

Quarterly Report

Department of Finance & Procurement

Town Council Meeting Date: February 10, 2025

Second Quarter 2026: October, November, December 2025



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:

Accounting and Financial Reporting:

- Annual external audit
 - Our external auditors, Brown, Edwards & Company, finalized the fiscal year 2025 audit and issued an unmodified opinion on our Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.
 - The auditors presented the results of the fiscal year 2025 audit and Annual Comprehensive Financial Report to the Council at the December 2025 meeting.

Debt Issuance:

- Council adopted a Reimbursement Resolution in September 2025 that will allow the Town to use bond proceeds to replenish reserves that are currently being 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 on the issuance of debt at the January 2026 Council meeting. The process is underway to obtain a credit rating in conjunction with the debt issuance.

Budget:

- Fiscal Year 2027 Budget:
 - All requests from departments and outside agencies were received and have been

compiled into a draft version of the proposed budget. Staff are working through this draft version with the Interim Town Manager.

Tax Administration:

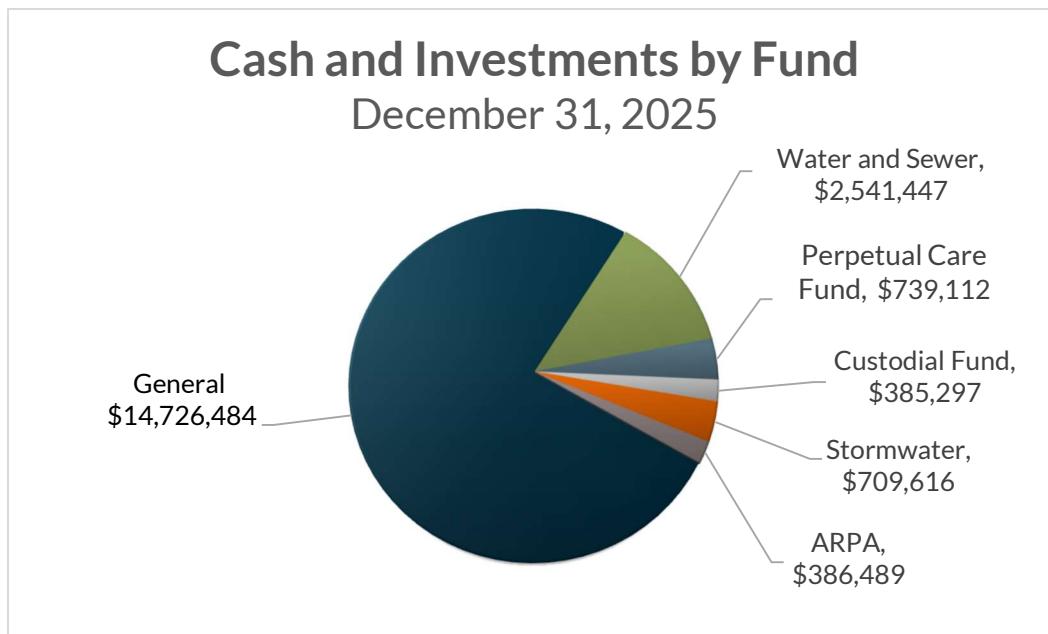
- Real estate tax and stormwater management fees for the second half of 2025 and the annual personal property tax were due on December 15th.

Charts and information:

The following charts are provided based on the information contained in the **attached financial statements for the period ending December 30, 2025**.

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 \$11.8 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 is pending the issuance of debt to reimburse reserves currently being used to fund 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	36.42%

- **FY26:** The policy threshold for FY26 is \$9.6 million. The current unassigned fund balance is **36.42%** of the FY26 operating budget. This is \$2,620,528 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	95

- **FY26:** The policy threshold for FY26 is \$4.7 million. The current cash balance falls short of meeting the policy by \$2,464,414. This is equivalent to **95** 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.

