Town of Strasburg's business-type activities, the results for the current fiscal year were a net position increase to reach an ending balance of \$29,598,870. The total increase in net position for business-type activities (water, sewer & trash funds) was \$1,389,413 from the prior fiscal year. The increase, in large part, is attributable to capital contributions, construction grants and tap/availability fees in utility revenues as well as an increase in fees for trash service.

Revenues

Revenue for all business-type activities totaled \$7,544,854, which is a two (2) percent decrease over the previous fiscal year.

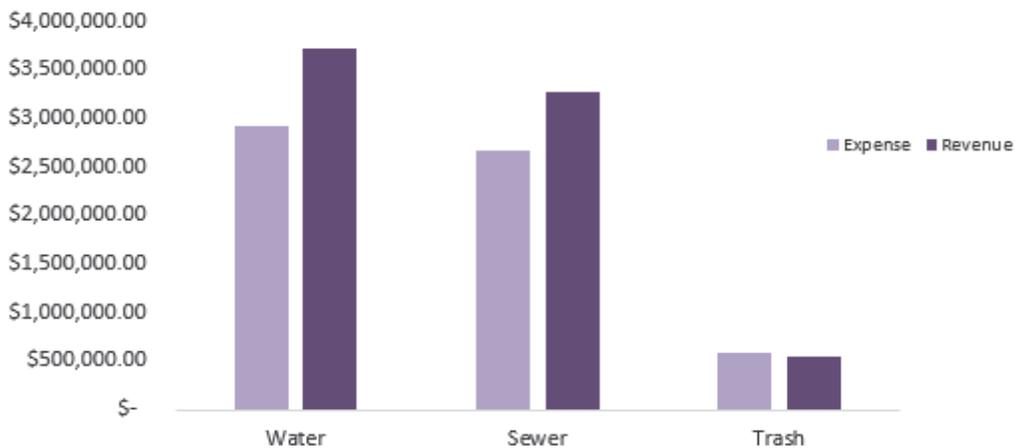
Revenues by Source - Business-type Activities



Expenses

Expenses totaled \$6,174,018 which was an increase of \$126,773 over fiscal year 2024. The increase is attributable to elevated costs for water and wastewater infrastructure stock supplies, along with higher spending on contracted trash removal services.

Expenses and Program Revenues – Business-type Activities



The Town's Proprietary Funds provide the same type of information found in the government-wide financial statements for business-type activities but in more detail.

FUND FINANCIAL ANALYSIS

Governmental Funds

Governmental Funds include the General Fund of which the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

The primary operating fund of the Town is the General Fund. At the end of 2025, the unassigned fund balance was \$6,653,225 which reflects a decrease of \$905,322 over 2024. The decrease in unassigned fund balance primarily reflects the assignment of fund balance for future capital project commitments. The graph below shows General Fund summary financial information for the past five years.

Five Year General Fund Financial Summary



General Fund Budgetary Highlights

Actual revenue exceeded expenditures by \$1,325,780 in the General Fund, and fiscal year 2025 actual revenues were \$414,991 less than fiscal year 2024 revenues. The decrease is primarily attributable to ARPA funds being largely expended and utilization of the resources winding down. ARPA funds must be spent by December 31, 2026, on projects obligated by December 31, 2024. Other budget variances include:

State Revenue:

- The budget was increased to reflect additional state and highway maintenance funding; however, actual expenditures were about \$1 million less than the final budget.
- The budget was also increased to account for the approved Virginia Department of Transportation (VDOT) Revenue Sharing for the Borden Mowery Drive Extension Project, but the revenue was not received in FY2025 due to project delay.

Interest:

- The budget amount was significantly less than actual because interest earned through the Virginia Investment Pool interest has not been included in the budget.

Expenditures:

- There was a significant increase in the Public Works budget due to the approved carryover of more than \$1 million in prior-year state highway maintenance funds. A plan was submitted to VDOT, and these funds are expected to be substantially spent down in FY2026.
- The Public Works capital budget was increased for the Borden Mowery Drive Extension Project, but because the project start was delayed, expenditures in FY2025 remained minimal.

Proprietary Funds

The Town's proprietary funds are comprised of water, sewer, and trash. The Town accounts for these three proprietary accounts as enterprise funds.

Water Fund

The Water Fund ended fiscal year 2025 with unrestricted net position of \$6,134,653 which can be used for future fund expenses.

Sewer Fund

The Sewer Fund ended fiscal year 2025 with unrestricted net position of \$2,101,150 which can be used for future fund expenses.

Trash Fund

The Trash Fund ended fiscal year 2025 with unrestricted net position of \$27,501 which can be used for future fund expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Fiscal Year 2025 primary government investment in capital assets for its governmental and business-type activities was \$54,180,261 net of depreciation/amortization (see chart below).

Capital Assets (net of depreciation/amortization in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land and improvements	\$ 1,261	\$ 1,017	\$ 405	\$ 405	\$ 1,666	\$ 1,422
Buildings and improvements	3,228	3,361	22	1	3,250	3,362
Infrastructure	5,215	5,414	40,622	41,436	45,837	46,850
Furniture, equipment & vehicles	750	638	743	696	1,493	1,334
Lease assets	26	16	-	-	26	16
Subscription assets	23	9	9	17	32	26
Construction in Progress	1,483	810	393	312	1,876	1,122
Total	\$ 11,986	\$ 11,265	\$ 42,194	\$ 42,867	\$ 54,180	\$ 54,132

Total Capital Assets at June 30, 2025, were \$54,180,261 compared to \$54,132,790 at June 30, 2024, resulting in a slight increase of \$47,471 in the total Capital Assets. Overall, capital assets remained largely unchanged from the prior year as additions were offset by retirements and depreciation.

Water and sewer lines account for most of the capital assets in the Business-type activity, with streets and roadways in the Government-type activity.

Additional information on the Town's capital assets may be found in the notes to financial statements, Note 8 – Capital Assets.

Long-term Debt

The Town's total outstanding debt at June 30, 2025, was \$22,372,355 with \$21,955,784 in business-type activities and \$4,166,571 in governmental activities. Notes payable, lease liabilities, subscription liabilities, vacation pay and net OPEB liabilities are included in outstanding debt.

**Town of Strasburg Outstanding Debt
General Obligation and Revenue Bonds
June 30, 2025
(In thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 2,548	\$ 2,664	\$ 20,990	\$ 22,022	\$ 23,538	\$ 24,686
Unamortized bond premium	295	313	97	107	392	420
Notes payable	-	7	-	-	-	7
Lease liabilities	26	17	-	-	26	17
Subscription liabilities	20	9	9	17	29	26
Compensated absences	364	182	249	110	613	292
Net pension liability	812	488	541	333	1,353	821
Net OPEB liability	102	100	69	84	171	184
Total	\$ 4,167	\$ 3,780	\$ 21,955	\$ 22,673	\$ 26,122	\$ 26,453

Additional information on the Town’s long-term obligations can be found in the notes to the financial statements, Note 9-Long Term Obligations.

ECONOMIC FACTORS

Strasburg stands at the verge of a transformative boom. Several major developments are being phased in over the coming years, underscoring the town’s growing momentum. In the Northern Shenandoah Business Park, demand for available land remains strong, signaling serious commercial and industrial interest. Downtown properties are also drawing fresh investment, while our Economic Development team continues to champion local entrepreneurs through events, promotions, and hands-on support.

Meanwhile, infrastructure momentum is shifting into high gear. The Borden Mowery Drive Extension is making visible progress, improving connectivity and unlocking new corridors for development. In the heart of downtown, renovations at 115 W. King Street are planned for FY 2026–27, transforming the historic building into the modern headquarters for the Strasburg Police Department.

To top it all off, Sheetz is breaking ground on its first Strasburg location at 33600 Old Valley Pike, bringing even more vitality to our growing retail landscape. With a projected mid-2026 opening, the store promises not only fuel and convenience, but 30–35 new jobs, indoor and outdoor seating, self-service kiosks, and a full menu of Sheetz’s signature made-to-order offerings.

Together, these developments signal more than growth — they set the stage for Strasburg’s next phase.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the Town’s finances for those with an interest in the Town’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance or Town Manager, Town of Strasburg, PO Box 351, Strasburg, VA 22657.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Strasburg, Virginia
Statement of Net Position
June 30, 2025

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,383,913	\$ 7,354,039	\$ 12,737,952
Investments	5,986,766	-	5,986,766
Receivables			
Taxes, net of allowance of \$29,830	1,553,084	-	1,553,084
Accounts, net of allowance of \$20,858	140,346	737,282	877,628
Due from other governmental units	164,696	-	164,696
Internal balances	(179,100)	179,100	-
Inventory	19,710	963,824	983,534
Prepaid items	88,936	48,812	137,748
Accrued interest receivable	-	10	10
Lease receivable	-	22,968	22,968
Restricted assets:			
Cash and cash equivalents	2,876,750	371,649	3,248,399
Net OPEB asset	2,208	1,506	3,714
Capital assets:			
Nondepreciable:			
Land	\$ 1,261,326	\$ 404,837	\$ 1,666,163
Construction in progress	1,482,737	393,087	1,875,824
Depreciable, net of accumulated depreciation/amortization:			
Furniture, equipment, and vehicles	750,223	743,356	1,493,579
Buildings and improvements	3,227,409	22,309	3,249,718
Infrastructure	5,215,205	40,621,640	45,836,845
Lease equipment	25,979	-	25,979
Intangible assets, net of accumulated amortization			
Subscription assets	23,347	8,806	32,153
Total capital assets, net	\$ 11,986,226	\$ 42,194,035	\$ 54,180,261
Total assets	\$ 28,023,535	\$ 51,873,225	\$ 79,896,760
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 718,912	\$ 462,337	\$ 1,181,249
OPEB related items	44,000	29,722	73,722
Total deferred outflows of resources	\$ 762,912	\$ 492,059	\$ 1,254,971
LIABILITIES			
Accounts payable	\$ 559,192	\$ 341,287	\$ 900,479
Retainage payable	15,078	12,327	27,405
Accrued liabilities	176,798	59,653	236,451
Customer deposits	-	122,779	122,779
Accrued interest payable	23,399	31,533	54,932
Unearned revenue-other	1,681,031	-	1,681,031
Noncurrent liabilities:			
Due within one year	381,538	1,213,980	1,595,518
Due in more than one year	3,785,033	20,741,804	24,526,837
Total liabilities	\$ 6,622,069	\$ 22,523,363	\$ 29,145,432
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	\$ 1,303,898	\$ -	\$ 1,303,898
Pension related items	235,190	200,833	436,023
OPEB related items	29,200	19,910	49,110
Lease related items	-	22,308	22,308
Total deferred inflows of resources	\$ 1,568,288	\$ 243,051	\$ 1,811,339
NET POSITION			
Net investment in capital assets	\$ 11,348,267	\$ 20,838,336	\$ 32,186,603
Restricted for debt service	188,066	248,870	436,936
Restricted for OPEB benefits	2,208	1,506	3,714
Restricted asset forfeitures	138,546	-	138,546
Restricted for proffers	113,223	-	113,223
Unrestricted	8,805,780	8,510,158	17,315,938
Total net position	\$ 20,596,090	\$ 29,598,870	\$ 50,194,960

The notes to the financial statements are an integral part of this statement.

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		Total
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,034,463	\$ 99,003	\$ 6,450	\$ -	\$ (929,010)	\$ -	\$ (929,010)
Public safety	2,598,322	-	299,587	335,330	(1,963,405)	-	(1,963,405)
Public works	2,360,036	-	1,437,741	212,043	(710,252)	-	(710,252)
Health and welfare	35,223	-	-	-	(35,223)	-	(35,223)
Community development	490,571	-	4,500	-	(486,071)	-	(486,071)
Parks, recreation and cultural	358,655	107,415	-	351,820	100,580	-	100,580
Interest on long-term debt	75,177	-	-	-	(75,177)	-	(75,177)
Total governmental activities	\$ 6,952,447	\$ 206,418	\$ 1,748,278	\$ 899,193	\$ (4,098,558)	\$ -	\$ (4,098,558)
Business-type activities:							
Water Fund	\$ 2,920,326	\$ 2,398,825	\$ -	\$ 1,107,568	\$ -	\$ 586,067	\$ 586,067
Sewer Fund	2,669,101	2,526,459	-	510,222	-	367,580	367,580
Trash Fund	584,591	554,407	-	-	-	(30,184)	(30,184)
Total business-type activities	\$ 6,174,018	\$ 5,479,691	\$ -	\$ 1,617,790	\$ -	\$ 923,463	\$ 923,463
Total primary government	\$ 13,126,465	\$ 5,686,109	\$ 1,748,278	\$ 2,516,983	\$ (4,098,558)	\$ 923,463	\$ (3,175,095)
General revenues:							
General property taxes					\$ 2,592,979	\$ -	\$ 2,592,979
Other local taxes:							
Local sales tax					632,750	-	632,750
Franchise taxes					180,186	-	180,186
Business licenses					241,201	-	241,201
Meals tax					1,129,391	-	1,129,391
Utility tax					207,122	-	207,122
Motor vehicle licenses					146,262	-	146,262
Other taxes					255,229	-	255,229
Grants and contributions not restricted to specific programs					203,510	-	203,510
Revenue from the use of money					619,122	388,182	1,007,304
Miscellaneous					83,633	59,191	142,824
Transfers					(18,577)	18,577	-
Total general revenues and transfers					\$ 6,272,808	\$ 465,950	\$ 6,738,758
Change in net position					\$ 2,174,250	\$ 1,389,413	\$ 3,563,663
Net position - beginning, as previously reported					18,567,176	28,328,573	46,895,749
Change in accounting principle (GASB 101)					(145,336)	(119,116)	(264,452)
Net position - beginning, as restated					\$ 18,421,840	\$ 28,209,457	\$ 46,631,297
Net position - ending					\$ 20,596,090	\$ 29,598,870	\$ 50,194,960

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Town of Strasburg, Virginia
Balance Sheet
Governmental Fund
June 30, 2025

Exhibit 3

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 5,383,913
Investments	5,986,766
Receivables:	
Taxes, net of allowance of \$29,830	1,553,084
Accounts	140,346
Due from other governmental units	164,696
Inventory	19,710
Prepaid items	88,936
Restricted assets:	
Cash and cash equivalents	2,876,750
Total assets	<u>\$ 16,214,201</u>
LIABILITIES	
Accounts payable	\$ 559,192
Retainage payable	15,078
Accrued liabilities	176,798
Due from other funds	179,100
Unearned revenue - other	1,681,031
Total liabilities	<u>\$ 2,611,199</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 1,615,038
Total deferred inflows of resources	<u>\$ 1,615,038</u>
FUND BALANCES	
Nonspendable:	
Inventory	\$ 19,710
Prepaid items	88,936
Restricted:	
Debt service	188,066
Proffers	113,223
Asset forfeitures	138,546
Unspent bond proceeds	2,436,915
Committed:	
Capital outlays	2,349,343
Unassigned	6,653,225
Total fund balances	<u>\$ 11,987,964</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,214,201</u>

The notes to the financial statements are an integral part of this statement.

Town of Strasburg, Virginia
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2025

Exhibit 4

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Fund \$ 11,987,964

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	1,261,326	
Construction in progress		1,482,737	
Buildings and improvements		3,227,409	
Furniture, equipment and vehicles		750,223	
Infrastructure		5,215,205	
Lease assets		25,979	
Subscription assets		<u>23,347</u>	11,986,226

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.

Unavailable revenue - property taxes 311,140

The net OPEB asset is not an available resource and, therefore is not reported in the funds 2,208

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	718,912	
OPEB related items		<u>44,000</u>	762,912

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$	(363,748)	
General obligation bonds, net of original issue premium		(2,842,549)	
Accrued interest payable		(23,399)	
Lease liabilities		(26,419)	
Subscription liabilities		(19,835)	
Net pension liability		(812,219)	
Net OPEB liabilities		<u>(101,801)</u>	(4,189,970)

Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.

