

Quarterly Report

Department of Finance & Procurement



Town Council Meeting Date: May 12, 2026

Third Quarter 2026: January, February, March 2026

Department introduction:

The mission of the Department of Finance and Procurement is to promote excellence and transparency in the delivery of effective and efficient financial management services to our internal and external customers and stakeholders. This is accomplished by adhering to sound financial management practices, demonstrating integrity in all that we do, and working as a team to support the Town's mission, vision, and values.

The Department is responsible for accounting and financial reporting, budget preparation and monitoring, debt management, accounts receivable, accounts payable, payroll processing, procurement, tax billing, utility billing, collections, and investment management.

Project Progress:

Debt Issuance:

- Council adopted a Reimbursement Resolution in September 2025 that will allow the Town to use bond proceeds to replenish reserves that have been used to fund capital.
- In November 2025, the Town's financial advisors conducted 2 by 2 meetings with Council members to discuss the upcoming debt issuance and credit rating process.
- Town Council conducted a public hearing and passed a resolution to authorize the issuance of debt at the January 2026 Council meeting.
- Town Staff met with the rating agencies in March 2026. The Town was subsequently awarded a credit rating of Aa2 from Moody's and AA+ from S&P.
- Bids were received for the bonds on April 16th. The Town closed on the bonds on April 30th.

Budget:

- Proposed Fiscal Year 2027 Budget:
 - The proposed budget was delivered to Council on April 1st.
 - A high-level overview of the proposed budget was presented by the Town Manager and the Budget Manager at the April 14th work session.
 - Two public hearings will be held at the May Council meeting.
 - A Public Hearing to Consider a Proposed Real Property Tax Increase

- This public hearing is required by the Code of Virginia when there is a general reassessment resulting in an effective real property tax rate increase.
 - A Public Hearing on the Proposed Fiscal Year 2027 Budget and the Proposed 2027-2032 Capital Improvement Program
 - Calendar year property tax rates must be adopted at this meeting per Town Code.

Tax Administration:

- Business license renewal applications were due on April 15th. This is the second largest local revenue category for the General Fund. Payment for the renewals is due on June 30th, the last day of the fiscal year.
- The first half of 2026 real estate tax and stormwater fee will be due on June 15th.

Enterprise Resource Planning (ERP) Project

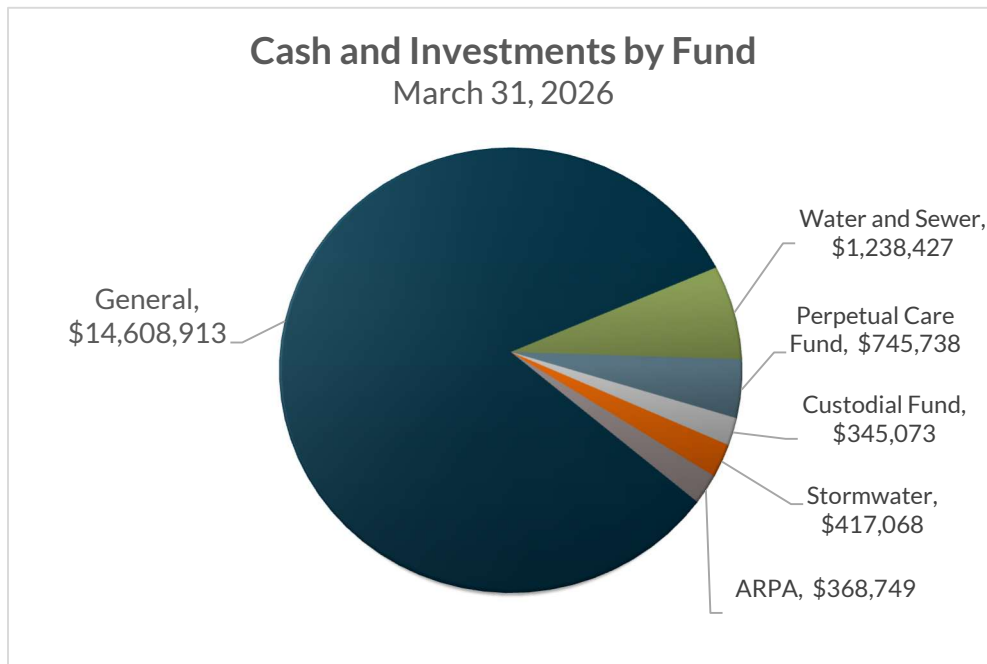
- The first phase of the ERP project goes live on May 5th. This phase includes purchase orders, accounts payable, budget, general ledger, and miscellaneous billing.
- The HRM and payroll modules will go live in the June/July time frame.

Charts and information:

The following charts are provided based on the information contained in the **attached financial statements for the period ending March 31, 2026.**

Cash and Investments

The following chart shows the cash and investment balances for each of the Town’s major funds. The total has decreased by approximately \$11.2 million compared to the same period last year primarily due to the spending of ARPA funds and Water and Sewer capital spending.



Reserve Amounts

The reserve amounts reported in this section fall below the Town's adopted policy thresholds. This will be remedied by the replenishment of funds following the issuance of debt for capital projects.

General Fund Unassigned Fund Balance

The council adheres to an adopted minimum unassigned fund balance policy for the General Fund equivalent to 50% of current adopted annual operating expenditure. The current estimate is provided below.