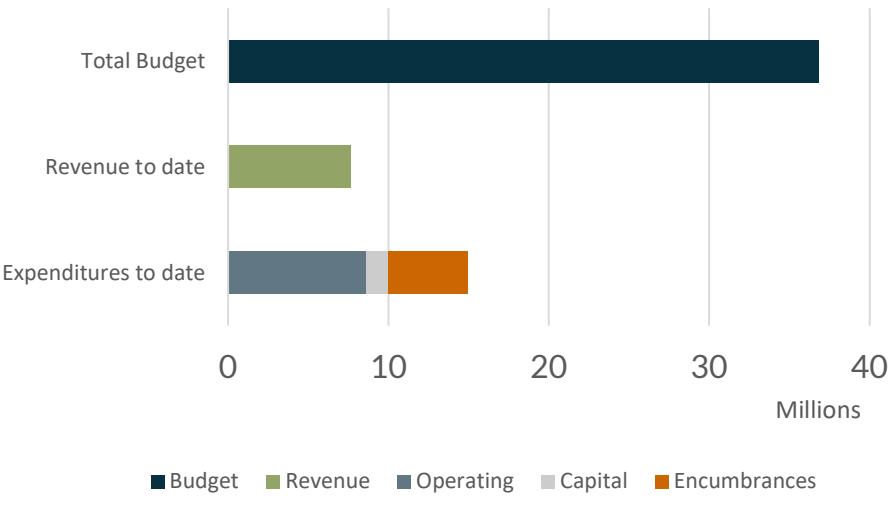
Impact of Accruals for Financial Reporting

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:

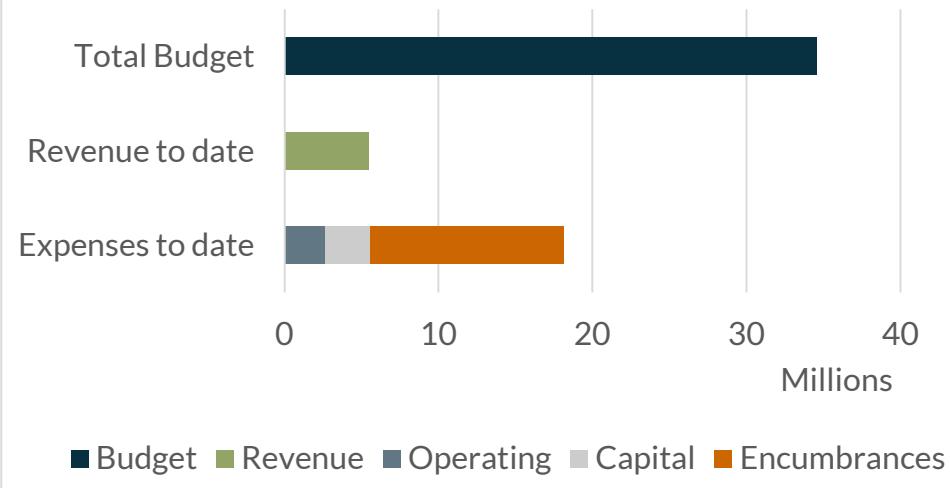
Category	Amount
Business License	\$418,294
Meals Tax	\$495,149
Lodging Tax	\$28,293
Sales Tax	\$268,815
Communications Tax	\$55,780
Motor Vehicle Rental Tax	\$24,254
Court Fines	\$4,102
Utility and Consumption Taxes	\$40,444
TOTAL	\$1,335,131

Adding this total to the actual year-to-date revenue for the general fund results in a total of \$8,947,948, which exceeds the expected amount by \$360,216.

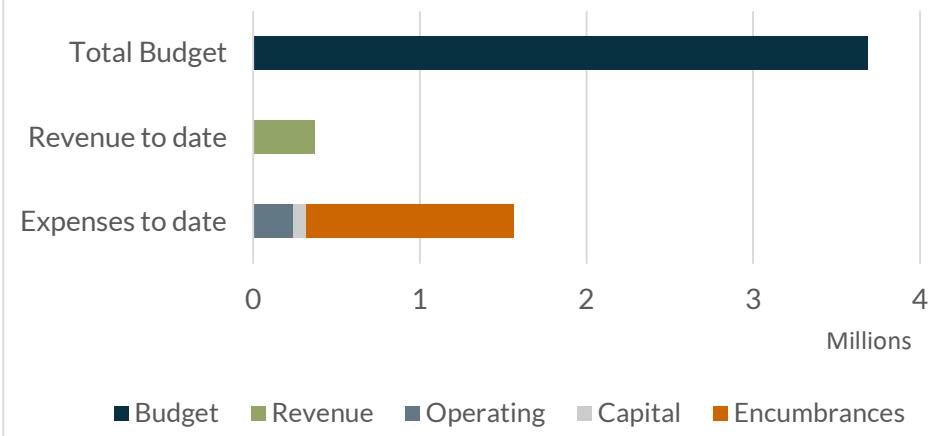
General Fund
Budget and Actual
for the period ended December 31, 2025