Pension related items	\$	(235,190)	
OPEB related items		<u>(29,200)</u>	<u>(264,390)</u>

Net position of governmental activities \$ 20,596,090

The notes to the financial statements are an integral part of this statement.

Town of Strasburg, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2025

Exhibit 5

	<u>General</u>
REVENUES	
General property taxes	\$ 2,559,474
Other local taxes	2,792,141
Permits, privilege fees, and regulatory licenses	78,385
Fines and forfeitures	20,618
Miscellaneous	83,633
Revenue from the use of money and property	619,122
Charges for services	107,415
Intergovernmental:	
Commonwealth	1,839,881
Federal	1,011,100
Total revenues	<u>\$ 9,111,769</u>
EXPENDITURES	
Current:	
General government administration	\$ 839,805
Public safety	2,426,744
Public works	2,186,208
Health and welfare	35,223
Parks, recreation, and cultural	262,871
Community development	494,195
Capital outlay:	
General government administration	57,309
Public safety	363,457
Public works	504,413
Parks, recreation, and cultural	376,604
Debt service:	
Principal	144,192
Interest	94,968
Total expenditures	<u>\$ 7,785,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,325,780</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 13,932
Transfers out	(32,509)
Issuance of lease liabilities	19,679
Issuance of subscription liabilities	<u>22,573</u>
Total other financing sources (uses)	<u>\$ 23,675</u>
Net change in fund balance	\$ 1,349,455
Fund balance, beginning of year	10,638,509
Fund balance, end of year	<u>\$ 11,987,964</u>

The notes to the financial statements are an integral part of this statement.

Town of Strasburg, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2025

Exhibit 6

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	1,349,455
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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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.

Capital outlays	\$	1,333,697	
Depreciation/amortization expense		<u>(612,994)</u>	720,703

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable property taxes is reported as revenues in the governmental funds.

Property taxes			33,505
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of lease liabilities	\$	(19,679)	
Issuance of subscription liabilities		(22,573)	
Amortization of premium on bond issue		18,329	
Principal repayments		<u>144,192</u>	120,269

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.

Change in accrued interest	\$	1,464	
Change in compensated absences		(36,019)	
Change in pension related items		(16,049)	
Change in OPEB related items		<u>922</u>	<u>(49,682)</u>

Change in net position of governmental activities			<u>\$</u>	<u>2,174,250</u>
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The notes to the financial statements are an integral part of this statement.

Town of Strasburg, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2025

Exhibit 7

	Water Fund	Sewer Fund	Trash Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,772,515	\$ 1,581,524	\$ -	\$ 7,354,039
Receivables:				
Accounts, net of allowance for uncollectible accounts \$20,858	311,712	352,016	73,554	737,282
Due from other funds	179,100	-	-	179,100
Inventory	446,486	517,338	-	963,824
Prepaid items	27,210	21,602	-	48,812
Accrued interest receivable	10	-	-	10
Lease receivable, current portion	19,664	-	-	19,664
Total current assets	<u>\$ 6,756,697</u>	<u>\$ 2,472,480</u>	<u>\$ 73,554</u>	<u>\$ 9,302,731</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	\$ 250,148	\$ 121,501	\$ -	\$ 371,649
Lease receivable, net of current portion	3,304	-	-	3,304
Net OPEB asset	734	772	-	1,506
Capital assets, net of accumulated depreciation/amortization	15,790,605	26,403,430	-	42,194,035
Total noncurrent assets	<u>\$ 16,044,791</u>	<u>\$ 26,525,703</u>	<u>\$ -</u>	<u>\$ 42,570,494</u>
 Total assets	 <u>\$ 22,801,488</u>	 <u>\$ 28,998,183</u>	 <u>\$ 73,554</u>	 <u>\$ 51,873,225</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 236,162	\$ 226,175	\$ -	\$ 462,337
OPEB related items	14,755	14,967	-	29,722
Total deferred outflows of resources	<u>\$ 250,917</u>	<u>\$ 241,142</u>	<u>\$ -</u>	<u>\$ 492,059</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 254,914	\$ 40,320	\$ 46,053	\$ 341,287
Retainage payable	10,169	2,158	-	12,327
Accrued liabilities	30,426	29,227	-	59,653
General obligation bonds payable, current portion	329,736	726,233	-	1,055,969
Compensated absences, current portion	74,191	75,176	-	149,367
Subscription liabilities, current portion	4,322	4,322	-	8,644
Customer deposits	122,779	-	-	122,779
Accrued interest payable	23,484	8,049	-	31,533
Total current liabilities	<u>\$ 850,021</u>	<u>\$ 885,485</u>	<u>\$ 46,053</u>	<u>\$ 1,781,559</u>
Noncurrent liabilities:				
Compensated absences, net of current portion	\$ 49,370	\$ 50,118	\$ -	\$ 99,488
General obligation bonds payable, net of current portion	9,099,959	10,931,946	-	20,031,905
Net pension liability	276,339	264,653	-	540,992
Net OPEB liabilities	33,849	35,570	-	69,419
Total noncurrent liabilities	<u>\$ 9,459,517</u>	<u>\$ 11,282,287</u>	<u>\$ -</u>	<u>\$ 20,741,804</u>
Total liabilities	<u>\$ 10,309,538</u>	<u>\$ 12,167,772</u>	<u>\$ 46,053</u>	<u>\$ 22,523,363</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 101,676	\$ 99,157	\$ -	\$ 200,833
OPEB related items	9,708	10,202	-	19,910
Lease related items	22,308	-	-	22,308
Total deferred inflows of resources	<u>\$ 133,692</u>	<u>\$ 109,359</u>	<u>\$ -</u>	<u>\$ 243,051</u>
NET POSITION				
Net investment in capital assets	\$ 6,140,565	\$ 14,697,771	\$ -	\$ 20,838,336
Restricted for debt service	127,369	121,501	-	248,870
Restricted for OPEB benefits	734	772	-	1,506
Unrestricted	6,340,507	2,142,150	27,501	8,510,158
Total net position	<u>\$ 12,609,175</u>	<u>\$ 16,962,194</u>	<u>\$ 27,501</u>	<u>\$ 29,598,870</u>

The notes to the financial statements are an integral part of this statement.

Town of Strasburg, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

Exhibit 8

	Water Fund	Sewer Fund	Trash Fund	Total
OPERATING REVENUES				
Charges for services:				
Sale of water	\$ 2,222,377	\$ -	\$ -	\$ 2,222,377
Sewer service charges	-	2,519,382	-	2,519,382
Trash collection fees	-	-	554,407	554,407
Late payment charges	84,474	7,077	-	91,551
Miscellaneous	24,340	34,851	-	59,191
Total operating revenues	<u>\$ 2,331,191</u>	<u>\$ 2,561,310</u>	<u>\$ 554,407</u>	<u>\$ 5,446,908</u>
OPERATING EXPENSES				
Water treatment facilities, transmission and distribution	\$ 946,091	\$ -	\$ -	\$ 946,091
Personnel	988,687	931,625	-	1,920,312
Operation and maintenance	-	907,147	-	907,147
Trash collection	-	-	584,591	584,591
Depreciation/amortization	729,327	798,569	-	1,527,896
Total operating expenses	<u>\$ 2,664,105</u>	<u>\$ 2,637,341</u>	<u>\$ 584,591</u>	<u>\$ 5,886,037</u>
Net operating income (loss)	<u>\$ (332,914)</u>	<u>\$ (76,031)</u>	<u>\$ (30,184)</u>	<u>\$ (439,129)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	\$ 195,780	\$ 192,402	\$ -	\$ 388,182
Lease revenue	91,974	-	-	91,974
Interest expense	(256,221)	(27,709)	-	(283,930)
Loss of disposal of assets	-	(4,051)	-	(4,051)
Total nonoperating revenues (expenses)	<u>\$ 31,533</u>	<u>\$ 160,642</u>	<u>\$ -</u>	<u>\$ 192,175</u>
Income (loss) before contributions and grants and transfers	<u>\$ (301,381)</u>	<u>\$ 84,611</u>	<u>\$ (30,184)</u>	<u>\$ (246,954)</u>
Capital contributions and construction grants	<u>\$ 1,107,568</u>	<u>\$ 510,222</u>	<u>\$ -</u>	<u>\$ 1,617,790</u>
TRANSFERS				
Transfers in	\$ -	\$ -	\$ 32,509	\$ 32,509
Transfers out	(6,966)	(6,966)	-	(13,932)
Change in net position	\$ 799,221	\$ 587,867	\$ 2,325	\$ 1,389,413
Net position - beginning, as previously reported	11,860,901	16,442,496	25,176	28,328,573
Change in accounting principle (GASB 101)	(50,947)	(68,169)	-	(119,116)
Net position - beginning, as restated	<u>\$ 11,809,954</u>	<u>\$ 16,374,327</u>	<u>\$ 25,176</u>	<u>\$ 28,209,457</u>
Net position - ending	<u>\$ 12,609,175</u>	<u>\$ 16,962,194</u>	<u>\$ 27,501</u>	<u>\$ 29,598,870</u>

The notes to the financial statements are an integral part of this statement.

Town of Strasburg, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

Exhibit 9

	Water Fund	Sewer Fund	Trash Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,349,967	\$ 2,567,123	\$ 549,496	\$ 5,466,586
Payments to suppliers for goods and services	(1,010,929)	(1,028,717)	(582,005)	(2,621,651)
Payments to employees for services	(989,356)	(946,615)	-	(1,935,971)
Net cash provided by (used for) operating activities	<u>\$ 349,682</u>	<u>\$ 591,791</u>	<u>\$ (32,509)</u>	<u>\$ 908,964</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ (6,966)	\$ (6,966)	\$ -	\$ (13,932)
Transfers from other funds	-	-	32,509	32,509
Net cash provided by (used for) noncapital financing activities	<u>\$ (6,966)</u>	<u>\$ (6,966)</u>	<u>\$ 32,509</u>	<u>\$ 18,577</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset additions	\$ (423,208)	\$ (176,326)	\$ -	\$ (599,534)
Principal payments on bonds	(314,150)	(717,361)	-	(1,031,511)
Lease payments	91,314	-	-	91,314
Interest payments	(262,160)	(33,194)	-	(295,354)
Capital contributions from others	1,107,568	510,222	-	1,617,790
Principal payments on subscription liabilities	(3,975)	(3,975)	-	(7,950)
Net cash provided by (used for) capital and related financing activities	<u>\$ 195,389</u>	<u>\$ (420,634)</u>	<u>\$ -</u>	<u>\$ (225,245)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	\$ 195,770	\$ 192,402	\$ -	\$ 388,172
Net cash provided by (used for) investing activities	<u>\$ 195,770</u>	<u>\$ 192,402</u>	<u>\$ -</u>	<u>\$ 388,172</u>
Net increase (decrease) in cash and cash equivalents	\$ 733,875	\$ 356,593	\$ -	\$ 1,090,468
Cash and cash equivalents (including restricted) - beginning	5,288,788	1,346,432	-	6,635,220
Cash and cash equivalents (including restricted) - ending	<u>\$ 6,022,663</u>	<u>\$ 1,703,025</u>	<u>\$ -</u>	<u>\$ 7,725,688</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (332,914)	\$ (76,031)	\$ (30,184)	\$ (439,129)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization	729,327	798,569	-	1,527,896
(Increase) decrease in accounts receivable	8,211	5,813	(4,911)	9,113
(Increase) decrease in inventory	(32,215)	(23,490)	-	(55,705)
(Increase) decrease in prepaid items	(27,210)	(21,602)	-	(48,812)
(Increase) decrease in net OPEB asset	(318)	(304)	-	(622)
(Increase) decrease in deferred outflows of resources	(149,845)	(134,444)	-	(284,289)
Increase (decrease) in customer deposits	10,565	-	-	10,565
Increase (decrease) in accounts payable	(5,413)	(76,478)	2,586	(79,305)
Increase (decrease) in accrued liabilities	5,298	4,264	-	9,562
Increase (decrease) in compensated absences	20,151	(395)	-	19,756
Increase (decrease) in net pension liability	113,971	94,032	-	208,003
Increase (decrease) in net OPEB liabilities	(5,766)	(9,001)	-	(14,767)
Increase (decrease) in deferred inflows of resources	15,840	30,858	-	46,698
Net cash provided by (used for) operating activities	<u>\$ 349,682</u>	<u>\$ 591,791</u>	<u>\$ (32,509)</u>	<u>\$ 908,964</u>
Schedule of noncash financing and investing activities:				
Purchase of capital projects on account	<u>\$ 216,023</u>	<u>\$ 43,158</u>	<u>\$ -</u>	<u>\$ 259,181</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements June 30, 2025

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Strasburg, Virginia, (the “Town”) was chartered as a Town in 1761. The Town is governed by a mayor and an eight-member Town Council, who are elected at large for staggered four-year terms.

A. Financial Reporting Entity

The Town of Strasburg, Virginia (the Town) is a municipal corporation governed by an elected mayor and eight-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units – There were no blended component units for the Town for the year ended June 30, 2025.

Discretely Presented Component Units – There were no discretely presented component units for the Town for the year ended June 30, 2025.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (government and business-type activities). Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of “using up” capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements
June 30, 2025 (CONTINUED)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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 when they have been earned and 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 government considers revenues to be available if they are collected within 45 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 principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are based on specific accounting rules applicable to each, generally are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right-to-use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable or deferred inflows. Sales, which are collected by the state and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town. Utility taxes are collected by the utilities and remitted directly to the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *general fund* is the Town's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The *water and sewer funds* provide maintenance to the water and sewer lines and pump stations and derive the majority of their revenues through user charges and fees.

The *trash fund* provides trash collection and landfill disposal to the Town and derives the majority of its revenue through user charges.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) 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 water and sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans.) Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements
June 30, 2025 (CONTINUED)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (continued)

3. Property Taxes

The Town collects real property taxes semi-annually and personal property taxes annually. Real property and personal property is assessed by the County of Shenandoah Commissioner of Revenue annually on property owned on January 1st and July 1st for real estate and January 1st for personal property. Town Council adopts tax rates in April of each year as a part of the budget process. Real and personal property taxes are levied as of January 1st and July 1st and are due on June 5th and December 5th of each year. Penalties accrue on the unpaid balances at this date. Interest is charged on unpaid balances beginning December 6th and June 6th. Unpaid real property taxes constitute a lien against the property. The Town bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible taxes amounted to approximately \$29,830 at June 30, 2025 and the allowance for uncollectible water, sewer and trash billings amounted to approximately \$20,858 at June 30, 2025.

5. Inventory

Inventory is valued at cost, using the *first in, first out* method. The cost is recorded as an expense at the time the individual inventory items are consumed, rather than when purchased.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life.

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements
June 30, 2025 (CONTINUED)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (continued)

7. Capital Assets (continued)

Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the Town, are depreciated/ amortized using the straight-line method over the following estimated useful lives (or life of the associated contract for lease and subscription assets):

Water plant	50 years
Sewer plant	30-50 years
Reservoir and storage	10-20 years
Lines and meters	10-50 years
Buildings and improvements	20 years
Maintenance building and equipment	30 years
Furniture, equipment and vehicles	5-50 years
Lease equipment	5 years
Subscription assets	3 years

8. Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Town’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

Sick Leave

The Town’s policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the Town and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(continued)**

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). 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.

10. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB assets, liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and VLDP OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Long-term Obligations

In the government-wide financial statements, long-term debt other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities columns in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

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

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(continued)**

12. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the Town strives to maintain an unassigned fund balance to be used to fund unanticipated emergencies of \$1.5 million or 30% of the total general fund operating expenditures.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(continued)**

13. Prepaid items

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

14. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources, in order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (continued)

15. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net asset that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

16. *Leases and Subscription-Based IT Arrangements*

The Town has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control for the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessor

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements
June 30, 2025 (CONTINUED)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (continued)

16. Leases (continued)

Lessee

The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of lease payments made. Subsequently, the lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions

The Town recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at present value of payments expected to be made during the subscription liability term (less any contract incentives). Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Subsequently, the subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The Town uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease liability (lessee) or subscription liability.