Fiscal Year	UFB as Percentage of Budgeted Operating Expenditures
FY26	32.38%

- **FY26:** The policy threshold for FY26 is \$9.6 million. The current unassigned fund balance is 32.38% of the FY26 operating budget. This is \$3,400,042 less than the policy threshold.

Water and Sewer Fund Cash Balance

For the Water and Sewer fund, the Council adopted a policy to maintain a cash balance equivalent to 200 days of operating expenses.

Fiscal Year	Cash Balance Equivalent to Days of Operating Expenses
FY26	54

- **FY26:** The policy threshold for FY26 is \$4.7 million. The current cash balance falls short of meeting the policy by \$3,424,121. This is equivalent to 54 days of operating expenses.

Budget and Actual by Fund

The following pages contain graphs for each fund that compare the budget to the actual revenue or expenditures recorded year-to-date. Capital projects are included for each fund. This can distort the budget-to-actual comparison, since most capital spending crosses over fiscal years.

Each graph shows:

- the total budget for the fund, represented by the dark blue bar at the top of each graph.
- revenue received year-to-date, represented by the green bar.
- expenditures recorded year-to-date.
 - This is further broken down into
 - Operating (blue)
 - Capital (light gray)
 - Encumbrances (orange) – this represents the total value of purchase orders issued to vendors for services, equipment, materials, and supplies. While not part of the actual expenditure as of the end of the period, these amounts will be expended in the coming months.

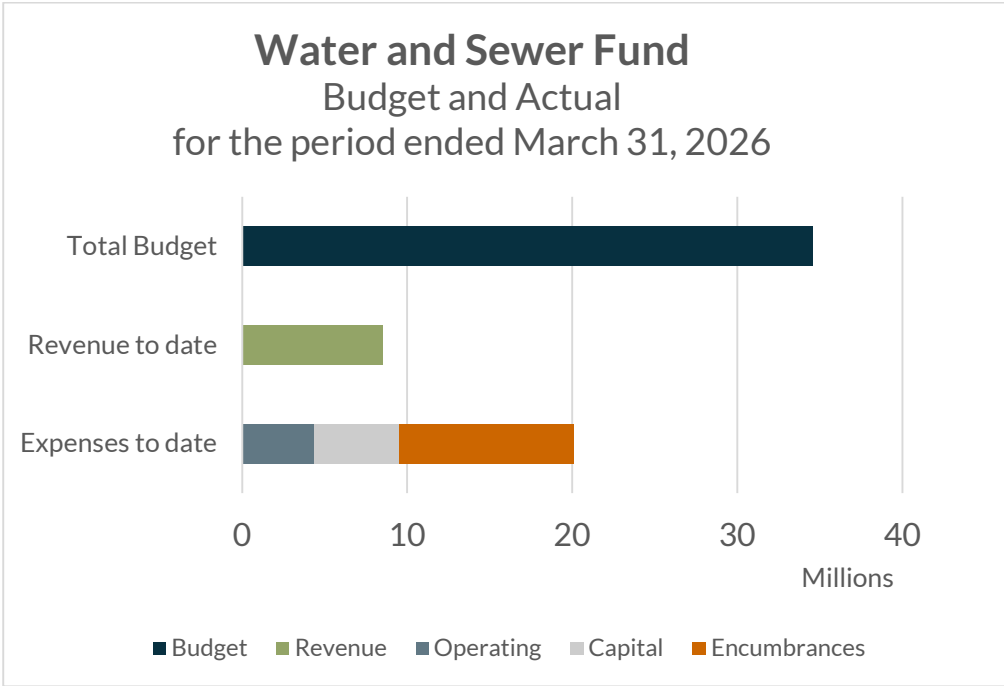
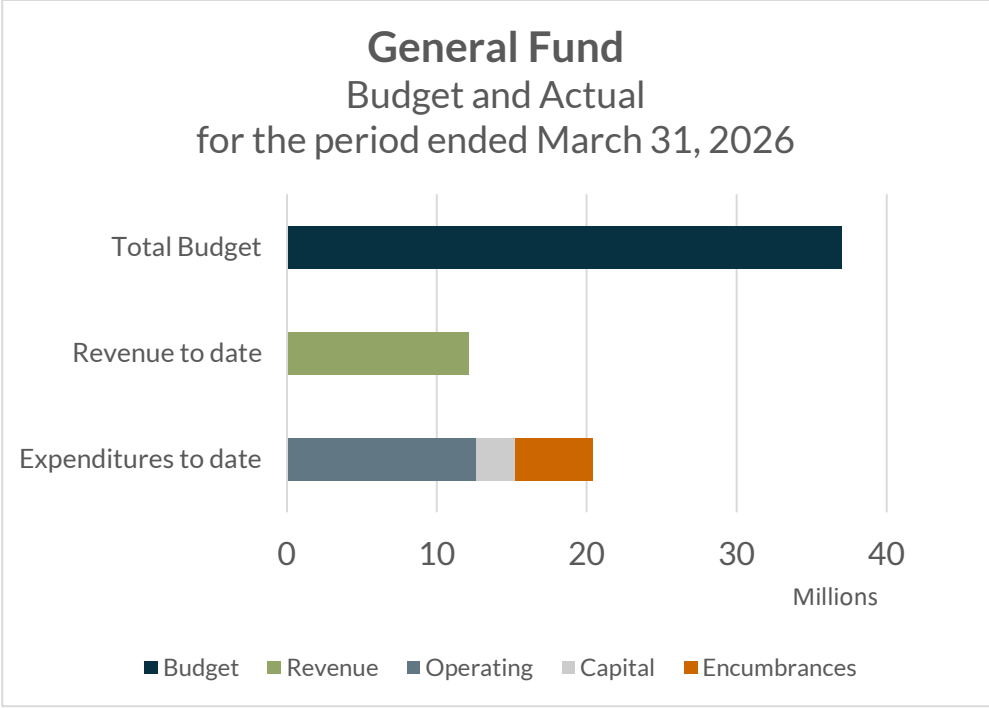
Impact of Accruals for Financial Reporting