Water and Sewer Fund
Budget and Actual
for the period ended December 31, 2025



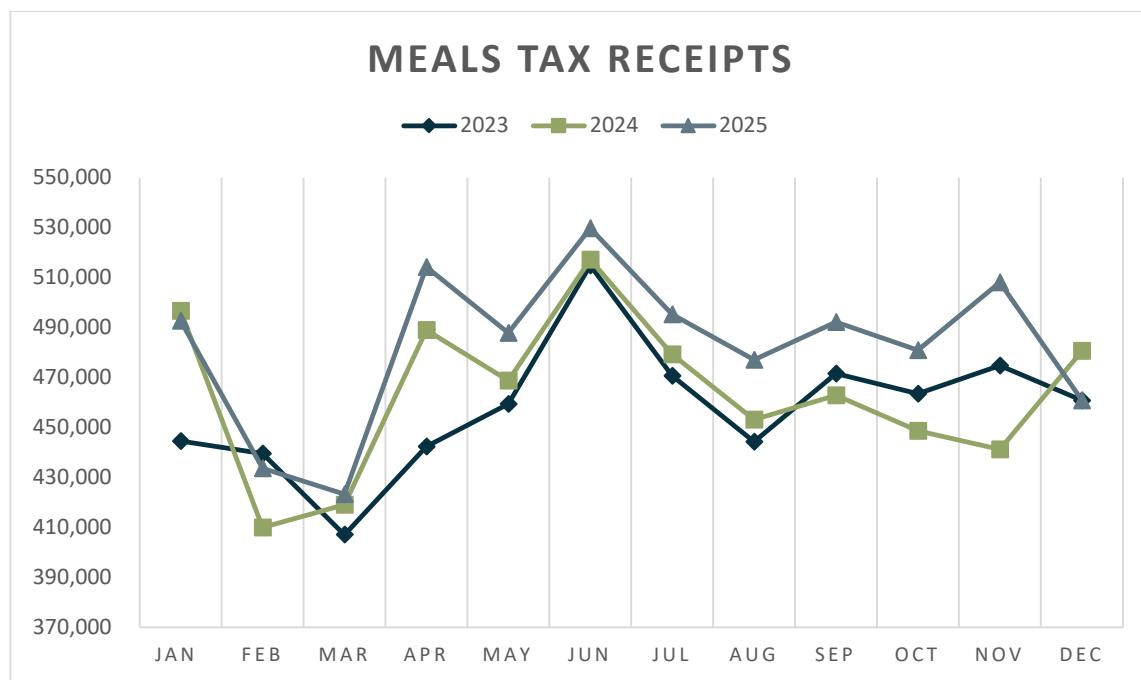
Stormwater Fund
Budget and Actual
for the period ended December 31, 2025



