

# Quarterly Report

## Department of Finance & Procurement



Town Council Meeting Date: November 12, 2025

First Quarter 2026: July, August, September 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, conducted their final fieldwork for the fiscal year 2025 audit at the beginning of October.
  - Staff are working on the fiscal year financial reports.
  - **The auditors will present the results of the fiscal year 2025 audit and Annual Comprehensive Financial Report to the Council at the December 2025 meeting.**

#### Budget:

- Fiscal Year 2026 Adopted Budget:
  - The Finance Committee and staff are working with our financial advisors to ensure adequate funding is available to cover the capital projects included in the adopted budget.
  - **The Town's financial advisors have offered to meet with Council members on November 19<sup>th</sup> – 21<sup>st</sup> to discuss the upcoming debt issuance process and answer any other questions Council may have.**
- Fiscal Year 2027 Budget:
  - Staff began the fiscal year 2027 budget process by seeking Council input at the September Council meeting.

- Applications for funding for FY27 were sent to outside agencies.
- Departmental requests for operating and capital were due to Finance on November 3, 2025.

#### Tax Administration:

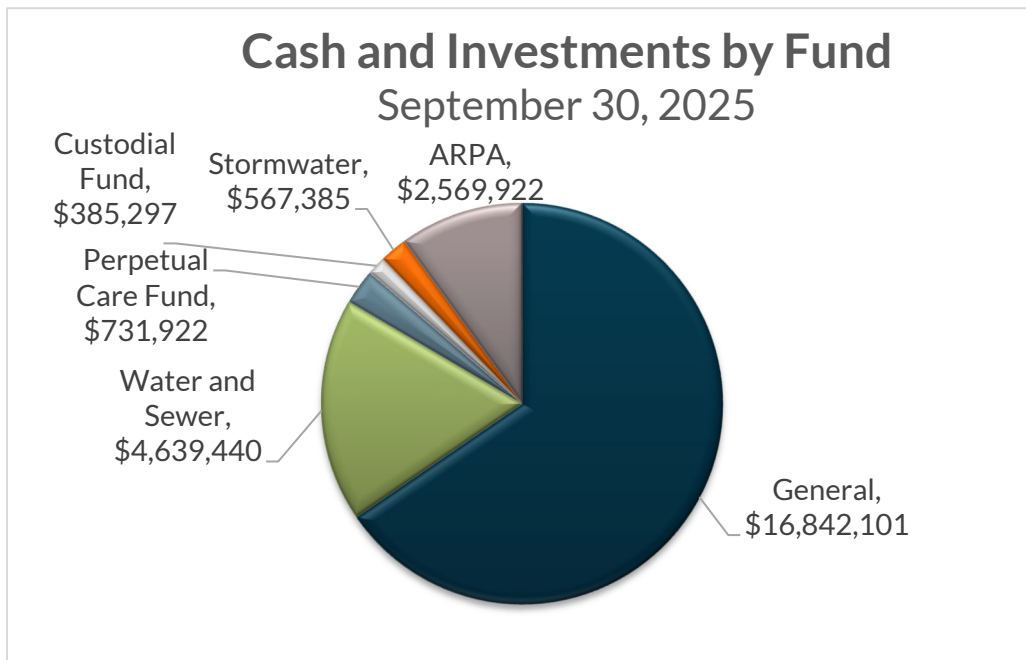
- **Real estate tax and stormwater management fees for the second half of 2025 and the annual personal property tax will be due on December 15<sup>th</sup>.**
  - Staff have been working with the Fauquier County Commissioner of the Revenue's Office to upload the personal property assessment data. The County moved to a new software system this past year and this is the first time that the newly formatted data will be imported into our software. The initial attempt to load the data was unsuccessful due to formatting issues with the data.

#### Charts and information:

The following charts are provided based on the information contained in the **attached financial statements for the period ending September 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 \$9.0 million compared to the same period last year primarily due to the spending of ARPA funds and Water and Sewer capital spending.



### Reserve Amounts

#### **General Fund Unassigned Fund Balance**

The council adopted a minimum unassigned fund balance policy for the General Fund equivalent to 50% of current adopted annual operating expenditure.

Fiscal Year	UFB as Percentage of Budgeted Operating Expenditures
FY26	44.65%

- **FY26:** The policy threshold for FY26 is \$9.6 million. The current unassigned fund balance is 44.7% of the FY26 operating budget. This is \$1,032,291 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	190

- **FY26:** The policy threshold for FY26 is \$4.7 million. The current cash balance falls short of meeting the policy by \$243,453. This is equivalent to 190 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.