For the general fund, the accrual of revenues to the prior fiscal year for financial reporting purposes may result in those revenue categories appearing lower than the expected amount for this point in the year.

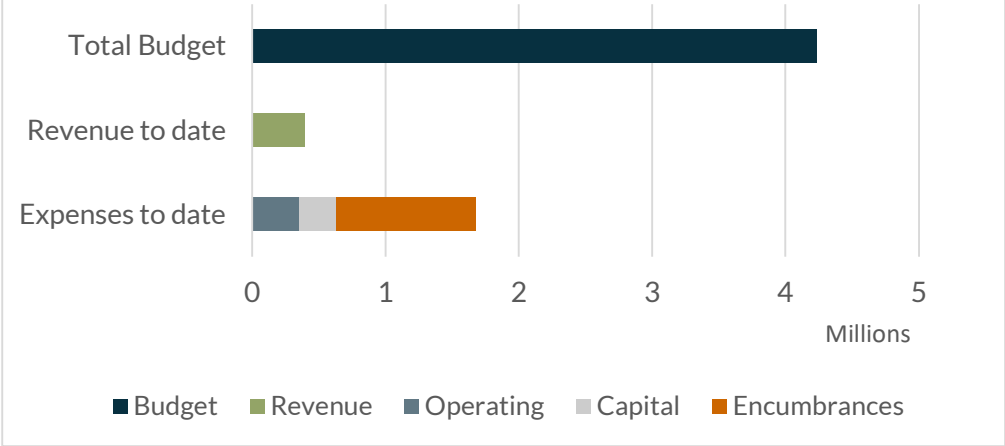
Significant revenue accrual amounts are listed below:

Category	Amount
Business License	\$418,294
Meals Tax	\$495,149
Lodging Tax	\$28,293
Sales Tax	\$268,815
Communications Tax	\$55,780
Motor Vehicle Rental Tax	\$24,254
Court Fines	\$4,102
Utility and Consumption Taxes	\$40,444
TOTAL	\$1,335,131

Adding this total to the actual year-to-date revenue for the general fund results in a total of \$13,399,324, which exceeds the expected amount by \$1,200,324.



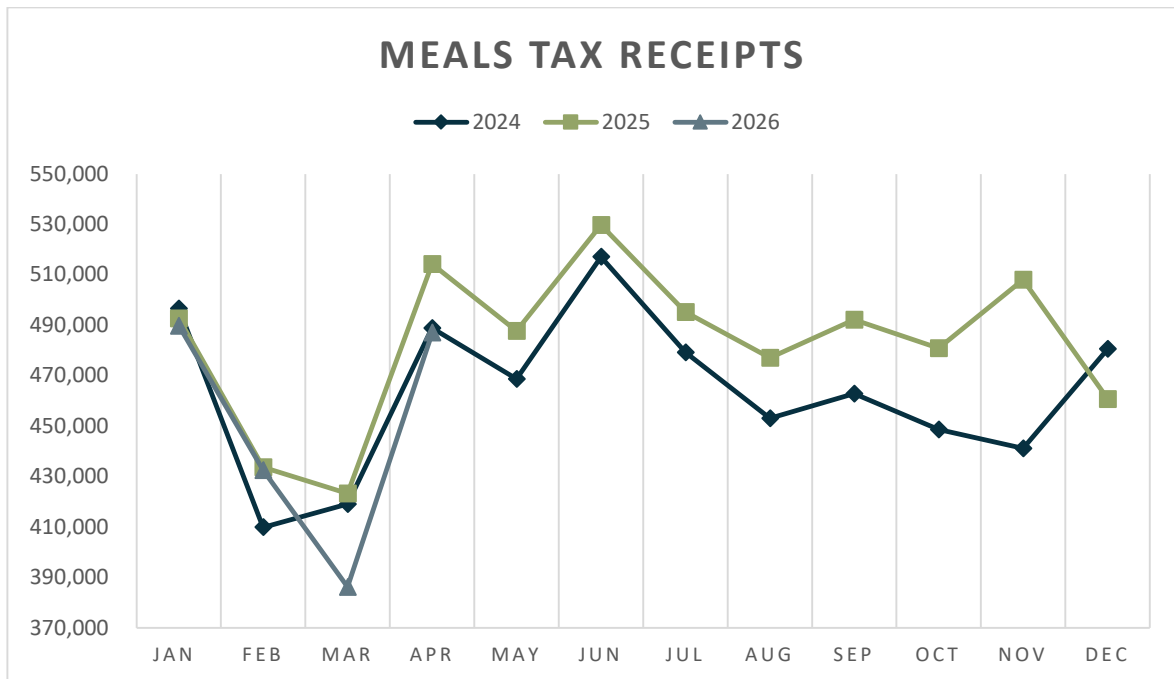
Stormwater Fund Budget and Actual for the period ended March 31, 2026