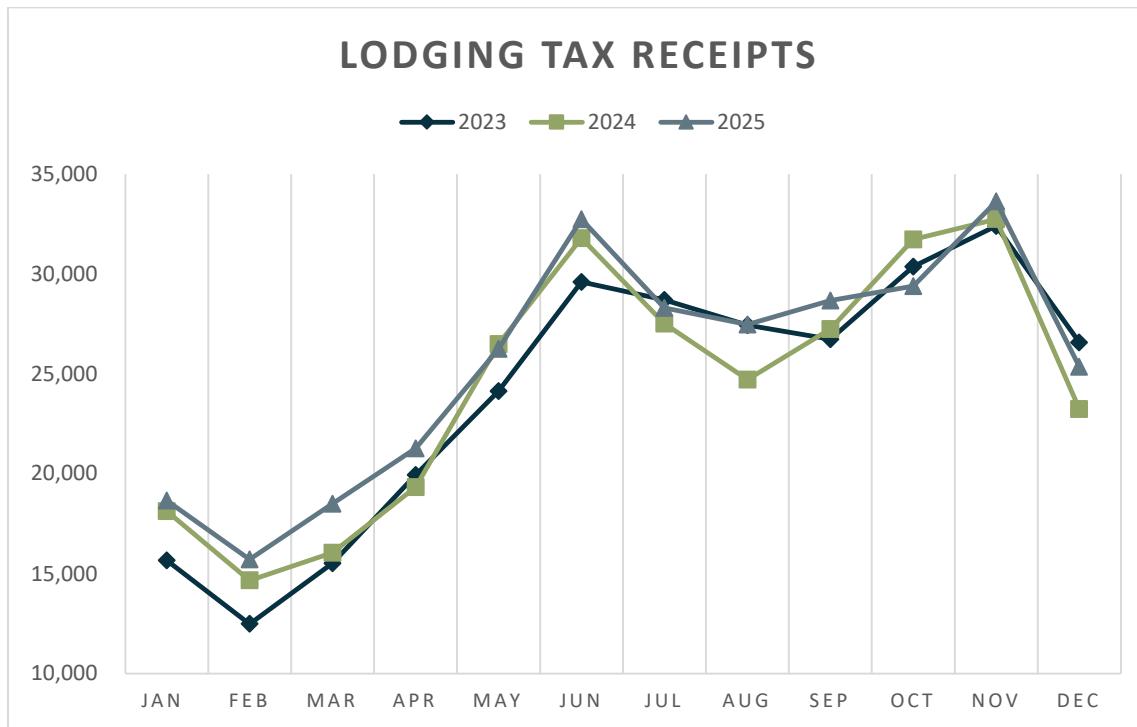
REVENUE TRENDS

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 (2025) and two prior years (2024 and 2023). The monthly revenue categories are Meals Tax, Lodging Tax, Local Sales Tax, and Utility Billing Receipts.

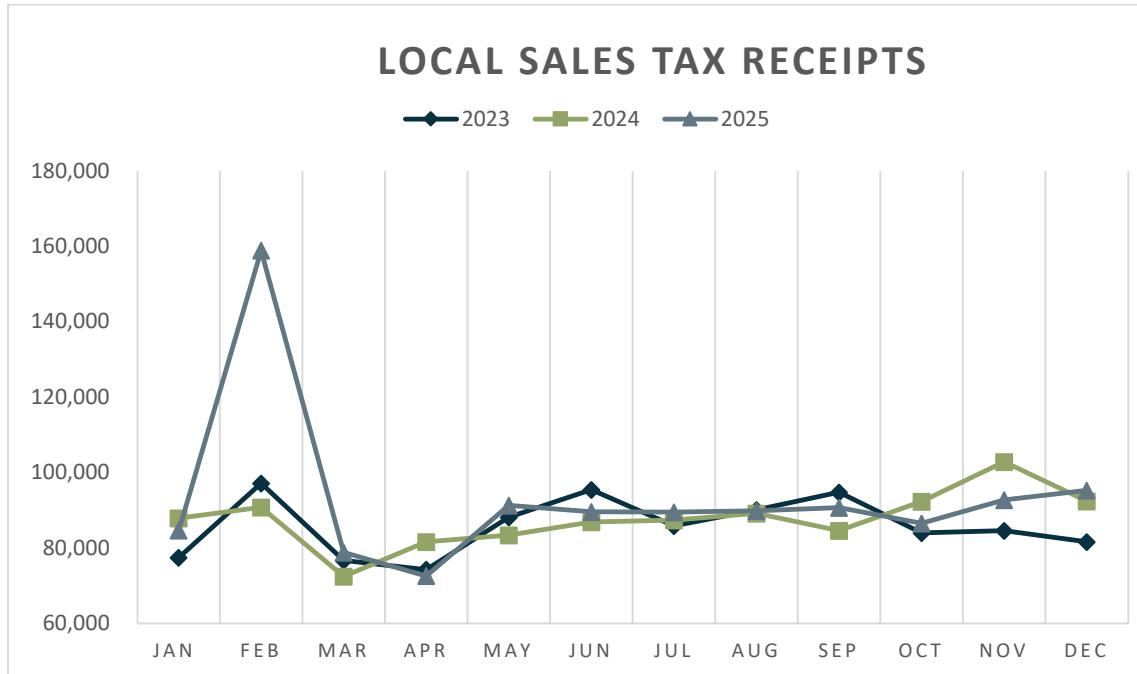
Meals Tax - This is the largest revenue source for the General Fund. Collections increased in October and November compared with prior year receipts but fell to previous levels for December.