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Adoption of Accounting Principles

During the current year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The change in accounting principle resulted in the following restatement of beginning net position:

	Governmental Activities	Business-type Activities	Total Primary Government
Net Position, as reported, June 30, 2024	\$ 18,567,176	\$ 28,328,573	\$ 46,895,749
Restatement for GASB 101 Implementation	(145,336)	(119,116)	(264,452)
Net Position, as restated, June 30, 2024	<u>\$ 18,421,840</u>	<u>\$ 28,209,457</u>	<u>\$ 46,631,297</u>

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the Town Council. The Town Council is authorized to transfer budgeted amounts within departments.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, except for the capital expense budget.
8. All budgetary data presented in the accompanying financial statements is the amended budget as of June 30.

B. Excess of Expenditures over Appropriations

Fund	Department	Excess of Expenditures Over Appropriations
General	Town Council	\$ 350
General	Fire and Rescue Services	36,300
General	Welfare	35,223
General	Debt service	26,630
	Total General Fund	<u>\$ 98,503</u>

C. Deficit Fund Balance

At June 30, 2025, none of the funds reported deficit fund balance.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 3 — DEPOSITS AND INVESTMENTS:

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.

Statutes authorize local governments and other public bodies to invest in obligations of the United States or 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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Town’s investment policy for credit risk is consistent with the investments allowed by statutes as detailed above. The Town does not have a formal policy for investment-related risk.

The Town rated debt investments as of June 30, 2025, were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Rating	
	AAAm	AA+f
Virginia State Non-Arbitrage Pool	\$ 2,679,937	\$ -
Virginia Investment Pool - Stable NAV Liquidity Pool	1,439,782	-
Virginia Investment Pool - 1-3 Year High Quality Bond Fund	-	5,986,766
First American Government Obligation	188,066	-
Total	<u>\$ 4,307,785</u>	<u>\$ 5,986,766</u>

Redemption Restrictions

The Town has the option to have access to withdraw VIP funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, etc.).

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above Virginia Investment Pool Investment at the net asset value (NAV).

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in a one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2025, there is no portion of the Town’s portfolio that exceeds 5% of the total portfolio. The Town does not have a formal policy related to custodial credit risk.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 3 — DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

The Town invests funds in low-risk investments backed by U.S. government agencies.

Investment Maturities (in years)

Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Virginia State Non-Arbitrage Pool	\$ 2,679,937	\$ 2,679,937	\$ -
Virginia Investment Pool - Stable NAV Liquidity Pool	1,439,782	1,439,782	-
Virginia Investment Pool - 1-3 Year High Quality Bond Fund	5,986,766	-	5,986,766
First American Government Obligation	188,066	188,066	-
Total	\$ <u>10,294,551</u>	\$ <u>4,307,785</u>	\$ <u>5,986,766</u>

External Investment Pool

The fair value of the positions in the external investment pool is the same as the value of the pool shares. As the State Non-Arbitrage Pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. The State Non-Arbitrage Pool is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 4 — FAIR VALUE MEASUREMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Town maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

Investment type	6/30/25	Fair Value Measurements Using		
		Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
First American Government Obligation	\$ <u>188,066</u>	\$ <u>188,066</u>	\$ <u>-</u>	\$ <u>-</u>

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 5 — RECEIVABLES:

Receivables as of year-end for the government’s individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 1,582,914	\$ -	\$ -	\$ -	\$ 1,582,914
Accounts	140,346	320,584	361,931	75,625	898,486
Gross receivables	\$ 1,723,260	\$ 320,584	\$ 361,931	\$ 75,625	\$ 2,481,400
Less: allowance for uncollectibles	(29,830)	(8,872)	(9,915)	(2,071)	(50,688)
Net receivables	<u>\$ 1,693,430</u>	<u>\$ 311,712</u>	<u>\$ 352,016</u>	<u>\$ 73,554</u>	<u>\$ 2,430,712</u>

NOTE 6 — DUE FROM OTHER GOVERNMENTAL UNITS:

	<u>Primary Government Governmental Activities</u>
Commonwealth of Virginia:	
Communications tax	\$ 8,627
Auto rental tax	1,256
Rolling stock	4,955
Trees for clean water grant	8,695
Department of wildlife resources grant	28,380
Total Commonwealth of Virginia	<u>\$ 51,913</u>
County of Shenandoah, Virginia	
Sales tax	<u>\$ 108,442</u>
Federal Government:	
Ground safety grant	\$ 1,141
Justice assistance grant	3,200
Total Federal Government	<u>\$ 4,341</u>
Total	<u>\$ 164,696</u>

NOTE 7 — RESTRICTED ASSETS:

Restricted cash and cash equivalents consist of the following for June 30, 2025:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Governmental Funds</u>				
Restricted for proffers	\$ 113,223	\$ -	\$ -	\$ 113,223
Restricted asset forfeitures	138,546	-	-	138,546
Restricted for debt service	188,066	-	-	188,066
Unspent bond proceeds	2,436,915	-	-	2,436,915
Totals	<u>\$ 2,876,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,876,750</u>
<u>Enterprise Funds</u>				
Utility deposits	\$ -	\$ 122,779	\$ -	\$ 122,779
Restricted for debt service	-	127,369	121,501	248,870
Totals	<u>\$ -</u>	<u>\$ 250,148</u>	<u>\$ 121,501</u>	<u>\$ 371,649</u>

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 8 — CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2025.

Governmental Activities:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets not being depreciated:				
Land	\$ 1,017,224	\$ 244,102	\$ -	\$ 1,261,326
Construction in progress	810,828	671,909	-	1,482,737
Total capital assets not being depreciated	<u>\$ 1,828,052</u>	<u>\$ 916,011</u>	<u>\$ -</u>	<u>\$ 2,744,063</u>
Other capital assets				
Buildings and improvements	\$ 5,221,798	\$ 30,180	\$ -	\$ 5,251,978
Furniture, equipment and vehicles	3,472,958	345,254	-	3,818,212
Lease equipment	30,744	19,679	-	50,423
Infrastructure	8,210,938	-	-	8,210,938
Total other capital assets	<u>\$ 16,936,438</u>	<u>\$ 395,113</u>	<u>\$ -</u>	<u>\$ 17,331,551</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (1,860,609)	\$ (163,960)	\$ -	\$ (2,024,569)
Furniture, equipment and vehicles	(2,835,450)	(232,539)	-	(3,067,989)
Lease equipment	(14,512)	(9,932)	-	(24,444)
Infrastructure	(2,797,173)	(198,560)	-	(2,995,733)
Total accumulated depreciation/amortization	<u>\$ (7,507,744)</u>	<u>\$ (604,991)</u>	<u>\$ -</u>	<u>\$ (8,112,735)</u>
Other capital assets, net	<u>\$ 9,428,694</u>	<u>\$ (209,878)</u>	<u>\$ -</u>	<u>\$ 9,218,816</u>
Intangible assets:				
Subscription assets	\$ 12,724	\$ 22,573	\$ -	\$ 35,297
Accumulated amortization	(3,947)	(8,003)	-	(11,950)
Net subscription assets	<u>\$ 8,777</u>	<u>\$ 14,570</u>	<u>\$ -</u>	<u>\$ 23,347</u>
Net capital assets	<u>\$ 11,265,523</u>	<u>\$ 720,703</u>	<u>\$ -</u>	<u>\$ 11,986,226</u>

Depreciation/amortization expense was allocated as follows:

General government administration	\$ 179,816
Public safety	150,582
Public works	198,912
Parks, recreation and cultural	83,684
Total depreciation/amortization expense	<u>\$ 612,994</u>

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 8 — CAPITAL ASSETS: (CONTINUED)

Business-type Activities:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 404,837	\$ -	\$ -	\$ 404,837
Construction in progress	312,526	425,828	(345,267)	393,087
Total capital assets not being depreciated	<u>\$ 717,363</u>	<u>\$ 425,828</u>	<u>\$ (345,267)</u>	<u>\$ 797,924</u>
Other capital assets:				
Equipment and vehicles	\$ 2,575,610	\$ 273,486	\$ (19,347)	\$ 2,829,749
Buildings and improvements	229,647	23,956	-	253,603
Infrastructure	57,548,664	480,712	-	58,029,376
Total other capital assets	<u>\$ 60,353,921</u>	<u>\$ 778,154</u>	<u>\$ (19,347)</u>	<u>\$ 61,112,728</u>
Accumulated depreciation:				
Equipment and vehicles	\$ (1,879,883)	\$ (221,806)	\$ 15,296	\$ (2,086,393)
Buildings and improvements	(228,751)	(2,543)	-	(231,294)
Infrastructure	(16,112,422)	(1,295,314)	-	(17,407,736)
Total accumulated depreciation	<u>\$ (18,221,056)</u>	<u>\$ (1,519,663)</u>	<u>\$ 15,296</u>	<u>\$ (19,725,423)</u>
Other capital assets, net	<u>\$ 42,132,865</u>	<u>\$ (741,509)</u>	<u>\$ (4,051)</u>	<u>\$ 41,387,305</u>
Intangible assets:				
Subscription assets	\$ 24,700	\$ -	\$ -	\$ 24,700
Accumulated amortization	(7,661)	(8,233)	-	(15,894)
Net subscription assets	<u>\$ 17,039</u>	<u>\$ (8,233)</u>	<u>\$ -</u>	<u>\$ 8,806</u>
Net capital assets	<u>\$ 42,867,267</u>	<u>\$ (323,914)</u>	<u>\$ (349,318)</u>	<u>\$ 42,194,035</u>

Depreciation/amortization expense was allocated as follows:

Water fund	\$ 729,327
Sewer fund	798,569
Total depreciation/amortization expense	<u>\$ 1,527,896</u>

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 9 — LONG-TERM OBLIGATIONS:

Primary Government – Governmental Activities:

The following is a summary of changes in long-term obligation transactions of the Town for the year ended June 30, 2025.

	Balance July 1, 2024, as restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2025
Direct Borrowings and Direct Placements:				
General obligation bonds	\$ 2,664,000	\$ -	\$ 116,000	\$ 2,548,000
Unamortized bond premium	312,878	-	18,329	294,549
Total Direct Borrowings and Direct Placements	<u>\$ 2,976,878</u>	<u>\$ -</u>	<u>\$ 134,329</u>	<u>\$ 2,842,549</u>
Other Long-Term Obligations:				
Notes payable	\$ 6,887	\$ -	\$ 6,887	\$ -
Lease liabilities	16,758	19,679	10,018	26,419
Subscription liabilities	8,549	22,573	11,287	19,835
Compensated absences*	327,729	36,019	-	363,748
Net pension liability	488,325	1,536,498	1,212,604	812,219
Net OPEB liabilities	99,969	55,687	53,855	101,801
Total Other Long-Term Obligations	<u>\$ 948,217</u>	<u>\$ 1,670,456</u>	<u>\$ 1,294,651</u>	<u>\$ 1,324,022</u>
Total Long-Term Obligations	<u>\$ 3,925,095</u>	<u>\$ 1,670,456</u>	<u>\$ 1,428,980</u>	<u>\$ 4,166,571</u>

* The change in compensated absences is a net change for the year.

Details of long-term obligations:

Type/ Project	Issue Date/ Term	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:							
General obligation bonds:							
Series 2014A	5/1/2014	\$ 3,315,000	2.62% SA	\$29,000 - \$47,000	A 4/30/2035	\$ 398,000	\$ 33,000
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	n/a	24,359	2,436
Series 2021C	10/17/2021	\$ 2,390,000	5.13% SA	\$75,000 - \$160,000	A 10/16/2041	2,150,000	90,000
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	n/a	270,190	15,893
Net general obligation bonds						<u>\$ 2,842,549</u>	<u>\$ 141,329</u>
Other obligations:							
Lease liabilities							
Copier	1/1/2022	\$ 20,415	1.45% M	\$366 (P&I)	M 12/1/2026	\$ 6,433	\$ 4,256
Copier	6/1/2022	\$ 10,329	2.96% M	\$185 (P&I)	M 5/1/2027	4,130	2,126
Postage meter	7/15/2024	\$ 19,679	2.99% Q	\$1,055 (P&I)	Q 7/14/2028	15,856	3,788
Total lease liabilities						<u>\$ 26,419</u>	<u>\$ 10,170</u>
Subscription liabilities							
Asset Management Software	7/26/2023	\$ 12,724	3.38% A	\$4,095 - \$4,453	A 7/25/2026	\$ 4,453	\$ 4,453
Granicus Software	1/1/2025	\$ 22,573	2.32% A	\$7,190 - \$8,232	A 12/31/2026	15,382	7,337
Total subscription liabilities						<u>\$ 19,835</u>	<u>\$ 11,790</u>
Net pension liability (payable from general fund)						812,219	-
Net OPEB liability (payable from general fund)						101,801	-
Compensated absences						363,748	218,249
Total other obligations						<u>\$ 1,324,022</u>	<u>\$ 240,209</u>
Total long-term obligations from governmental activities						<u>\$ 4,166,571</u>	<u>\$ 381,538</u>

A = annual installments

M = monthly installments

SA = semi-annual installments

Q = quarterly installments

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 9 — LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government – Governmental Activities: (continued)

The Town’s outstanding general obligation bonds from direct borrowings and direct placements related to governmental activities of \$2,842,549 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Town has pledged to secure the payment and performance of the Town’s obligations under the bonds with the Town’s right, title, and interest to all revenue collected by the Town.

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

Year Ending June 30,	Governmental Activities					
	Direct Borrowings and Placements		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 123,000	\$ 90,491	\$ 10,170	\$ 661	\$ 11,790	\$ 507
2027	125,000	84,236	8,084	367	8,045	187
2028	131,000	77,831	4,021	200	-	-
2029	138,000	71,418	4,144	78	-	-
2030	144,000	64,954	-	-	-	-
2031	155,000	58,024	-	-	-	-
2032	162,000	50,583	-	-	-	-
2033	168,000	43,376	-	-	-	-
2034	175,000	36,627	-	-	-	-
2035	182,000	30,993	-	-	-	-
2036	140,000	24,825	-	-	-	-
2037	140,000	21,788	-	-	-	-
2038	145,000	18,631	-	-	-	-
2039	150,000	15,300	-	-	-	-
2040	155,000	11,372	-	-	-	-
2041	155,000	6,916	-	-	-	-
2042	160,000	2,331	-	-	-	-
Total	\$ 2,548,000	\$ 709,696	\$ 26,419	\$ 1,306	\$ 19,835	\$ 694

Primary Government-Business-type Activities:

	Balance July 1, 2024, as restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2025
Direct Borrowings and Direct Placements:				
General obligation/revenue bonds	\$ 22,021,951	\$ -	\$ 1,031,511	\$ 20,990,440
Unamortized bond premium	107,178	-	9,744	97,434
Total Direct Borrowings and Direct Placements	\$ 22,129,129	\$ -	\$ 1,041,255	\$ 21,087,874
Other Long-Term Obligations:				
Note payable	\$ -	\$ -	\$ -	\$ -
Subscription liabilities	16,594	-	7,950	8,644
Compensated absences*	229,099	19,756	-	248,855
Net pension liability	332,989	1,025,673	817,670	540,992
Net OPEB liabilities	84,186	31,481	46,248	69,419
Total Other Long-Term Obligations	\$ 662,868	\$ 1,076,910	\$ 871,868	\$ 867,910
Total Long-Term Obligations	\$ 22,791,997	\$ 1,076,910	\$ 1,913,123	\$ 21,955,784

* The change in compensated absences above is a net change for the year.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 9 — LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities: (continued)

<u>Type/ Project</u>	<u>Issue Date/ Term</u>	<u>Amount of Original Issue</u>	<u>Interest Rates</u>	<u>Amount of Principal Installments</u>	<u>Final Maturity Date</u>	<u>Balance</u>	<u>Amount Due Within One Year</u>
Business-type activities:							
General obligation bonds							
Series 2009 R-1	11/5/2008	\$ 9,000,000	2.63% M	\$31,860	M 9/5/2049	\$ 6,692,629	\$ 201,494
Series 2009 R-2	11/5/2008	\$ 2,554,000	2.63% M	\$9,042	M 9/5/2049	1,892,349	57,370
Series 2014A	5/21/2014	\$ 2,652,000	2.62% SA	\$58,000-\$94,000	SA 10/1/2034	1,592,000	132,000
Unamortized premium on issuance	n/a	n/a	n/a	n/a	n/a	97,434	9,744
GO Series 2014	6/17/2014	\$ 16,392,792	0.00% SA	\$327,681	SA 6/17/2042	<u>10,813,462</u>	<u>655,361</u>
Net general obligation bonds						<u>\$ 21,087,874</u>	<u>\$ 1,055,969</u>
Other obligations:							
Subscription liabilities							
Asset Management Software	7/26/2023	\$ 24,700	3.38% A	\$7,950 - \$8,644	A 7/25/2025	\$ 8,644	\$ 8,644
Net pension liability (payable from water and sewer funds)						540,992	-
Net OPEB liability (payable from water and sewer funds)						69,419	-
Compensated absences						<u>248,855</u>	<u>149,367</u>
Total other obligations						<u>\$ 867,910</u>	<u>\$ 158,011</u>
Total long-term obligations from business-type activities						<u>\$ 21,955,784</u>	<u>\$ 1,213,980</u>

A = annual installments

M = monthly installments

SA = semi-annual installments

The Town's outstanding general obligation bonds from direct borrowings and direct placements related to business-type activities of \$21,087,874 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Town has pledged to secure the payment and performance of the Town's obligations under the bonds with the Town's right, title, and interest to all revenue collected by the Town.