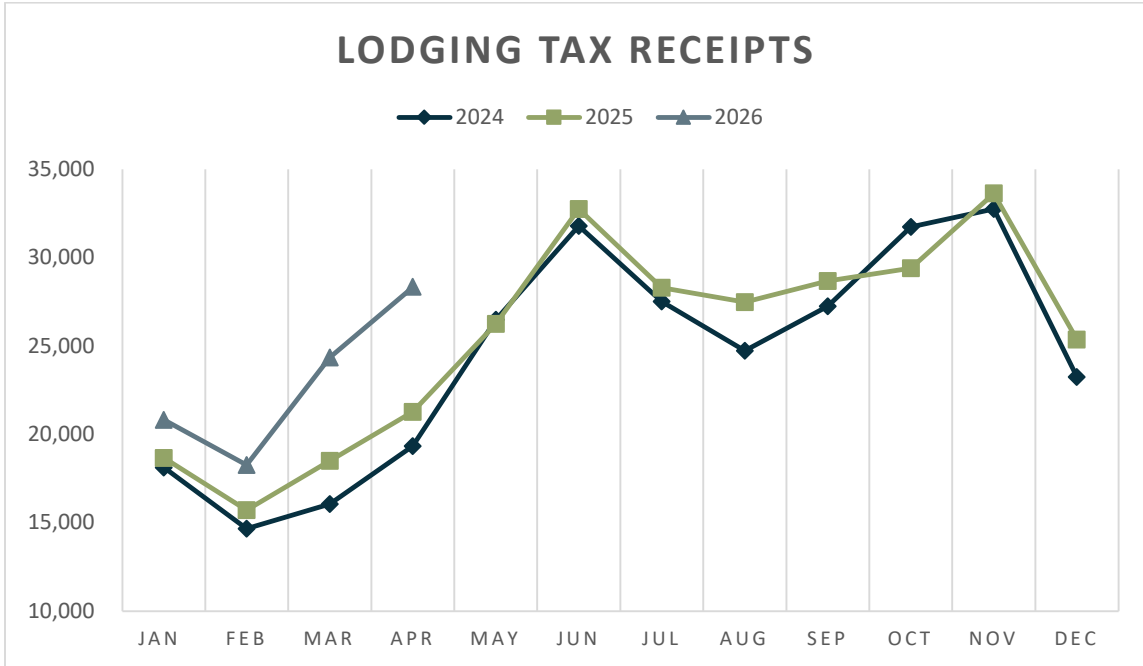
REVENUE TRENDS

A review of the monthly revenue categories is provided to assist in understanding how our current receipts compare to prior periods. The data is presented on a cash basis for the current calendar year (2026) and two prior years (2025 and 2024). The monthly revenue categories are Meals Tax, Lodging Tax, Local Sales Tax, and Utility Billing Receipts.

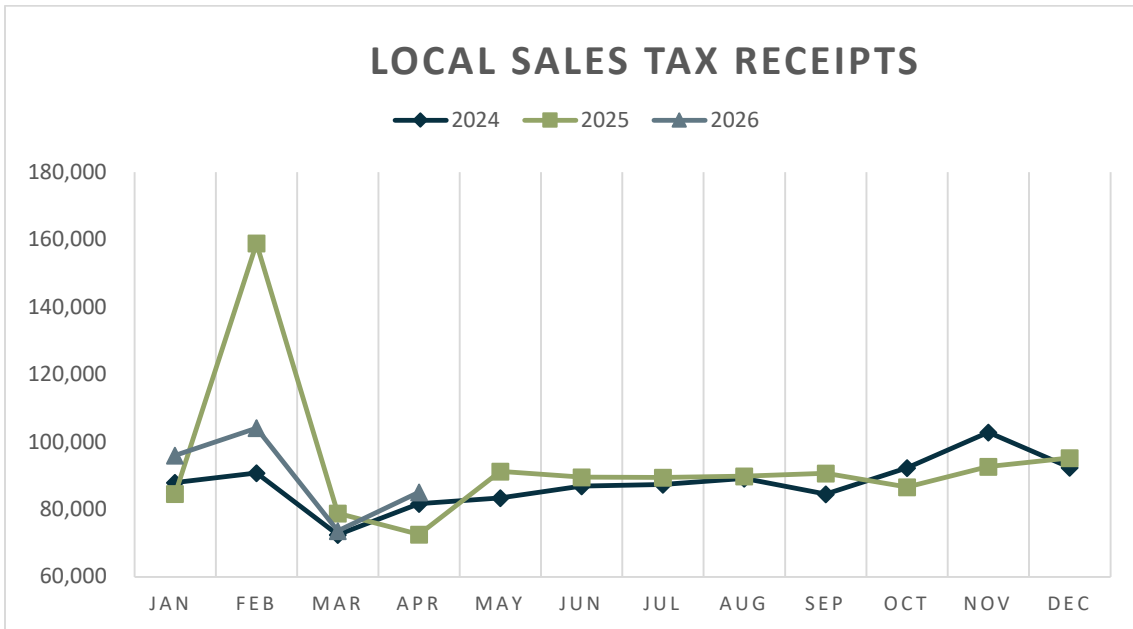
Meals Tax - This is the largest revenue source for the General Fund. Collections held steady in January and February but dipped in March compared to prior years.