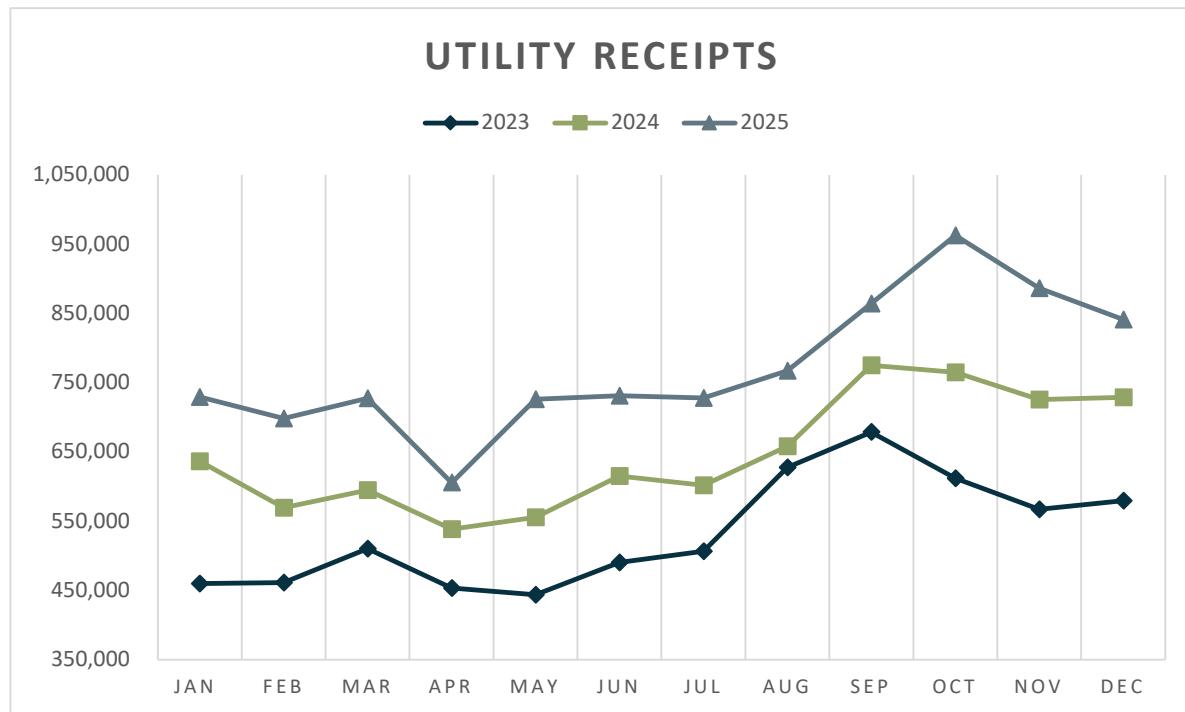
Lodging Tax – Lodging tax revenue has followed the same trend as in prior years.



Local Sales Tax – Sales Tax receipts for October and November were lower than 2024 but rebounded in December. 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 and FY25 are shown below:

Fiscal Year	Real Estate Tax	Percentage Collected	Unpaid Balance
FY24	1st half, CY2024	99.6%	\$1,785.81
FY25	2nd half, CY2024	99.6%	\$1,865.56
FY25	1st half, CY2025	99.2%	\$4,777.46
FY26	2nd half, CY2025	98.1%	\$10,787.67

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%	\$1,878.11
FY26	2nd half, CY2025	98.3%	\$5,985.22

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	93.4%	\$75,634.87
FY26	Business Personal Property Tax	83.9%	\$70,248.21
FY26	Vehicle License Fee	68.6%	\$75,158.41

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%	\$14,436.35
FY25	Business License 2025	99.0%	\$23,181.76
FY26	Business License 2026	98.7%	\$31,622.82

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 89 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 *	0
	Little Caesars	0
	The Bluebird Bakeshoppe	1

* statutory assessments issued due to non-filing

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 \$1,180 compared to December 2024. This represents a 0.7% increase compared to FY25.

	December 31, 2024	December 31, 2025	Incr. / (Decr.)
Over 30	101,315	100,133	\$ (1,182)
Over 60	44,695	34,132	(10,563)
Over 90	13,405	26,330	12,925
Total	\$ 159,415	\$ 160,595	\$ 1,180



Financial Statements

For the Period Ended December 31, 2025

Table of Contents

- 1 – Cash, Investments and Receivables
- 2 – Budget to Actual – Revenues
- 3 – Budget to Actual – Expenditures