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TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 9 — LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities: (continued)

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

Year Ending June 30,	Business-type Activities			
	Direct Borrowings and Direct Placements		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 1,046,225	\$ 346,265	\$ 8,644	\$ 296
2027	1,061,102	336,817	-	-
2028	1,072,163	325,099	-	-
2029	1,087,411	316,187	-	-
2030	1,098,851	305,904	-	-
2031	1,110,489	295,098	-	-
2032	1,126,330	285,577	-	-
2033	1,138,379	273,313	-	-
2034	1,154,642	262,392	-	-
2035	1,171,125	250,920	-	-
2036	991,833	144,644	-	-
2037	1,000,773	135,705	-	-
2038	1,009,950	126,528	-	-
2039	1,019,370	117,107	-	-
2040	1,029,041	107,436	-	-
2041	1,038,969	97,508	-	-
2042	721,480	87,316	-	-
2043	404,262	76,853	-	-
2044	415,003	66,113	-	-
2045	426,029	55,087	-	-
2046	437,348	43,768	-	-
2047	448,967	32,149	-	-
2048	460,895	20,221	-	-
2049	473,140	7,976	-	-
2050	46,663	135	-	-
Total	\$ <u>20,990,440</u>	\$ <u>4,116,118</u>	\$ <u>8,644</u>	\$ <u>296</u>

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements June 30, 2025 (CONTINUED)

NOTE 10 — PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan 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.

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 10 — PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation, and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	53
Inactive members:	
Vested inactive members	19
Non-vested inactive members	19
Inactive members active elsewhere in VRS	51
Total inactive members	89
Active members	58
Total covered employees	200

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 10 — 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 employer contribution rate for the year ended June 30, 2025 was 15.02% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 Town were \$540,587 and \$390,484 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$8,867 for the Town for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$8,294 for the Town for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$933,779 for the Town for the year ended June 30, 2025.

Net Pension Liability

The net pension liability (NPL) 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. The Town’s net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 10 — PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (continued)

Mortality rates:

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 10 — PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 10 — PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 10 — PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return (continued)

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers and school divisions 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.

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TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements
June 30, 2025 (CONTINUED)

NOTE 10 — PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 15,589,468	\$ 14,768,154	\$ 821,314
Changes for the year:			
Service cost	\$ 466,602	\$ -	\$ 466,602
Interest	1,058,194	-	1,058,194
Differences between expected and actual experience	1,018,085	-	1,018,085
Contributions - employer	-	390,163	(390,163)
Contributions - employee	-	202,488	(202,488)
Net investment income	-	1,427,326	(1,427,326)
Benefit payments, including refunds	(758,250)	(758,250)	-
Administrative expenses	-	(9,295)	9,295
Other changes	-	302	(302)
Net changes	\$ 1,784,631	\$ 1,252,734	\$ 531,897
Balances at June 30, 2024	\$ 17,374,099	\$ 16,020,888	\$ 1,353,211

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town			
Net Pension Liability (Asset)	\$ 3,697,498	\$ 1,353,211	\$ (540,615)

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements
June 30, 2025 (CONTINUED)

NOTE 10 — PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$528,175. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 615,875	\$ -
Net difference between projected and actual earnings on pension plan investments	-	411,236
Change in proportionate share	24,787	24,787
Employer contributions subsequent to the measurement date	540,587	-
Total	<u>\$ 1,181,249</u>	<u>\$ 436,023</u>

\$540,587 reported as deferred outflows of resources related to pensions resulting from the Town’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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government
2026	\$ 44,422
2027	328,114
2028	(80,625)
2029	(87,272)
2030	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 11 — GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. 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 plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements
June 30, 2025 (CONTINUED)

NOTE 11 — GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$16,946 and \$18,441 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$148,418 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01330% as compared to 0.01329% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$(212). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements
June 30, 2025 (CONTINUED)

NOTE 11 — GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (continued)

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,409	\$ 3,625
Net difference between projected and actual earnings on GLI OPEB plan investments	-	12,510
Change of assumptions	846	7,355
Changes in proportionate share	1,775	13,841
Employer contributions subsequent to the measurement date	16,946	-
Total	<u>\$ 42,976</u>	<u>\$ 37,331</u>

\$16,946 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2026	\$ (10,074)
2027	(776)
2028	(3,798)
2029	1,023
2030	2,323
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increases and mortality rates herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 11 — GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 11 — GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 11 — GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan'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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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

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TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 11 — GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s 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 System’s 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)	Long-Term Asset Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return**		7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 11 — GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 230,809	\$ 148,418	\$ 81,856

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 12 — HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 12 — HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>24</u>
Inactive members:	
Vested inactive members	3
Inactive members active elsewhere in VRS	<u>42</u>
Total inactive members	69
Active members	<u>58</u>
Total covered employees	<u><u>127</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Town contractually required employer contribution rate for the year ended June 30, 2025 was 0.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate 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 from the Town to the HIC Plan were \$4,319 and \$3,395 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The Town's net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 12 — HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 12 — HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 12 — HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s 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 System’s 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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 12 — HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return (continued)

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 ended June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability (Asset)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 125,868	\$ 101,102	\$ 24,766
Changes for the year:			
Service cost	\$ 2,062	\$ -	\$ 2,062
Interest	8,430	-	8,430
Differences between expected and actual experience	134	-	134
Contributions - employer	-	3,392	(3,392)
Net investment income	-	9,326	(9,326)
Benefit payments	(6,069)	(6,069)	-
Administrative expenses	-	(128)	128
Net changes	\$ 4,557	\$ 6,521	\$ (1,964)
Balances at June 30, 2024	\$ 130,425	\$ 107,623	\$ 22,802

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 12 — HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the Town’s HIC Net OPEB Liability (Asset) to Changes in the Discount Rate

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Town's				
Net HIC OPEB Liability (Asset)	\$	38,635	\$	22,802
				9,595

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2025, the Town recognized HIC Plan OPEB expense of \$5,630. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the Town’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,432	\$ 7,900
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,202
Change of assumptions	12,459	26
Employer contributions subsequent to the measurement date	4,319	-
Total	\$ 23,210	\$ 10,128

\$4,319 reported as deferred outflows of resources related to the HIC OPEB resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2026	\$ 1,440
2027	4,144
2028	1,392
2029	806
2030	981
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 13 — VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):

Plan Description

Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia.

The specific information for the VLDP OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Political Subdivision VLDP was implemented January 1, 2014 to provide disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision VLDP.

Benefit Amounts

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirements for active hybrid plan employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2025 was 0.74% of covered employee compensation for employees in the VRS Political Subdivision VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate 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 from the Town to the VRS Political Subdivision VLDP were \$6,910 and \$6,768 for the years ended June 30, 2025 and June 30, 2024, respectively.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 13 — VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

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

At June 30, 2025, the Town reported a liability (asset) of \$(3,714) for its proportionate share of the VLDP Net OPEB Liability (Asset). The Net VLDP OPEB Liability (Asset) was measured as of June 30, 2024, and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability (Asset) was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Town's proportion of the Net VLDP OPEB Liability (Asset) was based on the Town's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Town's proportion of the VLDP was 0.10295% as compared to 0.12020% at June 30, 2023.

For the year ended June 30, 2025, the Town recognized VLDP OPEB expense of \$4,994. Since there was a change in proportionate share between measurement dates, a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 441	\$ 783
Net difference between projected and actual earnings on VLDP OPEB program investments	-	336
Change of assumptions	-	86
Changes in proportionate share	185	446
Employer contributions subsequent to the measurement date	<u>6,910</u>	<u>-</u>
Total	<u>\$ 7,536</u>	<u>\$ 1,651</u>

\$6,910 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2026	\$ (404)
2027	(113)
2028	(189)
2029	(199)
2030	(117)
Thereafter	(3)

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 13 — VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total VLDP OPEB liability for the VLDP was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation:	
Political Subdivision Employees	3.50%-5.35%
Investment rate of return	6.75%, net of program investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General and Non-Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale of MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 13 — VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Net VLDP OPEB Liability (Asset)

The net OPEB liability (asset) (NOL) for the Political Subdivision VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Political Subdivision VLDP is as follows (amounts expressed in thousands):

	Political Subdivision VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	\$ 12,230
Plan Fiduciary Net Position	15,837
Political Subdivision VLDP Net OPEB Liability (Asset)	<u>\$ (3,607)</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	129.49%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS 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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 13 — VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return (continued)

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the Town for the VLDP was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB 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 VLDP OPEB liability.

Sensitivity of the Town’s Proportionate Share of the VLDP Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the VLDP Net OPEB Liability (Asset) \$	(2,701) \$	(3,714) \$	(4,605)

VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision VLDP’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 14 — SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>Net OPEB Assets</u>	<u>OPEB Expense</u>
VRS OPEB Plans:					
Group Life Insurance Plan (Note 11)	\$ 42,976	\$ 37,331	\$ 148,418	\$ -	\$ (212)
Town Health Insurance Credit Plan (Note 12)	23,210	10,128	22,802	-	5,630
Virginia Local Disability Program (Note 13)	7,536	1,651	-	3,714	4,994
Totals	<u>\$ 73,722</u>	<u>\$ 49,110</u>	<u>\$ 171,220</u>	<u>\$ 3,714</u>	<u>\$ 10,412</u>

NOTE 15— LINE OF DUTY ACT (LODA) (OPEB BENEFITS)

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer through an insurance company.

The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to Virginia Risk Sharing Association (VRSA). VRSA assumes all liability for the Town’s LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claim costs.

The current year OPEB expense for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insured company for LODA and change in liability to the insurer equal the different between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town’s LODA coverage is fully covered or “insured” through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town’s LODA premium for the year ended June 30, 2025 was \$8,606.

NOTE 16 — SURETY BONDS:

	<u>Amount</u>
VRSA Insurance - Surety	
Public Employees Blanket Bond	<u>\$ 550,000</u>

TOWN OF STRASBURG, VIRGINIA

**Notes to Financial Statements
June 30, 2025 (CONTINUED)**

NOTE 17 — RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town also provides a risk management program for workers' compensation. Premiums are paid by the general fund and all other funds and are available to pay claims, claim reserves and administrative costs of the program.

The Town is a member of the Virginia Risk Sharing Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays Virginia Risk Sharing Association contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE 18 – INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2025 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 13,932	\$ 32,509
Water Fund	-	6,966
Sewer Fund	-	6,966
Trash Fund	32,509	-
Total	<u>\$ 46,441</u>	<u>\$ 46,441</u>

During the year, 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 and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTE 19 – CONSTRUCTION CONTRACTS OUTSTANDING:

The Town had the following construction contracts outstanding as of June 30, 2025:

<u>Project</u>	<u>Contractor</u>	<u>Original Contract Amount</u>	<u>Amount Spent to Date</u>	<u>Amount of Contract Remaining at Year End</u>
Borden Mowery Drive Extension	Pennoni	\$ 473,500	\$ 362,507	\$ 110,993
Borden Mowery Drive Extension	Perry Engineering	3,202,021	-	3,202,021
Town Park Bathroom Renovations	Popowski Brothers	328,424	135,703	192,721
115 W. King Street Renovation	Dewberry Architects	508,020	271,615	236,405
Sandy Hook Elementary Water Main Extension	Bushong Contracting/Pennoni	743,858	313,937	429,921
Junction 1 Lift Station	Patterson Construction	64,744	15,377	49,367
Signal Knob/Ramada Inn	Patterson Construction	103,944	25,623	78,321
Total		<u>5,255,823</u>	<u>1,083,762</u>	<u>4,172,061</u>

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements June 30, 2025 (CONTINUED)

NOTE 20 — LEASE RECEIVABLE:

The Town entered into a noncancellable lease agreement for telecommunications equipment with a lease term of 5 years and interest rate of 0.5270%. The lease agreement requires monthly payments of \$1,605. The Town recognized lease revenue of \$19,121 in fiscal year 2025. As of June 30, 2025, the lease receivable balance was \$22,968 and the related deferred inflow of resource balance was \$22,308.

NOTE 21 — COMMITMENTS AND CONTINGENCIES:

The Town is obligated to the Shenandoah County School Board under an agreement dated September 4, 1973, whereby the Town has agreed to pay to the School Board \$200 for each water and sewer connection made to the primary school water and sewer lines until such time as seventy-percent of their investment is realized. The agreement does not state the method of determining the School Board's investment nor the duration of the agreement.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditure which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Under an agreement dated August 27, 1996 the Town is obligated to reimburse a developer for availability fees collected for connections to a sewer line paid for by the developer. The reimbursement shall not, in the aggregate, exceed \$250,000.

NOTE 22 — DEFERRED, UNAVAILABLE, AND UNEARNED REVENUE:

Deferred and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred, unavailable, and unearned revenue in the government-wide financial statements and fund financial statements totaling \$1,303,898, \$1,615,038, and \$1,681,031, respectively, is comprised of the following:

- A. Prepaid Property Taxes -Property taxes due subsequent to June 30, 2025 but paid in advance by the taxpayers totaled \$96,196 at June 30, 2025.
- B. Unbilled Property Taxes –Property taxes for the second half of 2025 that had not been billed as of June 30, 2025 amounted to \$1,207,702.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$311,140.
- D. Unearned Revenue – VDOT carryover – unearned revenue representing VDOT highway maintenance funds not available to fund current expenditures totaled \$1,025,584. In addition, unearned revenue representing American Rescue Plan Act funds not expended at year end totaled \$655,447.

NOTE 23 — LITIGATION:

At June 30, 2025, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to such entities.