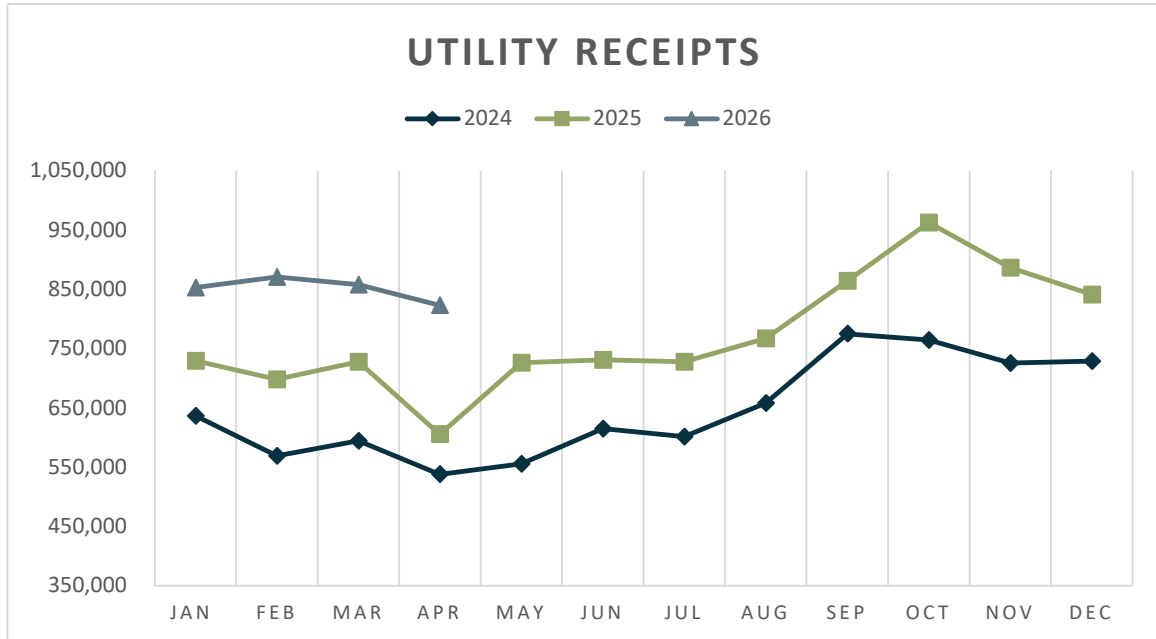
Lodging Tax – Lodging tax revenue has followed the same trend as in prior years but reflected a higher increase in March.



Local Sales Tax – Sales Tax receipts have followed the same trend, apart from the anomaly in collections for February 2025. The remittance lags the month of collection by two months (e.g. – sales tax collected in December is received in February).



Utility Receipts - The chart below shows the monthly receipts for Water and Sewer bills. The increase in the August and September time frame for each year reflects the annual adopted rate increases of approximately 23% in accordance with the Water and Sewer rate study update finalized in 2023.



Data:

DELINQUENT ACCOUNT BALANCES

Real Estate Tax and Stormwater Management Utility Fee

Real Estate tax and the Stormwater Management Utility fee are due twice a year, on June 15th and December 15th. The percentage collected and unpaid balances for FY24, FY25, and FY26 are shown below:

Fiscal Year	Real Estate Tax	Percentage Collected	Unpaid Balance
FY24	1st half, CY2024	99.6%	\$1,747.37
FY25	2nd half, CY2024	99.6%	\$2,709.61
FY25	1st half, CY2025	99.4%	\$6,063.31
FY26	2nd half, CY2025	98.7%	\$12,332.36

Fiscal Year	Stormwater Utility Fee	Percentage Collected	Unpaid Balance
FY24	1st half, CY2024	99.8%	\$865.48
FY25	2nd half, CY2024	99.8%	\$897.88
FY25	1st half, CY2025	99.5%	\$1,648.97
FY26	2nd half, CY2025	98.8%	\$4,184.20

Personal Property Tax and Vehicle License Fee

Personal Property taxes and vehicle license fees are due once a year on December 15th. The percentage collected and unpaid balances for the December 15, 2025, billing are shown below:

Fiscal Year	Type	Percentage Collected	Unpaid Balance
FY26	Personal Property Tax	96.4%	\$41,937.99
FY26	Business Personal Property Tax	91.9%	\$35,429.94
FY26	Vehicle License Fee	80.6%	\$46,487.50

Business License Tax

Business license renewal applications are due annually on April 15th for the license year beginning July 1. The payment for the license is due on June 30th. The percentage collected and unpaid balances are shown below for the current and last three years.