Town of Warrenton, Virginia
Cash, Investment and Receivable Balances

	<u>December 31, 2024</u>	<u>December 31, 2025</u>	
CASH			
On Hand	\$ 2,580	\$ 2,580	
Checking Accounts	6,196,942	2,287,903	
Money Market Accounts	420,074	423,109	
TOTAL CASH IN BANK	\$ 6,619,596	\$ 2,713,592	
INVESTMENTS			
Virginia Local Government Investment Pool	17,894,054	13,655,003	
Virginia Investment Pool	3,922,941	3,119,850	
Virginia SNAP	2,807,639	-	
TOTAL INVESTMENTS	\$ 24,624,634	\$ 16,774,853	
TOTAL CASH AND INVESTMENTS	\$ 31,244,230	\$ 19,488,445	
Comparison of Yields			
Virginia Local Government Investment Pool	5.40%	4.36%	
Virginia Investment Pool	4.39%	3.93%	
Virginia SNAP	5.09%	-	
CASH AND INVESTMENT BALANCES BY FUND			
General Fund	\$ 15,539,037	\$ 14,726,484	
Water and Sewer Operating	4,688,143	2,541,447	
Water and Sewer Capital	2,208,523	-	
Stormwater Fund	634,542	709,616	
CSLFRF Fund (ARPA)	7,020,095	386,489	
Perpetual Care Fund	709,257	739,112	
Custodial Fund	444,634	385,297	
CASH PROFFER BALANCES			
Highland	\$ 114,865	\$ 121,406	
Recreation	59,905	59,905	
Academy Hill Park	29,260	29,260	
Waterloo Junction Parks	-	1,555	
	\$ 204,030	\$ 212,126	
WATER AND SEWER OPERATING A/R AGING			
	<u>December 31, 2024</u>	<u>December 31, 2025</u>	<u>Incr. / (Decr.)</u>
Over 30	101,315	100,133	\$ (1,182)
Over 60	44,695	34,132	(10,563)
<u>Over 90</u>	<u>13,405</u>	<u>26,330</u>	<u>12,925</u>
Total	\$ 159,415	\$ 160,595	\$ 1,180
RESERVE AMOUNTS			
	Policy	Calculated Threshold	December 31, 2025
General Fund Unassigned Fund Balance Estimate	<i>50% of adopted operating budget</i>	\$ 9,648,526	\$ 7,027,997
-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	\$ 2,238,693

Town of Warrenton, Virginia
Budget to Actual -- Revenues as of December 31, 2025

Fund / Source of Revenue	Budget		Actual		% of Budget	Budget Remaining		
	Full Year	Expected Year-to-Date	Year-to-Date					
GENERAL FUND								
<u>OPERATING</u>								
General Property Taxes	\$ 2,010,395	\$ 1,365,198	\$ 1,169,158	58.16%	\$ 841,237			
Local Sales Tax	1,080,000	540,000	365,166	33.81%	714,834			
Consumer Utility Tax	520,330	260,165	187,493	36.03%	332,837			
BPOL	2,400,000	-	93,648	3.90%	2,306,352			
Consumption Tax	53,000	26,500	15,991	30.17%	37,009			
Motor Vehicle License Fee	220,000	-	164,770	74.90%	55,230			
Bank Franchise Tax	1,240,000	-	-	0.00%	1,240,000			
Meals Tax	5,500,000	2,750,000	2,417,863	43.96%	3,082,137			
Cigarette Tax	300,000	150,000	104,469	34.82%	195,531			
Lodging Tax	300,000	150,000	144,458	48.15%	155,542			
Permits, Privilege Fees & Licenses	244,250	122,125	224,578	91.95%	19,672			
Fines & Forfeitures	77,500	38,750	46,056	59.43%	31,444			
Use of Money & Property	800,000	400,000	337,655	42.21%	462,345			