TOWN OF STRASBURG, VIRGINIA

Notes to Financial Statements June 30, 2025 (CONTINUED)

NOTE 24 — UPCOMING PRONOUNCEMENTS:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

General Fund

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 2,468,000	\$ 2,468,000	\$ 2,559,474	\$ 91,474
Other local taxes	2,594,500	2,594,500	2,792,141	197,641
Permits, privilege fees and regulatory licenses	61,000	61,000	78,385	17,385
Fines and forfeitures	25,000	25,000	20,618	(4,382)
Revenue from the use of money and property	95,000	95,000	619,122	524,122
Charges for services	113,000	113,000	107,415	(5,585)
Miscellaneous	35,100	35,100	83,633	48,533
Intergovernmental:				
Commonwealth	1,212,390	3,860,927	1,839,881	(2,021,046)
Federal	1,286,000	1,286,000	1,011,100	(274,900)
Total revenues	<u>\$ 7,889,990</u>	<u>\$ 10,538,527</u>	<u>\$ 9,111,769</u>	<u>\$ (1,426,758)</u>
EXPENDITURES				
Current:				
General government administration	\$ 947,252	\$ 979,998	\$ 839,805	\$ 140,193
Public safety	2,571,183	2,560,047	2,426,744	133,303
Public works	2,103,733	3,576,235	2,186,208	1,390,027
Health and welfare	-	-	35,223	(35,223)
Parks, recreation and cultural	304,410	304,410	262,871	41,539
Community development	572,810	616,931	494,195	122,736
Capital outlay:				
General government administration	10,000	10,000	57,309	(47,309)
Public safety	1,000,000	1,122,256	363,457	758,799
Public works	25,500	3,411,441	504,413	2,907,028
Parks, recreation and cultural	296,000	496,000	376,604	119,396
Debt service:				
Principal	165,475	212,530	144,192	68,338
Interest	-	-	94,968	(94,968)
Total expenditures	<u>\$ 7,996,363</u>	<u>\$ 13,289,848</u>	<u>\$ 7,785,989</u>	<u>\$ 5,503,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (106,373)</u>	<u>\$ (2,751,321)</u>	<u>\$ 1,325,780</u>	<u>\$ 4,077,101</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 102,165	\$ 102,165	\$ 13,932	\$ (88,233)
Transfers out	-	-	(32,509)	(32,509)
Issuance of debt	-	2,570,000	-	(2,570,000)
Issuance of lease liabilities	-	-	19,679	19,679
Issuance of subscription liabilities	-	-	22,573	22,573
Total other financing sources (uses)	<u>\$ 102,165</u>	<u>\$ 2,672,165</u>	<u>\$ 23,675</u>	<u>\$ (2,648,490)</u>
Net change in fund balances	\$ (4,208)	\$ (79,156)	\$ 1,349,455	\$ 1,428,611
Fund balances - beginning	4,208	79,156	10,638,509	10,559,353
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,987,964</u>	<u>\$ 11,987,964</u>

Town of Strasburg, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total pension liability			
Service cost	\$ 466,602	\$ 405,870	\$ 361,765
Interest	1,058,194	1,009,040	956,698
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,018,085	905	114,359
Benefit payments	<u>(758,250)</u>	<u>(738,426)</u>	<u>(664,577)</u>
Net change in total pension liability	\$ 1,784,631	\$ 677,389	\$ 768,245
Total pension liability - beginning	15,589,468	14,912,079	14,143,834
Total pension liability - ending (a)	<u>\$ 17,374,099</u>	<u>\$ 15,589,468</u>	<u>\$ 14,912,079</u>
Plan fiduciary net position			
Contributions - employer	\$ 390,163	\$ 360,480	\$ 227,564
Contributions - employee	202,488	149,145	141,969
Net investment income	1,427,326	910,188	(14,646)
Benefit payments	(758,250)	(738,426)	(664,577)
Administrative expense	(9,295)	(9,081)	(8,967)
Other	302	365	331
Net change in plan fiduciary net position	\$ 1,252,734	\$ 672,671	\$ (318,326)
Plan fiduciary net position - beginning	14,768,154	14,095,483	14,413,809
Plan fiduciary net position - ending (b)	<u>\$ 16,020,888</u>	<u>\$ 14,768,154</u>	<u>\$ 14,095,483</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 1,353,211	\$ 821,314	\$ 816,596
Plan fiduciary net position as a percentage of the total pension liability	92.21%	94.73%	94.52%
Covered payroll	\$ 3,395,192	\$ 3,130,023	\$ 2,957,813
Town's net pension liability (asset) as a percentage of covered payroll	39.86%	26.24%	27.61%

	2021	2020	2019	2018	2017	2016	2015
\$	338,062	\$ 302,837	\$ 287,428	\$ 294,693	\$ 315,556	\$ 290,071	\$ 309,266
	839,537	778,518	741,685	703,570	655,845	618,895	558,470
	495,420	-	393,776	-	(193,159)	-	-
	295,835	330,550	(14,309)	(16,806)	314,951	(44,972)	296,203
	(525,206)	(490,630)	(450,333)	(423,595)	(399,205)	(273,073)	(328,372)
\$	1,443,648	\$ 921,275	\$ 958,247	\$ 557,862	\$ 693,988	\$ 590,921	\$ 835,567
	12,700,186	11,778,911	10,820,664	10,262,802	9,568,814	8,977,893	8,142,326
\$	<u>14,143,834</u>	<u>12,700,186</u>	<u>11,778,911</u>	<u>10,820,664</u>	<u>10,262,802</u>	<u>9,568,814</u>	<u>8,977,893</u>
\$	239,304	\$ 203,890	\$ 194,528	\$ 185,164	\$ 187,961	\$ 208,363	\$ 201,363
	149,448	147,721	140,638	137,868	138,404	154,447	127,682
	3,131,501	218,545	718,307	748,589	1,108,684	160,669	390,762
	(525,206)	(490,630)	(450,333)	(423,595)	(399,205)	(273,073)	(328,372)
	(7,714)	(7,340)	(7,022)	(6,418)	(6,345)	(5,402)	(5,273)
	296	(258)	(453)	(668)	(989)	(67)	(83)
\$	2,987,629	\$ 71,928	\$ 595,665	\$ 640,940	\$ 1,028,510	\$ 244,937	\$ 386,079
	11,426,180	11,354,252	10,758,587	10,117,647	9,089,137	8,844,200	8,458,121
\$	<u>14,413,809</u>	<u>11,426,180</u>	<u>11,354,252</u>	<u>10,758,587</u>	<u>10,117,647</u>	<u>9,089,137</u>	<u>8,844,200</u>
\$	(269,975)	\$ 1,274,006	\$ 424,659	\$ 62,077	\$ 145,155	\$ 479,677	\$ 133,693
	101.91%	89.97%	96.39%	99.43%	98.59%	94.99%	98.51%
\$	3,123,353	\$ 3,048,350	\$ 2,920,517	\$ 2,809,635	\$ 2,810,614	\$ 2,686,938	\$ 2,573,711
	-8.64%	41.79%	14.54%	2.21%	5.16%	17.85%	5.19%

Schedule of Employer Contributions
Pension Plan

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 540,587	\$ 540,587	\$ -	\$ 3,599,115	15.02%
2024	390,484	390,484	-	3,395,192	11.50%
2023	360,498	360,498	-	3,130,023	11.52%
2022	227,564	227,564	-	2,957,813	7.69%
2021	239,304	239,304	-	3,123,353	7.66%
2020	199,620	199,620	-	3,048,350	6.55%
2019	194,529	194,529	-	2,920,517	6.66%
2018	185,413	185,413	-	2,809,635	6.60%
2017	187,962	187,962	-	2,810,614	6.69%
2016	208,363	208,363	-	2,686,938	7.75%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information
 Pension Plan
 For the Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.01330% \$	148,418	\$ 3,414,922	4.35%	73.41%
2023	0.01329%	159,389	3,130,023	5.09%	69.30%
2022	0.01360%	163,757	2,957,813	5.54%	67.21%
2021	0.01510%	176,154	3,123,353	5.64%	67.45%
2020	0.01480%	247,154	3,048,350	8.11%	52.64%
2019	0.01490%	242,463	2,920,517	8.30%	52.00%
2018	0.01478%	224,000	2,809,635	7.97%	51.22%
2017	0.01524%	229,000	2,810,614	8.15%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 16,946	\$ 16,946	\$ -	\$ 3,605,626	0.47%
2024	18,441	18,441	-	3,414,922	0.54%
2023	16,902	16,902	-	3,130,023	0.54%
2022	15,972	15,972	-	2,957,813	0.54%
2021	16,866	16,866	-	3,123,353	0.54%
2020	15,851	15,851	-	3,048,350	0.52%
2019	15,187	15,187	-	2,920,517	0.52%
2018	14,615	14,615	-	2,809,635	0.52%
2017	14,615	14,615	-	2,810,614	0.52%
2016	12,897	12,897	-	2,686,938	0.48%

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Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Strasburg, Virginia

Schedule of Changes in the Town's Net OPEB Liability (Asset) and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total HIC OPEB Liability				
Service cost	\$ 2,062	\$ 1,998	\$ 2,553	\$ 2,972
Interest	8,430	7,603	6,588	6,356
Differences between expected and actual experience	134	8,456	(5,978)	(5,766)
Changes of assumptions	-	-	17,886	2,158
Benefit payments	(6,069)	(5,648)	(5,274)	(4,413)
Other changes	-	-	-	-
Net change in total HIC OPEB liability	<u>\$ 4,557</u>	<u>\$ 12,409</u>	<u>\$ 15,775</u>	<u>\$ 1,307</u>
Total HIC OPEB Liability - beginning	<u>125,868</u>	<u>113,459</u>	<u>97,684</u>	<u>96,377</u>
Total HIC OPEB Liability - ending (a)	<u>\$ 130,425</u>	<u>\$ 125,868</u>	<u>\$ 113,459</u>	<u>\$ 97,684</u>
Plan fiduciary net position				
Contributions - employer	\$ 3,392	\$ 3,130	\$ 3,549	\$ 3,765
Net investment income	9,326	5,888	160	20,802
Benefit payments	(6,069)	(5,648)	(5,274)	(4,413)
Administrator charges	(128)	(143)	(171)	(245)
Other	-	19	337	-
Net change in plan fiduciary net position	<u>\$ 6,521</u>	<u>\$ 3,246</u>	<u>\$ (1,399)</u>	<u>\$ 19,909</u>
Plan fiduciary net position - beginning	<u>101,102</u>	<u>97,856</u>	<u>99,255</u>	<u>79,346</u>
Plan fiduciary net position - ending (b)	<u>\$ 107,623</u>	<u>\$ 101,102</u>	<u>\$ 97,856</u>	<u>\$ 99,255</u>
Town's net HIC OPEB liability (asset) - ending (a) - (b)	\$ 22,802	\$ 24,766	\$ 15,603	\$ (1,571)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	82.52%	80.32%	86.25%	101.61%
Covered payroll	\$ 3,395,192	\$ 3,130,023	\$ 2,957,813	\$ 3,123,353
Town's net HIC OPEB liability (asset) as a percentage of covered payroll	0.67%	0.79%	0.53%	-0.05%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Exhibit 17

	2020	2019	2018	2017
\$	2,527	\$ 2,486	\$ 3,000	\$ 3,000
	5,650	5,797	6,000	6,000
	6,735	(5,557)	(2,000)	-
	-	2,393	-	(4,000)
	(4,471)	(3,985)	(5,000)	(2,000)
	-	(198)	-	-
\$	<u>10,441</u>	<u>\$ 936</u>	<u>\$ 2,000</u>	<u>\$ 3,000</u>
	85,936	85,000	83,000	80,000
\$	<u><u>96,377</u></u>	<u><u>\$ 85,936</u></u>	<u><u>\$ 85,000</u></u>	<u><u>\$ 83,000</u></u>
\$	3,658	\$ 3,505	\$ 4,000	\$ 4,000
	1,598	4,780	5,000	7,000
	(4,471)	(3,985)	(5,000)	(2,000)
	(151)	(104)	-	-
	(1)	(483)	-	-
\$	<u>633</u>	<u>\$ 3,713</u>	<u>\$ 4,000</u>	<u>\$ 9,000</u>
	78,713	75,000	71,000	62,000
\$	<u><u>79,346</u></u>	<u><u>\$ 78,713</u></u>	<u><u>\$ 75,000</u></u>	<u><u>\$ 71,000</u></u>
\$	17,031	\$ 7,223	\$ 10,000	\$ 12,000
	82.33%	91.59%	88.24%	85.54%
\$	3,048,350	\$ 2,920,517	\$ 2,809,635	\$ 2,810,614
	0.56%	0.25%	0.36%	0.43%

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2016 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 4,319	\$ 4,319	\$ -	\$ 3,599,115	0.12%
2024	3,395	3,395	-	3,395,192	0.10%
2023	3,130	3,130	-	3,130,023	0.10%
2022	3,549	3,549	-	2,957,813	0.12%
2021	3,748	3,748	-	3,123,353	0.12%
2020	3,658	3,658	-	3,048,350	0.12%
2019	3,505	3,505	-	2,920,517	0.12%
2018	3,653	3,653	-	2,809,635	0.13%
2017	3,653	3,653	-	2,810,614	0.13%
2016	3,224	3,224	-	2,686,938	0.12%

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Town's Share of Net OPEB Liability
 Virginia Local Disability Program (VLDP)
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)
2024	0.10295% \$	(3,714) \$	796,246	-0.47%	129.49%
2023	0.12020%	(1,934)	735,609	-0.26%	116.89%
2022	0.12650%	(744)	592,692	-0.13%	107.99%
2021	0.18502%	(1,873)	743,208	-0.25%	119.59%
2020	0.17510%	1,748	652,494	0.27%	76.84%
2019	0.20180%	4,088	623,632	0.66%	49.19%
2018	0.19136%	1,000	464,636	0.22%	51.39%
2017	0.20940%	1,000	384,513	0.26%	38.40%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Virginia Local Disability Program (VLDP)
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 6,910	\$ 6,910	\$ -	\$ 933,779	0.74%
2024	6,768	6,768	-	796,246	0.85%
2023	6,253	6,253	-	735,609	0.85%
2022	4,919	4,919	-	592,692	0.83%
2021	6,169	6,169	-	743,208	0.83%
2020	4,698	4,698	-	652,494	0.72%
2019	4,490	4,490	-	623,632	0.72%
2018	2,788	2,788	-	464,636	0.60%
2017	2,307	2,307	-	384,513	0.60%
2016	1,304	1,304	-	217,359	0.60%

Notes to Required Supplementary Information
 Virginia Local Disability Program (VLDP)
 For the Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

SUPPORTING SCHEDULES

Town of Strasburg, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real estate taxes	\$ 1,382,000	\$ 1,382,000	\$ 1,593,459	\$ 211,459
Personal property taxes	840,000	840,000	748,268	(91,732)
Machinery and tools taxes	178,000	178,000	145,338	(32,662)
Penalties	63,000	63,000	67,801	4,801
Interest	5,000	5,000	4,608	(392)
Total general property taxes	<u>\$ 2,468,000</u>	<u>\$ 2,468,000</u>	<u>\$ 2,559,474</u>	<u>\$ 91,474</u>
Other local taxes:				
Local sales and use taxes	\$ 590,000	\$ 590,000	\$ 632,750	\$ 42,750
Consumers' utility taxes	120,000	120,000	207,122	87,122
Business license taxes	225,000	225,000	241,201	16,201
Franchise license taxes	12,000	12,000	10,662	(1,338)
Motor vehicle licenses	157,000	157,000	146,262	(10,738)
Meals tax	1,050,000	1,050,000	1,129,391	79,391
Transient occupancy tax	199,000	199,000	178,813	(20,187)
Cigarette taxes	92,000	92,000	60,469	(31,531)
Bank franchise tax	140,000	140,000	169,524	29,524
Right of way fees	9,500	9,500	15,947	6,447
Total other local taxes	<u>\$ 2,594,500</u>	<u>\$ 2,594,500</u>	<u>\$ 2,792,141</u>	<u>\$ 197,641</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 28,000	\$ 28,000	\$ 52,938	\$ 24,938
DMV stop fees	33,000	33,000	25,447	(7,553)
Total permits, privilege fees, and regulatory licenses	<u>\$ 61,000</u>	<u>\$ 61,000</u>	<u>\$ 78,385</u>	<u>\$ 17,385</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,000	\$ 25,000	\$ 20,618	\$ (4,382)
Total fines and forfeitures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 20,618</u>	<u>\$ (4,382)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 95,000	\$ 95,000	\$ 619,122	\$ 524,122
Total revenue from use of money and property	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>\$ 619,122</u>	<u>\$ 524,122</u>
Charges for services:				
Charges for parks and recreation	\$ 113,000	\$ 113,000	\$ 107,415	\$ (5,585)
Total charges for services	<u>\$ 113,000</u>	<u>\$ 113,000</u>	<u>\$ 107,415</u>	<u>\$ (5,585)</u>
Miscellaneous				
Rebates and refunds	\$ -	\$ -	\$ 1,931	\$ 1,931
Donations	-	-	1,000	1,000
Proffers	-	-	67,200	67,200
Miscellaneous	35,100	35,100	13,502	(21,598)
Total miscellaneous	<u>\$ 35,100</u>	<u>\$ 35,100</u>	<u>\$ 83,633</u>	<u>\$ 48,533</u>
Total revenue from local sources	<u>\$ 5,391,600</u>	<u>\$ 5,391,600</u>	<u>\$ 6,260,788</u>	<u>\$ 869,188</u>