Fiscal Year	Type	Percentage Collected	Unpaid Balance
FY24	Business License 2024	99.4%	\$14,796.96
FY25	Business License 2025	99.0%	\$23,513.69
FY26	Business License 2026	98.7%	\$29,558.70

Meals Tax

Meals Tax collectors must file for us to know the amount of tax owed. If they fail to file, we may issue a statutory assessment based on the best available information and pursue collection of that amount.

Past Due Amounts and Delinquent Filings: The Town has a total of 87 registered Meals Tax collectors. The following businesses have past due Meals Tax balances or are not current on their filings.

Balance Due Range	Business	No. of Months Past Due Filing
< \$10,000	Fat Tuesday's *	0
	Talk of the Mountain *	0
	Wild Hare Hard Cider	1
	Little Caesars	1
	Weirdoughs	1
	Haute Cakes Pastry Shop	1
	China Jade	1

* statutory assessment issued

Lodging Tax

Like Meals Tax, businesses must file for us to create an assessment. All registered collectors are current in their filings and payments.

Sales Tax

Sales tax is remitted to the State each month based on the County, not the Town, that the business is located in. The local 1% is then sent back to the County. The amount to be distributed to the Towns is determined based on the residency of school-aged children. The County retains 50% of that amount and distributes the remaining 50% to the incorporated Towns based on the percentage of school-aged children residing in each town. There is no information provided by the State regarding delinquent accounts.

Utility Billing

The total delinquent balance has increased by \$131,657 compared to March 2025. This represents a 128% increase compared to FY25.

	<u>March 31, 2025</u>	<u>March 31, 2026</u>	<u>Incr./ (Decr.)</u>
Over 30	74,452	152,796	\$ 78,344
Over 60	23,511	57,782	34,271
<u>Over 90</u>	<u>4,818</u>	<u>23,860</u>	<u>19,042</u>
Total	\$ 102,781	\$ 234,438	\$ 131,657



Financial Statements

For the Period Ended March 31, 2026

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- 2 - Budget to Actual - Revenues
- 3 - Budget to Actual - Expenditures

Town of Warrenton, Virginia
Cash, Investment and Receivable Balances

	March 31, 2025	March 31, 2026
<u>CASH</u>		
On Hand	\$ 2,580	\$ 2,580
Checking Accounts	3,533,504	2,859,608
<u>Money Market Accounts</u>	422,440	449,299
TOTAL CASH IN BANK	\$ 3,958,524	\$ 3,311,486

<u>INVESTMENTS</u>		
Virginia Local Government Investment Pool	18,091,710	11,263,860
Virginia Investment Pool	3,963,323	3,148,621
Virginia SNAP	1,887,066	-
TOTAL INVESTMENTS	\$ 23,942,099	\$ 14,412,481
 TOTAL CASH AND INVESTMENTS	\$ 27,900,623	\$ 17,723,968

Comparison of Yields

Virginia Local Government Investment Pool	4.52%	3.77%
Virginia Investment Pool	4.46%	3.79%
Virginia SNAP	4.49%	n/a

CASH AND INVESTMENT BALANCES BY FUND

General Fund	\$ 14,420,128	\$ 14,608,913
Water and Sewer Operating	4,660,079	1,238,427
Water and Sewer Capital	1,518,725	-
Stormwater Fund	520,621	417,068
CSLFRF Fund (ARPA)	5,626,311	368,749
Perpetual Care Fund	716,716	745,738
Custodial Fund	438,043	345,073

CASH PROFFER BALANCES

Highland	\$ 117,550	\$ 122,547
Recreation	59,905	59,905
Academy Hill Park	29,260	29,260
Waterloo Junction Parks	-	1,555
	\$ 206,715	\$ 213,267

WATER AND SEWER OPERATING A/R AGING

	March 31, 2025	March 31, 2026	Incr./((Decr.)
Over 30	74,452	152,796	\$ 78,344
Over 60	23,511	57,782	34,271
<u>Over 90</u>	4,818	23,860	19,042
Total	\$ 102,781	\$ 234,438	\$ 131,657

RESERVE AMOUNTS

	Policy	Calculated Threshold	March 31, 2026
General Fund Unassigned Fund Balance Estimate	<i>50% of adopted operating budget</i>	\$ 9,648,526	\$ 6,248,483
-Budget Stabilization	<i>50% of annual surplus, up to 10% operating budget</i>	\$ 1,929,705	\$ 1,611,068
-Capital Reserve	<i>50% of annual surplus</i>	n/a	\$ -
 Water and Sewer Operating	<i>Cash balance = 200 days</i>	\$ 4,703,107	\$ 1,278,986