Charges for Services	1,075,500	537,750	516,919	48.06%	558,581			
Miscellaneous Revenue	258,344	129,172	241,553	93.50%	16,791			
Non-Categorical Aid	480,085	240,043	163,728	34.10%	316,357			
Categorical Aid	2,954,595	1,477,298	1,403,733	47.51%	1,550,862			
Federal Revenue	801,466	400,733	15,578	0.00%	785,888			
Transfers In	657,490	-	-	0.00%	657,490			
Non-revenue Receipts	4,754,148	-	-	0.00%	4,754,148			
<u>Use of Fund Balance</u>	-	-	-	0.00%	0			
TOTAL GENERAL FUND	\$ 25,727,103	\$ 8,587,732	\$ 7,612,817	29.59%	\$ 18,114,286			
<u>CAPITAL PROJECTS FUND</u>								
Commonwealth Revenue	\$ 1,537,929	768,965	-	0.00%	1,537,929			
<u>Transfers</u>	<u>\$ 4,890,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ 4,890,756</u>			
TOTAL CAPITAL PROJECTS FUND	\$ 6,428,685	\$ -	\$ -	0.00%	\$ 6,428,685			
<u>ASSET REPLACEMENT FUND</u>								
Miscellaneous Revenue	\$ -	\$ -	\$ 46,082	0.00%	\$ (46,082)			
<u>Transfers</u>	<u>4,660,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>4,660,420</u>			
TOTAL GENERAL CARP FUND	\$ 4,660,420	\$ -	\$ 46,082	0.99%	\$ 4,614,338			
TOTAL GENERAL FUND	\$ 36,816,208	\$ 8,587,732	\$ 7,658,899	20.80%	\$ 29,157,309			
WATER AND SEWER FUND								
<u>OPERATING FUND</u>								
Transfer Fees	\$ 8,250	\$ 4,125	\$ 4,325	52.42%	\$ 3,925			
Use of Money & Property	397,077	198,539	144,770	36.46%	252,307			
Charges for Services	10,132,492	5,066,246	5,185,646	51.18%	4,946,846			
Recovered Costs	33,913	16,956	8,402	24.78%	25,511			
Miscellaneous Revenue	16,000	8,000	17,710	110.69%	(1,710)			
Federal Revenue	-	-	-	0.00%	-			
<u>Non-Revenue Receipts</u>	<u>53,932</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>53,932</u>			
TOTAL W&S OPERATING FUND	\$ 10,641,663	\$ 5,293,866	\$ 5,360,853	50.38%	\$ 5,280,810			
<u>CAPITAL FUND</u>								
Use of Money & Property	\$ 100,000	\$ 50,000	\$ 11,276	0.00%	\$ 88,724			
Federal Revenue	92,469	-	-	0.00%	92,469			
Transfers	19,002,640	-	-	0.00%	19,002,640			
<u>Non-Revenue Receipts</u>	<u>15,390,840</u>	<u>-</u>	<u>110,250</u>	<u>0.58%</u>	<u>18,892,390</u>			
TOTAL W&S CAPITAL FUND	\$ 34,585,949	\$ 50,000	\$ 121,526	0.79%	\$ 15,269,314			
TOTAL WATER AND SEWER FUND	\$ 45,227,612	\$ 5,343,866	\$ 5,482,379	51.17%	\$ 20,550,124			
STORMWATER MANAGEMENT FUND								
Local Revenue	\$ 737,000	\$ -	\$ 365,883	49.64%	\$ 371,117			
State Revenue	1,225,305	368,500	-	0.00%	1,225,305			
Transfers	1,725,131	-	-	0.00%	1,725,131			
TOTAL SWM FUND	\$ 3,687,436	\$ -	\$ 365,883	9.92%	\$ 3,321,553			
CSLFRF FUND (ARPA)								
<u>Federal Revenue</u>	<u>\$ 3,070,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ 3,070,914</u>			
TOTAL CSLFRF FUND	\$ 88,802,170	\$ 13,931,598	\$ 13,507,161	15.21%	\$ 56,099,901			