Town of Strasburg, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2025 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Personal property tax reimbursement	\$ 138,900	\$ 138,900	\$ 138,898	\$ (2)
Rolling stock tax	4,500	4,500	4,958	458
Communication tax	58,000	58,000	54,059	(3,941)
DMV auto rental tax	6,500	6,500	5,595	(905)
Total noncategorical aid	<u>\$ 207,900</u>	<u>\$ 207,900</u>	<u>\$ 203,510</u>	<u>\$ (4,390)</u>
Categorical aid:				
Virginia Commission for the Arts grant	\$ 4,500	\$ 4,500	\$ 4,500	-
Aid to localities with police departments	122,020	122,020	132,933	10,913
Help eliminate auto theft grant	-	-	12,500	12,500
Other police grants	-	125,456	1,970	(123,486)
Department of fire program funds	-	-	36,300	36,300
State and highway maintenance funds	877,970	2,401,051	1,399,166	(1,001,885)
Asset forfeiture funds	-	-	11,927	11,927
Trees for clean water grant	-	-	8,695	8,695
Department of wildlife resources grant	-	200,000	28,380	(171,620)
VDOT revenue sharing	-	800,000	-	(800,000)
Total categorical aid	<u>\$ 1,004,490</u>	<u>\$ 3,653,027</u>	<u>\$ 1,636,371</u>	<u>\$ (2,016,656)</u>
Total revenue from the Commonwealth	<u>\$ 1,212,390</u>	<u>\$ 3,860,927</u>	<u>\$ 1,839,881</u>	<u>\$ (2,021,046)</u>
Revenue from the federal government:				
Categorical aid:				
Justice assistance grant	\$ -	\$ -	\$ 16,697	\$ 16,697
Coronavirus state and local fiscal recovery fund	1,286,000	1,286,000	985,143	(300,857)
Ground safety grant	-	-	9,260	9,260
Total categorical aid	<u>\$ 1,286,000</u>	<u>\$ 1,286,000</u>	<u>\$ 1,011,100</u>	<u>\$ (274,900)</u>
Total revenue from the federal government	<u>\$ 1,286,000</u>	<u>\$ 1,286,000</u>	<u>\$ 1,011,100</u>	<u>\$ (274,900)</u>
Total General Fund	<u>\$ 7,889,990</u>	<u>\$ 10,538,527</u>	<u>\$ 9,111,769</u>	<u>\$ (1,426,758)</u>
Total Primary Government	<u>\$ 7,889,990</u>	<u>\$ 10,538,527</u>	<u>\$ 9,111,769</u>	<u>\$ (1,426,758)</u>

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 36,700	\$ 36,700	\$ 37,050	\$ (350)
General and financial administration:				
Legal services	\$ 50,000	\$ 50,000	\$ 29,876	\$ 20,124
Other general and financial administration	860,552	893,298	772,879	120,419
Total general and financial administration	<u>\$ 910,552</u>	<u>\$ 943,298</u>	<u>\$ 802,755</u>	<u>\$ 140,543</u>
Total general government administration	<u>\$ 947,252</u>	<u>\$ 979,998</u>	<u>\$ 839,805</u>	<u>\$ 140,193</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,501,183	\$ 2,490,047	\$ 2,320,444	\$ 169,603
Total law enforcement and traffic control	<u>\$ 2,501,183</u>	<u>\$ 2,490,047</u>	<u>\$ 2,320,444</u>	<u>\$ 169,603</u>
Fire and rescue services:				
Volunteer emergency operations	\$ 70,000	\$ 70,000	\$ 106,300	\$ (36,300)
Total fire and rescue services	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 106,300</u>	<u>\$ (36,300)</u>
Total public safety	<u>\$ 2,571,183</u>	<u>\$ 2,560,047</u>	<u>\$ 2,426,744</u>	<u>\$ 133,303</u>
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Highways, streets, bridges, and sidewalks	\$ 2,103,733	\$ 3,576,235	\$ 2,186,208	\$ 1,390,027
Total public works	<u>\$ 2,103,733</u>	<u>\$ 3,576,235</u>	<u>\$ 2,186,208</u>	<u>\$ 1,390,027</u>
Health and welfare:				
Welfare:				
Tax relief for the elderly	\$ -	\$ -	\$ 35,223	\$ (35,223)
Total health and welfare	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,223</u>	<u>\$ (35,223)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 265,410	\$ 265,410	\$ 223,871	\$ 41,539
Cultural enrichment	15,000	15,000	15,000	-
Library	24,000	24,000	24,000	-
Total parks, recreation, and cultural	<u>\$ 304,410</u>	<u>\$ 304,410</u>	<u>\$ 262,871</u>	<u>\$ 41,539</u>
Community development:				
Planning and community development:				
Community development	\$ 572,810	\$ 616,931	\$ 494,195	\$ 122,736
Total community development	<u>\$ 572,810</u>	<u>\$ 616,931</u>	<u>\$ 494,195</u>	<u>\$ 122,736</u>
Capital outlay:				
General government administration	\$ 10,000	\$ 10,000	\$ 57,309	\$ (47,309)
Public safety	1,000,000	1,122,256	363,457	758,799
Public works	25,500	3,411,441	504,413	2,907,028
Parks, recreation and cultural	296,000	496,000	376,604	119,396
Total capital outlay	<u>\$ 1,331,500</u>	<u>\$ 5,039,697</u>	<u>\$ 1,301,783</u>	<u>\$ 3,737,914</u>
Debt service:				
Principal retirement	\$ 165,475	\$ 212,530	\$ 144,192	\$ 68,338
Interest and other fiscal charges	-	-	94,968	(94,968)
Total debt service	<u>\$ 165,475</u>	<u>\$ 212,530</u>	<u>\$ 239,160</u>	<u>\$ (26,630)</u>
Total General Fund	<u>\$ 7,996,363</u>	<u>\$ 13,289,848</u>	<u>\$ 7,785,989</u>	<u>\$ 5,503,859</u>
Total Primary Government	<u>\$ 7,996,363</u>	<u>\$ 13,289,848</u>	<u>\$ 7,785,989</u>	<u>\$ 5,503,859</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Strasburg's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditors.

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.

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Revenue Capacity

These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

5-9

Debt Capacity

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.

10-13

Demographic and Economic Information

This table offers demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.

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Operating Information

These tables contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.

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Sources:

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

Town of Strasburg, Virginia

Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$ 5,783,452	\$ 6,277,653	\$ 6,369,543	\$ 7,262,064	\$ 9,518,783
Restricted	104,765	111,629	120,864	133,117	157,765
Unrestricted	2,249,153	2,330,229	3,009,846	2,969,903	2,321,707
Total governmental activities net position	\$ 8,137,370	\$ 8,719,511	\$ 9,500,253	\$ 10,365,084	\$ 11,998,255
Business-type activities					
Net investment in capital assets	\$ 17,755,091	\$ 21,167,424	\$ 19,953,063	\$ 20,182,125	\$ 19,676,465
Restricted	-	-	246,480	252,414	250,458
Unrestricted	5,953,491	3,998,422	4,811,769	4,639,621	4,972,252
Total business-type activities net position	\$ 23,708,582	\$ 25,165,846	\$ 25,011,312	\$ 25,074,160	\$ 24,899,175
Primary government					
Net investment in capital assets	\$ 23,538,543	\$ 27,445,077	\$ 26,322,606	\$ 27,444,189	\$ 29,195,248
Restricted	104,765	111,629	367,344	385,531	408,223
Unrestricted	8,202,644	6,328,651	7,821,615	7,609,524	7,293,959
Total primary government net position	\$ 31,845,952	\$ 33,885,357	\$ 34,511,565	\$ 35,439,244	\$ 36,897,430

Note: Prior year balances were not restated to reflect implementation of GASB 101 in fiscal year 2025.

Table 1

Fiscal Year				
2021	2022	2023	2024	2025
\$ 9,527,536	\$ 9,145,566	\$ 10,635,727	\$ 10,815,707	\$ 11,348,267
1,005,777	485,213	362,656	405,999	442,043
<u>2,583,862</u>	<u>3,637,267</u>	<u>3,864,106</u>	<u>7,345,470</u>	<u>8,805,780</u>
<u>\$ 13,117,175</u>	<u>\$ 13,268,046</u>	<u>\$ 14,862,489</u>	<u>\$ 18,567,176</u>	<u>\$ 20,596,090</u>
\$ 19,828,483	\$ 19,769,629	\$ 20,599,603	\$ 20,721,544	\$ 20,838,336
248,054	376,751	249,047	244,524	250,376
<u>4,947,141</u>	<u>5,395,898</u>	<u>5,806,122</u>	<u>7,362,505</u>	<u>8,510,158</u>
<u>\$ 25,023,678</u>	<u>\$ 25,542,278</u>	<u>\$ 26,654,772</u>	<u>\$ 28,328,573</u>	<u>\$ 29,598,870</u>
\$ 29,356,019	\$ 28,915,195	\$ 31,235,330	\$ 31,537,251	\$ 32,186,603
1,253,831	861,964	611,703	650,523	692,419
<u>7,531,003</u>	<u>9,033,165</u>	<u>9,670,228</u>	<u>14,707,975</u>	<u>17,315,938</u>
<u>\$ 38,140,853</u>	<u>\$ 38,810,324</u>	<u>\$ 41,517,261</u>	<u>\$ 46,895,749</u>	<u>\$ 50,194,960</u>

Town of Strasburg, Virginia

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government administration	\$ 732,892	\$ 842,138	\$ 823,092	\$ 641,716	\$ 651,290
Public safety	1,734,851	1,742,668	1,722,076	1,807,172	2,038,606
Public works	1,538,358	1,015,530	2,136,644	1,144,775	1,537,002
Health and welfare	10,109	10,236	10,569	11,721	11,613
Parks and recreation	39,561	85,929	139,839	171,641	203,543
Community development	148,674	244,311	166,666	181,478	218,608
Interest on long-term debt	39,749	33,567	27,573	20,347	23,193
Total governmental activities expenses	\$ 4,244,194	\$ 3,974,379	\$ 5,026,459	\$ 3,978,850	\$ 4,683,855
Business-type activities:					
Water	\$ 2,123,742	\$ 2,402,888	\$ 2,390,787	\$ 2,512,248	\$ 2,590,736
Sewer	1,639,280	1,847,774	2,525,810	2,572,113	2,616,985
Trash	296,281	311,124	313,627	326,688	323,762
Total business-type activities expenses	\$ 4,059,303	\$ 4,561,786	\$ 5,230,224	\$ 5,411,049	\$ 5,531,483
Total primary government expenses	\$ 8,303,497	\$ 8,536,165	\$ 10,256,683	\$ 9,389,899	\$ 10,215,338
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	\$ 40,034	\$ 40,989	\$ 65,704	\$ 57,085	\$ 59,040
Parks, recreation, and cultural	43,849	55,907	43,483	48,358	69,274
Operating grants and contributions:					
General government administration	-	-	-	-	-
Public safety	142,022	123,766	129,523	133,107	141,115
Public works	750,277	149,304	1,196,347	291,290	517,279
Community development	60,000	-	-	-	-
Capital grants and contributions:					
General government administration	-	169,492	398,529	79,979	52,000
Public safety	-	-	-	-	-
Public works	17,364	-	-	-	1,043,755
Parks, recreation, and cultural	-	-	-	-	-
Total governmental activities program revenues	\$ 1,053,546	\$ 539,458	\$ 1,833,586	\$ 609,819	\$ 1,882,463
Business-type activities:					
Charges for services:					
Water	\$ 2,387,365	2,373,740	2,316,231	\$ 2,329,302	\$ 2,266,984
Sewer	2,136,257	2,159,970	2,226,086	2,280,585	2,259,977
Trash	261,927	299,265	300,991	310,135	316,616
Capital grants and contributions:					
Water	102,350	52,000	162,223	161,151	186,829
Sewer	2,106,372	1,067,131	433,480	118,299	175,500
Total business-type activities program revenues	\$ 6,994,271	\$ 5,952,106	\$ 5,439,011	\$ 5,199,472	\$ 5,205,906
Total primary government program revenues	\$ 8,047,817	\$ 6,491,564	\$ 7,272,597	\$ 5,809,291	\$ 7,088,369
Net (expense)/revenue					
Governmental activities	\$ (3,190,648)	\$ (3,434,921)	\$ (3,192,873)	\$ (3,369,031)	\$ (2,801,392)
Business-type activities	2,934,968	1,390,320	208,787	(211,577)	(325,577)
Total primary government net (expense) revenue	\$ (255,680)	\$ (2,044,601)	\$ (2,984,086)	\$ (3,580,608)	\$ (3,126,969)

Table 2

		Fiscal Year							
		2021	2022	2023	2024	2025			
\$	1,410,192	\$	1,378,054	\$	869,775	\$	886,005	\$	1,034,463
	2,166,334		2,039,404		2,355,570		2,547,650		2,598,322
	1,631,656		1,037,799		2,161,942		1,261,117		2,360,036
	13,573		18,231		23,366		25,445		35,223
	192,280		222,212		343,475		544,966		490,571
	305,861		304,078		351,238		423,946		358,655
	20,408		139,866		89,633		81,102		75,177
\$	<u>5,740,304</u>	\$	<u>5,139,644</u>	\$	<u>6,194,999</u>	\$	<u>5,770,231</u>	\$	<u>6,952,447</u>
\$	2,779,240	\$	2,460,596	\$	2,529,045	\$	2,798,840	\$	2,920,326
	2,786,672		2,508,221		2,779,037		2,696,835		2,669,101
	462,929		488,841		518,580		551,570		584,591
\$	<u>6,028,841</u>	\$	<u>5,457,658</u>	\$	<u>5,826,662</u>	\$	<u>6,047,245</u>	\$	<u>6,174,018</u>
\$	<u>11,769,145</u>	\$	<u>10,597,302</u>	\$	<u>12,021,661</u>	\$	<u>11,817,476</u>	\$	<u>13,126,465</u>
\$	32,741	\$	49,150	\$	42,701	\$	63,860	\$	99,003
	111,065		128,285		97,214		113,883		107,415
	451,294		-		3,974		-		6,450
	208,083		370,485		296,363		1,427,562		299,587
	572,034		-		-		59,640		1,437,741
	-		-		-		4,500		4,500
	-		-		-		167,845		-
	-		-		-		1,321,888		335,330
	1,027,437		88,599		2,031,936		332,364		212,043
	-		-		-		58,208		351,820
\$	<u>2,402,654</u>	\$	<u>636,519</u>	\$	<u>2,472,188</u>	\$	<u>3,549,750</u>	\$	<u>2,853,889</u>
\$	2,331,884	\$	2,366,474	\$	2,355,340	\$	2,588,046	\$	2,398,825
	2,242,518		2,313,262		2,605,382		2,787,557		2,526,459
	348,453		367,049		413,915		523,013		554,407
	544,584		378,282		980,933		935,069		1,107,568
	510,171		384,503		118,048		416,853		510,222
\$	<u>5,977,610</u>	\$	<u>5,809,570</u>	\$	<u>6,473,618</u>	\$	<u>7,250,538</u>	\$	<u>7,097,481</u>
\$	<u>8,380,264</u>	\$	<u>6,446,089</u>	\$	<u>8,945,806</u>	\$	<u>10,800,288</u>	\$	<u>9,951,370</u>
\$	(3,337,650)	\$	(4,503,125)	\$	(3,722,811)	\$	(2,220,481)	\$	(4,098,558)
	(51,231)		351,912		646,956		1,203,293		923,463
\$	<u>(3,388,881)</u>	\$	<u>(4,151,213)</u>	\$	<u>(3,075,855)</u>	\$	<u>(1,017,188)</u>	\$	<u>(3,175,095)</u>