Town of Warrenton, Virginia
Budget to Actual -- Revenues as of March 31, 2026

Fund / Source of Revenue	Budget		Actual		Budget Remaining
	Full Year	Expected Year-to-Date	Year-to-Date	% of Budget	
GENERAL FUND					
<u>OPERATING</u>					
General Property Taxes	\$ 2,010,395	\$ 1,365,198	\$ 1,307,132	65.02%	\$ 703,263
Local Sales Tax	1,080,000	810,000	638,837	59.15%	441,163
Consumer Utility Tax	520,330	390,248	338,218	65.00%	182,112
BPOL	2,400,000	-	280,800	11.70%	2,119,200
Consumption Tax	53,000	39,750	47,786	90.16%	5,214
Motor Vehicle License Fee	220,000	220,000	195,175	88.72%	24,825
Bank Franchise Tax	1,240,000	-	-	0.00%	1,240,000
Meals Tax	5,500,000	4,125,000	3,756,033	68.29%	1,743,967
Cigarette Tax	300,000	225,000	151,213	50.40%	148,787
Lodging Tax	300,000	225,000	207,368	69.12%	92,632
Permits, Privilege Fees & Licenses	244,250	183,188	332,403	136.09%	(88,153)
Fines & Forfeitures	77,500	58,125	61,402	79.23%	16,098
Use of Money & Property	800,000	600,000	463,334	57.92%	336,666
Charges for Services	1,075,500	806,625	879,323	81.76%	196,177
Miscellaneous Revenue	286,699	215,024	311,906	108.79%	(25,206)
Non-Categorical Aid	480,085	360,064	282,487	58.84%	197,598
Categorical Aid	2,954,595	2,215,946	2,486,262	84.15%	468,333
Federal Revenue	801,466	601,100	324,513	0.00%	476,954
Transfers In	784,941	-	-	0.00%	784,941
Non-revenue Receipts	4,754,148	-	-	0.00%	4,754,148
<u>Use of Fund Balance</u>	-	-	-	0.00%	-
TOTAL GENERAL FUND	\$ 25,882,910	\$ 12,440,267	\$ 12,064,192	46.61%	\$ 13,818,718
<u>CAPITAL PROJECTS FUND</u>					
Commonwealth Revenue	\$ 1,537,929	\$ 1,153,447	\$ -	0.00%	\$ 1,537,929
<u>Transfers</u>	4,890,756	-	-	0.00%	4,890,756
TOTAL CAPITAL PROJECTS FUND	\$ 6,428,685	\$ -	\$ -	0.00%	\$ 6,428,685
<u>CAPITAL ASSET REPLACEMENT FUND</u>					
Miscellaneous Revenue	\$ -	\$ -	\$ 47,575	0.00%	\$ (47,575)
<u>Transfers</u>	4,673,608	-	-	0.00%	4,673,608
TOTAL GEN. CARP FUND	\$ 4,673,608	\$ -	\$ 47,575	1.02%	\$ 4,626,033
TOTAL GENERAL FUND	\$ 36,985,203	\$ 12,440,267	\$ 12,111,767	32.75%	\$ 24,873,435
WATER AND SEWER FUND					
<u>OPERATING FUND</u>					
Transfer Fees	\$ 8,250	\$ 6,188	\$ 6,050	73.33%	\$ 2,200
Use of Money & Property	397,077	297,808	180,405	45.43%	216,672
Charges for Services	10,132,492	7,599,369	7,756,949	76.56%	2,375,543
Recovered Costs	33,913	25,434	45,885	135.30%	(11,972)
Miscellaneous Revenue	19,848	14,886	-	0.00%	19,848
State Revenue	-	-	3,848	0.00%	(3,848)
Federal Revenue	-	-	-	0.00%	-
<u>Non-Revenue Receipts</u>	79,544	-	-	0.00%	79,544
TOTAL W&S OPERATING FUND	\$ 10,671,124	\$ 7,943,685	\$ 7,993,137	74.90%	\$ 2,677,987
<u>CAPITAL FUND</u>					
Use of Money & Property	\$ 100,000	\$ 75,000	\$ 15,037	0.00%	\$ 84,963
Federal Revenue	92,469	-	-	0.00%	92,469
Transfers	19,002,640	-	-	0.00%	19,002,640
<u>Non-Revenue Receipts</u>	15,390,840	-	526,500	2.77%	18,476,140
TOTAL W&S CAPITAL FUND	\$ 34,585,949	\$ 75,000	\$ 541,537	3.52%	\$ 14,849,303
TOTAL WATER AND SEWER FUND	\$ 45,257,073	\$ 8,018,685	\$ 8,534,674	78.42%	\$ 17,527,290
STORMWATER MANAGEMENT FUND					
Local Revenue	\$ 737,000	\$ 552,750	\$ 394,028	53.46%	\$ 342,972
State Revenue	1,768,867	368,500	-	0.00%	1,768,867
Transfers	1,725,131	-	-	0.00%	1,725,131
TOTAL SWM FUND	\$ 4,230,998	\$ 921,250	\$ 394,028	9.31%	\$ 3,836,970
CSLFRF (ARPA) FUND					
Federal Revenue	\$ 3,070,914	\$ -	\$ -	0.00%	\$ 3,070,914
TOTAL CSLFRF (ARPA) FUND	\$ 3,070,914	\$ -	\$ -	0.00%	\$ 3,070,914
TOTAL GENERAL FUND	\$ 89,544,188	\$ 21,380,201	\$ 21,040,470	23.50%	\$ 49,308,610

Town of Warrenton, Virginia
Budget to Actual -- Expenditures as of March 31, 2026