Town of Warrenton, Virginia
Budget to Actual -- Expenditures as of December 31, 2025

Fund/Category	Budget		Actual		% of Budget	Budget Remaining		
	Full Year	Expected	Year-to-Date	Encumbered				
GENERAL FUND								
<u>OPERATING</u>								
Council	\$ 259,147	\$ 129,574	\$ 101,912	\$ 414	39.49%	\$ 156,822		
Town Manager	233,806	116,903	101,392	5,480	45.71%	126,934		
Legal Services	350,500	175,250	106,818	246,776	100.88%	(3,094)		
Human Capital	329,400	164,700	134,080	32,845	50.68%	162,475		
Information Technology	2,067,534	1,033,767	960,621	456,345	68.53%	650,568		
Finance	1,013,440	506,720	417,760	42,180	45.38%	553,500		
Other Organizations	9,958	4,979	9,850	-	98.91%	109		
Insurance	141,974	70,987	102,086	-	71.90%	39,888		
Electoral Board	-	-	-	-	0.00%	-		
Police	3,724,983	1,862,492	1,574,006	27,490	42.99%	2,123,488		
Emergency Services	75,733	37,867	34,333	-	45.33%	41,400		
Public Works Administration	463,564	231,782	202,867	29,871	50.21%	230,826		
Street Maintenance	2,698,085	1,349,042	799,987	193,948	36.84%	1,704,150		
Sanitation	623,035	311,518	321,240	29,040	56.22%	272,755		
Fleet	857,946	428,973	399,842	227,492	73.12%	230,612		
Facilities	910,211	455,106	325,820	183,658	55.97%	400,733		
Cemetery	168,547	84,274	73,998	13,603	51.97%	80,946		
Parks and Recreation	2,730,731	1,365,366	1,151,139	241,044	50.98%	1,338,548		
Community Development	2,238,741	1,119,370	735,811	248,305	43.96%	1,254,625		
Communications	212,914	106,457	89,969	7,802	45.92%	115,143		
Contributions	48,650	24,325	110,132	-	226.38%	(61,482)		
Non-departmental	436,468	218,234	188,252	-	43.13%	248,217		
Transfers	5,301,566	2,650,783	-	-	0.00%	5,301,566		
<u>Debt Service</u>	<u>830,169</u>	<u>415,085</u>	<u>702,259</u>	<u>-</u>	<u>84.59%</u>	<u>127,910</u>		
TOTAL GENERAL FUND	\$ 25,727,103	\$ 12,863,551	\$ 8,644,173	\$ 1,986,294	41.32%	\$ 15,096,637		
<u>CAPITAL PROJECTS FUND</u>								
<u>Capital Projects</u>	<u>\$ 6,428,685</u>	<u>\$ 3,214,343</u>	<u>\$ 96,488</u>	<u>\$ 1,743,151</u>	<u>28.62%</u>	<u>\$ 4,589,047</u>		
TOTAL CAP. PROJECTS FUND	\$ 6,428,685	\$ 3,214,343	\$ 96,488	\$ 1,743,151	28.62%	\$ 4,589,047		
<u>ASSET REPLACEMENT FUND</u>								
<u>Asset Replacements</u>	<u>\$ 4,660,420</u>	<u>\$ 2,330,210</u>	<u>\$ 1,290,701</u>	<u>\$ 1,193,211</u>	<u>53.30%</u>	<u>\$ 2,176,508</u>		
TOTAL GEN. CARP FUND	\$ 4,660,420	\$ 2,330,210	\$ 1,290,701	\$ 1,193,211	53.30%	\$ 2,176,508		
TOTAL GENERAL FUND	\$ 36,816,208	\$ 18,408,104	\$ 10,031,362	\$ 4,922,655	40.62%	\$ 21,862,191		
WATER AND SEWER FUND								
<u>WATER & SEWER OPERATING FUND</u>								
Water Department	\$ 2,947,006	\$ 1,473,503	\$ 1,099,200	\$ 650,258	59.36%	\$ 1,197,548		
Wastewater Department	2,713,188	1,356,594	892,017	678,793	57.90%	1,142,378		
Water / Sewer Administration	1,361,919	680,959	586,595	133,117	52.85%	642,207		
Debt Service	1,293,510	646,755	70,771	-	5.47%	1,222,739		
<u>Transfers Out</u>	<u>2,326,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>2,326,041</u>		
TOTAL W&S OPERATING FUND	\$ 10,641,663	\$ 5,320,832	\$ 2,648,583	\$ 1,462,167	38.63%	\$ 6,530,913		
<u>WATER & SEWER CAPITAL FUND</u>								
Asset Replacements	\$ 2,087,330	\$ 1,043,665	\$ 720,426	\$ 151,012	41.75%	\$ 1,215,893		
<u>Capital Projects</u>	<u>32,498,618</u>	<u>16,249,309</u>	<u>2,226,976</u>	<u>10,934,995</u>	<u>40.50%</u>	<u>19,336,647</u>		
TOTAL W&S CAPITAL FUND	\$ 34,585,949	\$ 17,292,974	\$ 2,947,402	\$ 11,086,007	40.58%	\$ 20,552,540		
TOTAL WATER AND SEWER FUND	\$ 45,227,612	\$ 22,613,806	\$ 5,595,985	\$ 12,548,174	40.12%	\$ 27,083,453		
STORMWATER MANAGEMENT FUND								
Operating	\$ 674,851	\$ 337,425	\$ 237,372	\$ 14,913	37.38%	\$ 437,479		
Capital Projects	2,956,084	1,478,042	78,404	1,231,795	44.32%	1,645,885		
<u>Transfers Out</u>	<u>56,501</u>	<u>28,251</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>56,501</u>		
TOTAL SWM FUND	\$ 3,687,436	\$ 1,843,718	\$ 315,776	\$ 1,246,707	42.37%	\$ 3,371,660		
CSLRF FUND								
<u>Expenditures</u>	<u>\$ 3,070,914</u>	<u>\$ 1,535,457</u>	<u>\$ 2,996,389</u>	<u>\$ 79,811</u>	<u>0.00%</u>	<u>\$ (5,286)</u>		
TOTAL CSLRF FUND	\$ 3,070,914	\$ 1,535,457	\$ 2,996,389	\$ 79,811	0.00%	\$ (5,286)		
TOTAL ALL FUNDS	\$ 88,802,170	\$ 44,401,085	\$ 18,939,512	\$ 18,797,347	42.50%	\$ 51,065,311		