Town of Strasburg, Virginia

Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 1,728,462	\$ 1,749,159	\$ 1,774,648	\$ 1,795,837	\$ 1,929,963
Other local taxes:					
Local sales tax	342,955	375,711	388,597	394,025	460,590
Franchise tax	90,889	104,147	111,074	123,756	127,035
Business licenses	121,515	122,849	131,925	137,475	141,739
Meals tax	597,419	713,532	735,500	803,566	770,085
Utility tax	61,165	142,684	165,133	155,648	144,462
Motor vehicle licenses	152,316	125,751	185,071	158,497	160,004
Other local taxes	353,132	385,251	389,570	391,920	346,656
Revenues from use of money and property	70,882	80,640	108,020	108,463	98,813
Miscellaneous	58,341	55,647	3,749	90,000	87,157
Grants and contributions not restricted to specific programs	146,609	161,691	159,829	157,961	168,059
Transfers	(82,657)	-	(40,647)	(83,286)	-
Total governmental activities	<u>\$ 3,641,028</u>	<u>\$ 4,017,062</u>	<u>\$ 4,112,469</u>	<u>\$ 4,233,862</u>	<u>\$ 4,434,563</u>
Business-type activities:					
Revenues from use of money and property	\$ 57,304	\$ 45,539	\$ 45,946	\$ 172,097	\$ 132,834
Loss on disposal of assets	-	-	(41,923)	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-
Miscellaneous	16,492	21,405	13,461	19,042	17,758
Transfers	82,657	-	40,647	83,286	-
Total business-type activities	<u>\$ 156,453</u>	<u>\$ 66,944</u>	<u>\$ 58,131</u>	<u>\$ 274,425</u>	<u>\$ 150,592</u>
Change in Net Position					
Governmental activities	\$ 450,380	\$ 582,141	\$ 919,596	\$ 864,831	\$ 1,633,171
Business-type activities	<u>3,091,421</u>	<u>1,457,264</u>	<u>266,918</u>	<u>62,848</u>	<u>(174,985)</u>
Total primary government	<u>\$ 3,541,801</u>	<u>\$ 2,039,405</u>	<u>\$ 1,186,514</u>	<u>\$ 927,679</u>	<u>\$ 1,458,186</u>

Table 2

		Fiscal Year							
		2021	2022	2023	2024	2025			
\$	1,948,070	\$	2,114,163	\$	2,343,684	\$	2,420,644	\$	2,592,979
	483,851		491,243		573,770		616,493		632,750
	137,896		145,119		149,360		160,011		180,186
	167,095		166,137		225,037		242,699		241,201
	822,700		895,074		1,003,770		1,056,216		1,129,391
	147,101		127,235		94,037		119,300		207,122
	154,473		140,481		156,488		150,727		146,262
	311,324		379,775		373,401		359,571		255,229
	2,718		12,412		310,486		574,257		619,122
	181,516		140,893		44,887		117,611		83,633
	185,841		161,703		152,224		149,351		203,510
	<u>(86,315)</u>		<u>(120,239)</u>		<u>(109,890)</u>		<u>(41,712)</u>		<u>(18,577)</u>
\$	<u>4,456,270</u>	\$	<u>4,653,996</u>	\$	<u>5,317,254</u>	\$	<u>5,925,168</u>	\$	<u>6,272,808</u>
\$	13,096	\$	21,504	\$	259,346	\$	406,840	\$	388,182
	-		-		-		-		-
	14,714		-		-		-		-
	61,609		24,945		96,302		21,956		59,191
	<u>86,315</u>		<u>120,239</u>		<u>109,890</u>		<u>41,712</u>		<u>18,577</u>
\$	<u>175,734</u>	\$	<u>166,688</u>	\$	<u>465,538</u>	\$	<u>470,508</u>	\$	<u>465,950</u>
\$	1,118,620	\$	150,871	\$	1,594,443	\$	3,704,687	\$	2,174,250
	<u>124,503</u>		<u>518,600</u>		<u>1,112,494</u>		<u>1,673,801</u>		<u>1,389,413</u>
\$	<u>1,243,123</u>	\$	<u>669,471</u>	\$	<u>2,706,937</u>	\$	<u>5,378,488</u>	\$	<u>3,563,663</u>

Town of Strasburg, Virginia

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 19,712	\$ 14,601	\$ 15,831	\$ 15,831	\$ 44,844
Restricted	734,493	241,111	120,864	133,117	157,765
Committed	71,803	27,141	891,350	1,257,500	400,000
Unassigned	<u>2,012,068</u>	<u>2,133,018</u>	<u>2,113,065</u>	<u>1,717,615</u>	<u>1,998,522</u>
Total general fund	<u>\$ 2,838,076</u>	<u>\$ 2,415,871</u>	<u>\$ 3,141,110</u>	<u>\$ 3,124,063</u>	<u>\$ 2,601,131</u>
 Total governmental funds	 <u>\$ 2,838,076</u>	 <u>\$ 2,415,871</u>	 <u>\$ 3,141,110</u>	 <u>\$ 3,124,063</u>	 <u>\$ 2,601,131</u>

Table 3

Fiscal Year				
2021	2022	2023	2024	2025
\$ 46,516	\$ 45,862	\$ 63,542	\$ 27,359	\$ 108,646
1,005,777	2,668,310	2,783,899	2,964,205	2,876,750
400,000	-	220,229	88,398	2,349,343
<u>2,366,794</u>	<u>3,973,119</u>	<u>3,845,090</u>	<u>7,558,547</u>	<u>6,653,225</u>
<u>\$ 3,819,087</u>	<u>\$ 6,687,291</u>	<u>\$ 6,912,760</u>	<u>\$ 10,638,509</u>	<u>\$ 11,987,964</u>
<u>\$ 3,819,087</u>	<u>\$ 6,687,291</u>	<u>\$ 6,912,760</u>	<u>\$ 10,638,509</u>	<u>\$ 11,987,964</u>

Town of Strasburg, Virginia

Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues					
General property taxes	\$ 1,609,642	\$ 1,719,391	\$ 1,845,728	\$ 1,797,419	\$ 1,930,881
Other local taxes	1,719,391	1,969,925	2,106,870	2,164,887	2,150,571
Permits, privilege fees and regulatory licenses	10,727	18,469	34,991	24,803	36,262
Fines and forfeitures	29,307	22,520	30,713	32,282	22,778
Revenue from the use of money and property	70,882	80,640	108,020	108,463	98,813
Charges for service	43,849	55,907	43,483	48,358	69,274
Miscellaneous	58,341	55,647	124,811	90,000	87,157
Intergovernmental:					
Commonwealth	1,082,232	427,858	1,478,849	577,129	805,279
Federal	34,040	176,395	405,379	85,208	1,116,929
Total revenues	\$ 4,658,411	\$ 4,526,752	\$ 6,178,844	\$ 4,928,549	\$ 6,317,944
Expenditures					
General government administration	\$ 622,318	\$ 626,031	\$ 556,163	\$ 591,782	\$ 505,917
Public safety	1,747,335	1,683,359	1,675,417	1,782,529	1,937,711
Public works	1,406,917	887,546	1,916,320	1,079,742	1,308,049
Health and welfare	10,109	10,236	10,569	11,721	11,613
Parks and recreation	160,597	209,759	148,837	177,662	158,722
Community development	39,561	85,674	136,152	173,773	183,898
Capital projects	148,549	1,240,872	753,157	892,441	2,610,928
Debt service:					
Principal	219,039	237,074	232,368	227,225	129,218
Interest and other fiscal charges	49,842	43,745	38,226	31,039	25,807
Bond issuance costs	-	-	-	-	-
Total expenditures	\$ 4,404,267	\$ 5,024,296	\$ 5,467,209	\$ 4,967,914	\$ 6,871,863
Excess of revenues over (under) expenditures	\$ 254,144	\$ (497,544)	\$ 711,635	\$ (39,365)	\$ (553,919)
Other financing sources (uses)					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	(82,657)	-	(40,647)	(83,286)	-
Issuance of bonds	-	-	-	-	-
Issuance of lease liabilities	-	-	-	-	-
Issuance of subscription liabilities	-	-	-	-	-
Issuance of notes payable	27,416	75,339	58,251	105,604	30,987
Total other financing sources (uses)	\$ (55,241)	\$ 75,339	\$ 17,604	\$ 22,318	\$ 30,987
Net change in fund balances	\$ 198,903	\$ (422,205)	\$ 729,239	\$ (17,047)	\$ (522,932)
Debt service as a percentage of noncapital expenditures	6.11%	5.59%	5.56%	6.63%	3.60%

Table 4

		Fiscal Year							
		2021	2022	2023	2024	2025			
\$	1,941,768	\$	2,075,913	\$	2,311,260	\$	2,403,376	\$	2,559,474
	2,224,740		2,345,064		2,575,863		2,705,017		2,792,141
	20,971		30,124		21,637		41,369		78,385
	11,770		19,026		21,064		22,491		20,618
	2,718		12,412		310,486		574,257		619,122
	111,065		128,285		97,214		113,883		107,415
	181,516		140,893		44,887		145,009		83,633
	1,593,683		390,016		1,591,344		556,599		1,839,881
	851,006		230,771		893,153		2,964,759		1,011,100
\$	<u>6,939,237</u>	\$	<u>5,372,504</u>	\$	<u>7,866,908</u>	\$	<u>9,526,760</u>	\$	<u>9,111,769</u>
\$	739,658	\$	495,424	\$	723,904	\$	699,668	\$	839,805
	2,075,598		1,983,858		2,212,104		2,386,585		2,426,744
	1,393,268		821,744		1,935,479		1,070,466		2,186,208
	13,573		18,231		23,366		25,445		35,223
	266,252		207,387		265,593		332,070		262,871
	191,419		222,065		339,944		481,151		494,195
	913,724		1,177,189		1,770,819		519,475		1,301,783
	81,217		81,139		151,052		156,340		144,192
	23,123		63,046		109,288		100,823		94,968
	-		56,532		-		-		-
\$	<u>5,697,832</u>	\$	<u>5,126,615</u>	\$	<u>7,531,549</u>	\$	<u>5,772,023</u>	\$	<u>7,785,989</u>
\$	<u>1,241,405</u>	\$	<u>245,889</u>	\$	<u>335,359</u>	\$	<u>3,754,737</u>	\$	<u>1,325,780</u>
\$	-	\$	1,464	\$	-	\$	-	\$	13,932
	(86,315)		(121,703)		(109,890)		(41,712)		(32,509)
	-		2,707,871		-		-		-
	-		-		-		-		19,679
	-		-		-		12,724		22,573
	62,866		34,683		-		-		-
\$	<u>(23,449)</u>	\$	<u>2,622,315</u>	\$	<u>(109,890)</u>	\$	<u>(28,988)</u>	\$	<u>23,675</u>
\$	<u>1,217,956</u>	\$	<u>2,868,204</u>	\$	<u>225,469</u>	\$	<u>3,725,749</u>	\$	<u>1,349,455</u>
	3.60%		3.09%		4.51%		4.51%		3.71%

Town of Strasburg, Virginia

General Governmental Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Local Sales Tax</u>	<u>Consumer Utility Tax</u>	<u>Tele-communications Tax</u>	<u>Franchise Tax</u>	<u>Cigarette Tax</u>
2025	\$ 2,559,474	\$ 632,750	\$ 207,122	\$ 54,059	\$ 180,186	\$ 60,469
2024	2,403,376	616,493	119,300	54,324	160,011	81,937
2023	2,311,260	573,770	94,037	57,807	149,360	89,063
2022	2,075,913	491,243	127,235	59,535	145,119	92,625
2021	1,941,768	483,851	147,401	61,337	137,896	100,515
2020	1,930,881	460,590	144,462	69,057	127,035	102,457
2019	1,797,419	394,025	155,648	70,668	123,756	121,020
2018	1,845,728	388,597	165,133	76,175	111,074	117,549
2017	1,719,391	375,711	142,684	78,633	104,147	118,674
2016	1,609,642	342,955	61,165	80,615	90,889	128,240

Table 5

<u>Meals Tax</u>	<u>Transient Occupancy Tax</u>	<u>Public Right- of-Way Fees</u>	<u>Motor Vehicle Licenses</u>	<u>Business Licenses</u>	<u>Total</u>
\$ 1,129,391	\$ 178,813	\$ 15,947	\$ 146,262	\$ 241,201	\$ 5,405,674
1,056,216	190,800	32,510	150,727	242,699	5,108,393
1,003,770	193,089	33,442	156,488	225,037	4,887,123
895,074	199,322	28,293	140,481	166,137	4,420,977
822,700	121,975	27,497	154,473	167,095	4,166,508
770,085	144,944	30,198	160,004	141,739	4,081,452
803,566	182,577	17,655	158,497	137,475	3,962,306
735,500	195,846	-	185,071	131,925	3,952,598
713,532	187,944	-	125,751	122,849	3,689,316
597,419	144,277	-	152,316	121,515	3,329,033

Town of Strasburg, Virginia

Assessed Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service Corporation	
				Real Estate	Personal Property
2025	\$ 870,649	\$ 83,517	\$ 13,255	\$ 36,737	\$ -
2024	864,145	84,920	20,588	36,771	-
2023	854,166	86,643	26,072	37,477	-
2022	835,586	91,294	26,970	32,647	-
2021	623,198	68,880	28,796	35,352	-
2020	615,361	54,510	41,158	32,970	-
2019	606,910	51,026	36,559	16,284	-
2018	602,606	48,698	40,632	21,332	-
2017	601,362	46,781	46,977	21,332	-
2016	600,385	47,253	33,332	21,786	-

Note: Real and personal property tax assessments are made by the Commissioner of Revenue for the County of Shenandoah, Virginia. Real and personal property taxes of public service corporations are assessed by the State Corporation Commission.