Fund/Category	Budget		Actual		% of Budget	Budget Remaining
	Full Year	Expected Year-to-Date	Year-to-Date	Encumbered		
GENERAL FUND						
<u>OPERATING</u>						
Council	\$ 386,599	\$ 289,949	215,535	\$ 36,118	65.09%	\$ 134,946
Town Manager	233,806	175,355	147,660	5,099	65.34%	81,047
Legal Services	350,500	262,875	175,379	178,702	101.02%	(3,581)
Human Capital & Risk Management	331,600	248,700	201,570	10,172	63.85%	119,858
Information Technology	2,072,976	1,554,732	1,366,411	282,157	79.53%	424,408
Finance & Procurement	1,013,440	760,080	685,736	13,861	69.03%	313,843
Other Organizations	9,958	7,469	9,850	-	98.91%	109
Insurance	141,974	106,481	102,086	-	71.90%	39,888
Electoral Board	-	-	-	-	0.00%	-
Police	3,724,983	2,793,737	2,306,587	13,455	62.28%	1,404,941
Emergency Management	75,733	56,800	53,086	-	70.10%	22,648
Public Works Administration	463,564	347,673	311,018	24,795	72.44%	127,751
Street Maintenance	2,673,085	2,004,814	1,310,669	101,666	52.84%	1,260,750
Sanitation	623,035	467,276	472,024	32,778	81.02%	118,234
Fleet	886,399	664,799	597,883	187,641	88.62%	100,875
Facilities	918,284	688,713	531,869	106,174	69.48%	280,241
Cemetery	168,547	126,410	114,248	9,302	73.30%	44,997
Parks and Recreation	2,726,731	2,045,048	1,807,349	148,803	71.74%	770,579
Community Development	2,238,741	1,679,056	1,077,132	122,998	53.61%	1,038,610
Communications	212,914	159,686	133,698	5,365	65.31%	73,851
Contributions	48,650	36,488	48,650	-	100.00%	-
Non-departmental	436,468	327,351	249,733	-	57.22%	186,735
Transfers Out	5,314,754	3,986,066	-	-	0.00%	5,314,754
<u>Debt Service</u>	830,169	622,627	702,259	-	84.59%	127,910
TOTAL GENERAL FUND	\$ 25,882,910	\$ 19,412,182	12,620,432	\$ 1,279,085	53.70%	\$ 11,983,392
<u>CAPITAL PROJECTS FUND</u>						
Capital Projects	\$ 6,428,685	\$ 4,821,514	874,024	\$ 3,033,164	60.78%	\$ 2,521,497
TOTAL CAP. PROJECTS FUND	\$ 6,428,685	\$ 4,821,514	874,024	\$ 3,033,164	60.78%	\$ 2,521,497
<u>CAPITAL ASSET REPLACEMENT FUND</u>						
Asset Replacements	\$ 4,673,608	\$ 3,505,206	1,751,749	\$ 821,883	55.07%	\$ 2,099,976
TOTAL GEN. CARP FUND	\$ 4,673,608	\$ 3,505,206	1,751,749	\$ 821,883	55.07%	\$ 2,099,976
TOTAL GENERAL FUND	\$ 36,985,203	\$ 27,738,902	15,246,205	\$ 5,134,133	55.10%	\$ 16,604,865
WATER AND SEWER FUND						
<u>WATER & SEWER OPERATING FUND</u>						
Water Department	\$ 2,950,854	\$ 2,213,140	1,723,483	\$ 518,951	75.99%	\$ 708,421
Wastewater Department	2,713,188	2,034,891	1,599,352	446,015	75.39%	667,821
Water & Sewer Administration	1,387,532	1,040,649	916,875	101,032	73.36%	369,625
Debt Service	1,293,510	970,133	149,449	-	11.55%	1,144,061
<u>Transfers Out</u>	2,326,041	-	-	-	0.00%	2,326,041
TOTAL W&S OPERATING FUND	\$ 10,671,124	\$ 8,003,343	4,389,158	\$ 1,065,997	51.12%	\$ 5,215,969
<u>WATER & SEWER CAPITAL FUND</u>						
Asset Replacements	\$ 2,087,330	\$ 1,565,498	818,808	\$ 92,128	43.64%	\$ 1,176,394
Capital Projects	32,498,618	24,373,964	4,330,046	9,402,355	42.26%	18,766,218
TOTAL W&S CAPITAL FUND	\$ 34,585,949	\$ 25,939,461	5,148,854	\$ 9,494,483	42.34%	\$ 19,942,612
TOTAL WATER AND SEWER FUND	\$ 45,257,073	\$ 33,942,805	9,538,012	\$ 10,560,480	44.41%	\$ 25,158,581
STORMWATER MANAGEMENT FUND						
Operating	\$ 638,733	\$ 479,049	351,471	\$ 17,370	57.75%	\$ 287,262
Capital Projects	3,535,765	2,651,824	279,414	1,032,935	37.12%	2,223,416
<u>Transfers Out</u>	56,501	42,376	-	-	0.00%	56,501
TOTAL SWM FUND	\$ 4,230,998	\$ 3,173,249	630,885	\$ 1,050,305	39.74%	\$ 3,600,114
CSLFRF (ARPA) FUND						
Expenditures	\$ 3,070,914	\$ 2,303,186	3,014,129	\$ 56,784	0.00%	-
TOTAL CSLFRF (ARPA) FUND	\$ 3,070,914	\$ 2,303,186	3,014,129	\$ 56,784	0.00%	-
TOTAL ALL FUNDS	\$ 89,544,188	\$ 67,158,141	28,429,231	\$ 16,801,702	50.51%	\$ 44,313,255