Table 6

<u>Total Taxable Assessed Total</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>	<u>Total Direct Rate</u>
\$ 1,004,158	\$ 1,004,158	100%	10.95
1,006,424	1,006,424	100%	10.87
1,004,358	1,004,358	100%	10.70
986,497	986,497	100%	10.41
756,226	756,226	100%	10.76
743,999	743,999	100%	10.66
710,779	710,779	100%	10.66
713,268	713,268	100%	10.66
716,452	716,452	100%	10.28
702,756	702,756	100%	10.12

Town of Strasburg, Virginia

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	Direct Rates				Overlapping Rates County of Shenandoah, Virginia			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2025	\$ 0.20	\$ 1.11	\$ 0.20	\$ 0.86	\$ 0.64	\$ 4.11	\$ 0.64	\$ 3.15
2024	0.16	1.11	0.16	0.86	0.64	4.11	0.64	3.15
2023	0.15	1.11	0.15	0.86	0.60	4.05	0.60	3.15
2022	0.13	1.11	0.16	0.86	0.58	3.80	0.58	3.15
2021	0.16	1.11	0.16	0.86	0.69	3.90	0.69	3.15
2020	0.16	1.11	0.16	0.86	0.64	3.90	0.64	3.15
2019	0.16	1.11	0.16	0.86	0.64	3.90	0.64	3.15
2018	0.16	1.11	0.16	0.86	0.64	3.90	0.64	3.15
2017	0.16	1.11	0.16	0.86	0.60	3.60	0.60	3.15
2016	0.16	1.11	0.16	0.86	0.57	3.50	0.57	3.15

(1) Rates are based on \$100 per assessed value

Table 7

Combined Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
\$	0.84	\$ 5.22	\$ 0.84	\$ 4.05
	0.80	5.22	0.80	4.05
	0.75	5.16	0.75	4.05
	0.71	4.91	0.74	4.05
	0.85	5.01	0.85	4.05
	0.80	5.01	0.80	4.05
	0.80	5.01	0.80	4.05
	0.80	5.01	0.80	4.05
	0.76	4.71	0.76	4.05
	0.73	4.61	0.73	4.05

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type of Business	Fiscal Year 2025	
		2024 Assessed Valuation	% of Total Assessed Valuation
EIP 495 Radio Station Road LLC	Rental Property/Commercial	\$ 35,747,900	4.11%
Art Mortgage Borrower	Rental Property/Commercial	14,416,500	1.66%
IAC Strasburg LLC	Manufacturing	7,331,200	0.84%
Massanutten Preservation LP	Commercial Property	7,200,000	0.83%
MH III Strasburg LLC	Commercial Property	6,542,600	0.75%
Sabra Virginia III LLC	Assisted Living	6,000,000	0.69%
Sanwood Hospitality LLC	Real Estate	5,801,800	0.67%
Walter Enterprises	Rental Property/Commercial	5,357,000	0.62%
King's Plumbing & Heating, Inc.	Rental Property/Commercial	3,295,900	0.38%
Toothman Investments LLC	Rental Property/Retail	3,295,200	0.38%
		<u>\$ 94,988,100</u>	<u>10.91%</u>

Taxpayer	Type of Business	Fiscal Year 2016	
		2015 Assessed Valuation	% of Total Assessed Valuation
North Shenandoah Investors	Rental Property/Commercial	\$ 20,428,900	3.40%
Art Mortgage Borrower Property Co.	Rental Property/Commercial	12,357,400	2.06%
294 Front Royal LLC	Manufacturing	8,522,300	1.42%
King Plumbing and Heating Inc.	Rental Property/Commercial	7,996,600	1.33%
Walter Enterprises	Rental Property/Commercial	5,207,900	0.87%
Massanutten Elderly LLC	Rental Property/Commercial	4,539,900	0.76%
Inns of Strasburg LLC	Rental Property/Commercial	4,162,400	0.69%
IAC Strasburg LLC	Manufacturing	4,143,200	0.69%
SFC Properties	Rental Property/Commercial	4,055,700	0.68%
Homewood at the Shenandoah Valley	Rental Property/Commercial	3,145,800	0.52%
		<u>\$ 74,560,100</u>	<u>12.42%</u>

Source: Assessed values per the Commissioner of Revenue for the County of Shenandoah, Virginia

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Total Tax Collections	Percentage of Levy
2025	\$ 2,670,450	\$ 2,534,084	94.89%	\$ -	2,534,084	94.89%
2024	2,345,995	2,217,896	94.54%	44,274	2,262,170	96.43%
2023	2,313,414	2,140,813	92.54%	142,864	2,283,677	98.71%
2022	2,239,364	2,104,257	93.97%	119,277	2,223,534	99.29%
2021	1,913,047	1,823,262	95.31%	81,335	1,904,597	99.56%
2020	1,846,891	1,803,601	97.66%	36,200	1,839,801	99.62%
2019	1,739,312	1,688,776	97.09%	49,216	1,737,992	99.92%
2018	1,739,692	1,647,491	94.70%	91,164	1,738,655	99.94%
2017	1,715,312	1,625,964	94.79%	88,311	1,714,275	99.94%
2016	1,630,544	1,546,964	94.87%	82,543	1,629,507	99.94%

Source: Department of Finance

Town of Strasburg, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		
	General Obligation Bonds	Notes payable	Lease Liabilities	Subscription Liabilities	General Obligation Bonds	Note Payable	Subscription Liabilities
2025	\$ 2,842,549	\$ -	\$ 26,419	\$ 19,835	\$ 21,087,874	\$ -	\$ 8,644
2024	2,976,878	6,887	16,758	8,549	22,129,129	-	16,594
2023	3,105,207	43,039	22,771	22,771	23,159,859	14,066	14,066
2022	3,227,536	84,255	28,607	28,607	24,226,941	30,444	30,444
2021	550,101	102,711	-	-	25,331,903	46,290	46,290
2020	579,537	94,062	-	-	26,426,831	77,268	77,268
2019	633,664	140,602	-	-	27,510,285	120,086	120,086
2018	801,565	103,689	-	-	28,727,122	87,074	87,074
2017	916,706	118,325	-	-	28,561,830	55,572	55,572
2016	1,070,425	126,341	-	-	26,288,079	65,478	65,478

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 14

Table 10

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	23,985,321	0.94%	\$ 3,290
	25,138,201	0.99%	3,465
	26,367,713	1.03%	3,649
	27,626,390	1.25%	3,838
	26,031,005	1.18%	3,876
	27,177,698	1.33%	4,071
	28,404,637	1.40%	3,896
	29,719,450	1.72%	4,486
	29,652,433	1.75%	4,515
	27,550,323	1.67%	4,200

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Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less: Amounts Reserved for Debt Service</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net General Obligation Debt to Assessed Value (2)</u>	<u>Net Bonded Debt per Capita (1)</u>
2025	\$ 23,930,423	\$ 436,936	\$ 23,493,487	2.34%	\$ 3,223
2024	25,106,007	423,702	24,682,305	2.45%	3,402
2023	26,265,066	420,153	25,844,913	2.57%	3,580
2022	27,454,477	413,417	27,041,060	2.74%	3,760
2021	25,882,004	1,085,448	24,796,556	3.19%	3,692
2020	27,006,368	250,458	26,755,910	3.60%	3,670
2019	28,143,949	246,480	27,897,469	3.92%	4,190
2018	29,528,687	246,480	29,282,207	4.11%	4,420
2017	29,478,536	-	29,478,536	4.11%	4,489
2016	27,358,504	-	27,358,504	3.89%	4,171

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 6

(3) Includes all long-term general obligation debt. Excludes notes payable, leases, subscriptions and compensated absences.

Town of Strasburg, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Assessed Valuations				
Assessed value of taxed real property	\$ <u>600,385,000</u>	\$ <u>601,362,000</u>	\$ <u>602,606,000</u>	\$ <u>606,910,000</u>
Legal debt margin				
Debt limit - 10 percent of total assessed value	\$ <u>60,038,500</u>	\$ <u>60,136,200</u>	\$ <u>60,260,600</u>	\$ <u>60,691,000</u>
Debt applicable to limitation:				
Total bonded debt	\$ 27,358,504	\$ 29,478,536	\$ 29,282,207	\$ 27,891,535
Less: Business-type activities bonds	<u>(26,288,079)</u>	<u>(28,561,830)</u>	<u>(28,727,122)</u>	<u>(27,510,285)</u>
Total amount of debt applicable to debt limitation	\$ <u>1,070,425</u>	\$ <u>916,706</u>	\$ <u>555,085</u>	\$ <u>381,250</u>
Legal debt margin	\$ <u>58,968,075</u>	\$ <u>59,219,494</u>	\$ <u>59,705,515</u>	\$ <u>60,309,750</u>
Total net debt applicable to the limit as a percentage of debt limit	1.78%	1.52%	0.92%	0.63%

Table 12

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 615,361,000	\$ 623,198,000	\$ 835,586,000	\$ 854,166,000	\$ 864,145,000	\$ 870,649,000
\$ 61,536,100	\$ 62,319,800	\$ 83,558,600	\$ 85,416,600	\$ 86,414,500	\$ 87,064,900
\$ 26,755,910	\$ 25,882,004	\$ 27,454,477	\$ 26,265,066	\$ 25,106,007	\$ 23,930,423
(26,426,831)	(25,331,903)	(24,226,941)	(23,159,859)	(22,129,129)	(21,087,874)
\$ 329,079	\$ 550,101	\$ 3,227,536	\$ 3,105,207	\$ 2,976,878	\$ 2,842,549
\$ 61,207,021	\$ 61,769,699	\$ 80,331,064	\$ 82,311,393	\$ 83,437,622	\$ 84,222,351
0.53%	0.88%	3.86%	3.64%	3.44%	3.26%

Direct and Overlapping Governmental Activities Debt
June 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage	Amount applicable to Primary Government
County of Shenandoah, Virginia	\$ 48,085,965	16.22%	\$ 7,799,980
Town of Strasburg, Virginia direct debt			<u>2,868,968</u>
Total direct and overlapping debt			<u>\$ 10,668,948</u>

Sources: Outstanding debt and applicable percentages provided by the County of Shenandoah, Virginia

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Strasburg, Virginia. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Town Population	Personal Income (000's) (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
2025	7,290	\$ 2,562,224	\$ 56,651	3.80%
2024	7,260	2,551,717	56,745	3.00%
2023	7,219	2,527,479	56,745	2.70%
2022	7,191	2,386,418	53,753	2.60%
2021	6,716	2,207,002	49,948	4.10%
2020	6,676	2,035,995	46,680	6.90%
2019	6,658	1,974,201	45,387	2.60%
2018	6,625	1,724,404	39,940	3.32%
2017	6,567	1,696,997	39,291	3.60%
2016	6,559	1,647,658	37,896	3.60%

Source: Weldon Cooper Center for Public Service, Bureau of Labor Statistics, and Bureau of Economic Analysis

(1) Data available for the County of Shenandoah, Virginia

Town of Strasburg, Virginia

Full-time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years

Function	Fiscal Year				
	2016	2017	2018	2019	2020
General government					
General administration	2.0	1.5	2.0	2.0	2.0
Financial administration	5.0	4.5	5.0	5.0	5.0
Planning Office	1.0	1.0	1.0	1.0	1.0
Public safety					
Sworn Officers	18.0	17.0	17.0	17.0	18.0
Administrative	1.0	1.0	1.0	1.0	1.0
Public works	19.0	19.0	19.0	19.0	22.0
Economic/Community development	1.0	1.0	1.0	2.0	2.0
Parks and recreation	0.0	0.0	0.0	0.0	0.0
Water and sewer	11.0	11.0	13.0	13.0	13.0
Totals	<u>58.0</u>	<u>56.0</u>	<u>59.0</u>	<u>60.0</u>	<u>64.0</u>

Source: Department of Finance; Staffing Reports

Table 15

Fiscal Year				
2021	2022	2023	2024	2025
2.0	2.0	2.0	3.0	2.5
5.0	5.0	5.0	5.0	5.5
1.0	1.0	1.0	2.0	2.0
18.0	18.0	18.0	16.0	17.0
2.0	2.0	2.0	2.0	2.0
22.0	18.0	19.0	18.0	19.0
2.0	1.0	1.0	2.0	2.0
0.0	0.0	0.0	0.0	0.0
13.0	11.0	12.0	11.0	12.0
65.0	58.0	60.0	59.0	62.0

Town of Strasburg, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2016	2017	2018	2019
Public safety				
Police department				
Number of complaints investigated	8,882	8,120	8,001	7,502
Number of vehicle accidents investigated	142	109	124	138
Number of traffic summons (adult & juvenile)	407	502	589	664
Number of criminal arrests (adult)	408	314	380	380
Number of criminal arrests (juvenile)	24	8	38	26
Public works				
Streets				
Streets resurfaced (miles per year)	3.34	1.17	11.38	0.00
Refuse				
Refuse collected (tons per year)	2,207	2,329	2,469	2,523
Recycling				
Recycling collected (tons per year)	193	218	206	211
Community development				
Planning and zoning				
Zoning permits issued	106	135	177	113
Water				
Number of water main break repairs				
Average daily finished water production (mgd)	0.7128	0.7140	0.6698	0.7283
Sewer				
Number of sewer line repairs				
Average daily effluent wastewater treatment (mgd)	0.7052	0.7488	1.2956	1.0459

Source: Town individual departments

Note: All statistical data is based on the previous calendar year of the fiscal year indicated.

Table 16

Fiscal Year					
2020	2021	2022	2023	2024	2025
6,650	11,933	16,821	18,223	17,248	16,193
84	96	102	95	98	122
181	207	404	685	634	406
383	221	220	336	286	232
14	10	4	19	11	23
130	130	130	130	128	128
0.00	3.66	0.00	6.07	0.00	4.14
2,361	2,327	2,264	2,411	2,504	2,583
102	0	0	0	0	0
196	202	187	181	149	228
6	6	19	11	12	8
0.6880	0.7780	0.7957	0.8261	0.8377	0.7898
5	5	2	1	2	2
0.8524	0.9947	0.8800	0.8800	0.9200	0.8700

Town of Strasburg, Virginia

Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
Public safety					
Police department					
Stations	1	1	1	1	1
Law enforcement vehicles	*	12	12	13	13
Public works					
Streets department					
Number of streets	128	128	128	130	130
Number of street lights	516	516	522	522	542
Parks and recreation					
Number of parks	2	2	2	3	3
Number of swimming pools	1	1	1	1	1
Number of picnic shelters	8	8	8	8	8
Number of tennis courts	2	2	2	2	2
Water					
Miles of water distribution lines	40.39	40.39	40.39	40.39	40.39
Storage capacity (mg)	3.4	3.4	3.4	3.4	3.4
Sewer					
Miles of sanitary sewer lines	40.48	40.48	40.48	40.48	40.48
Number of sewer lift/pumping stations	11	12	12	12	12

* Information is not available.

Source: Town individual departments

Table 17

Fiscal Year				
2021	2022	2023	2024	2025
1	1	1	1	1
13	19	23	21	21
130	130	130	128	128
573	289	572	550	550
4	4	4	4	4
1	1	1	1	1
8	8	8	8	8
2	2	2	2	2
40.39	40.39	41.03	42.07	42.07
3.4	3.4	3.4	3.639	3.639
40.48	40.48	42.31	42.03	42.25
12	12	12	12	12

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COMPLIANCE SECTION



**Independent Auditors' 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 the Town Council
Town of Strasburg, 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, and each major fund of the Town of Strasburg, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Strasburg, Virginia's basic financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Strasburg, Virginia'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 of Strasburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Strasburg, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Strasburg, Virginia'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 3, 2025



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

**To the Honorable Members of the Town Council
Town of Strasburg, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Strasburg, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Strasburg, Virginia's major federal programs for the year ended June 30, 2025. Town of Strasburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Strasburg, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Strasburg, Virginia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Strasburg, Virginia'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 of Strasburg, Virginia's federal programs.

Auditors' 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 of Strasburg, Virginia'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 that 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 of Strasburg, Virginia's compliance with the requirements 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 risks 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 the Town of Strasburg, Virginia'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 of Strasburg, Virginia'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 of Strasburg, Virginia'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 were not 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.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 3, 2025

Town of Strasburg, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG00258MUM U, 2020MUBX0035	\$ <u>16,697</u>
Total Department of Justice			\$ <u>16,697</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles Highway Safety Cluster:			
State and Community Highway Safety	20.600	BPT-2024-54136-24136, BPT-2025-55076-25076	\$ <u>9,260</u>
Total Department of Transportation			\$ <u>9,260</u>
Department of the Treasury:			
Direct Payment:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ <u>1,829,002</u>
Total Department of the Treasury			\$ <u>1,829,002</u>
Total Expenditures of Federal Awards			\$ <u><u>1,854,959</u></u>

Notes to Schedule of Expenditures of Federal Awards:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Strasburg, Virginia under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Town of Strasburg, Virginia, it is not intended to and does not present the financial position, change in net position, or cash flows of the Town of Strasburg, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Strasburg, Virginia has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through identifying numbers are presented where available.

NOTE C - SUBRECIPIENTS

No awards were passed through to subrecipients.

NOTE D - LOANS

The Town did not have any loans or loan guarantees which are subject to reporting requirements in the current year.

NOTE E - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal expenditures, revenues, and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	\$ 1,011,100
Enterprise funds	<u>843,859</u>
Total primary government	\$ <u>1,854,959</u>

Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ <u><u>1,854,959</u></u>
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