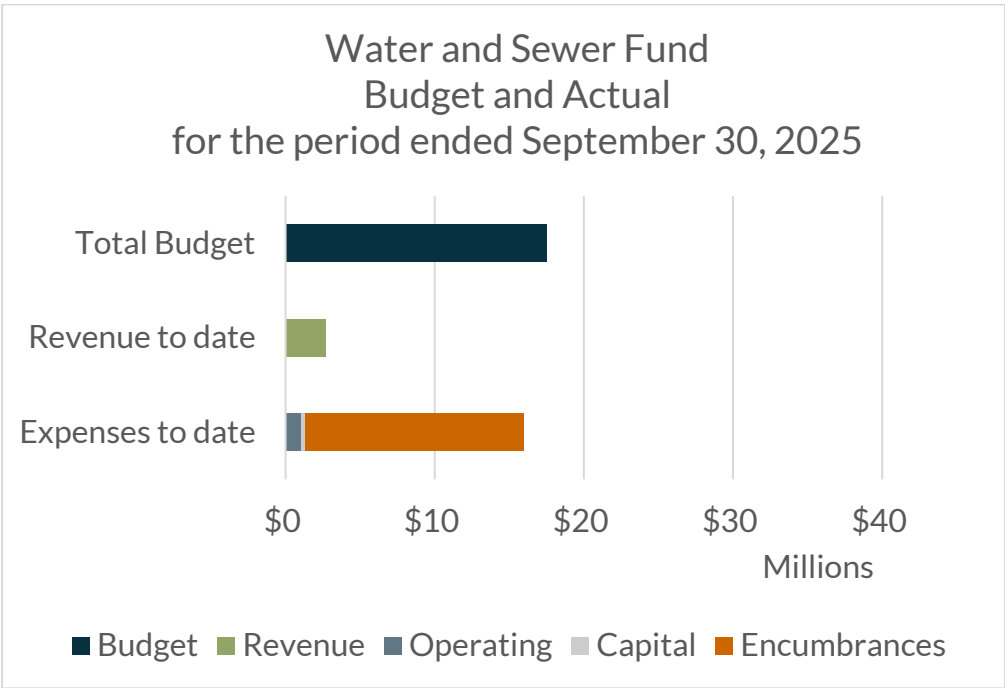
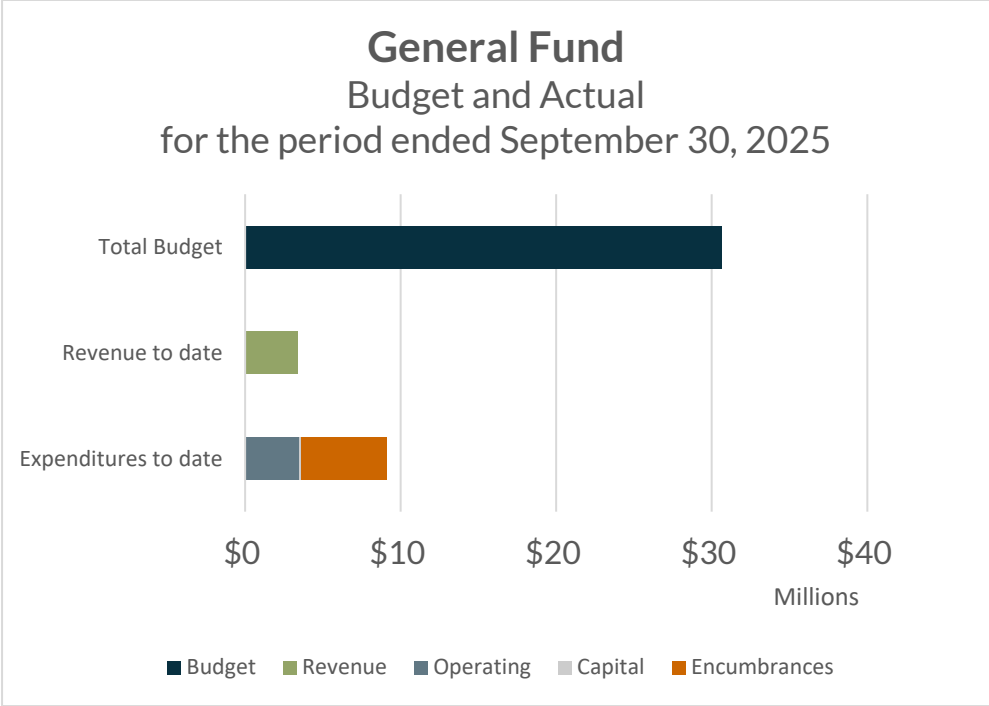
### Impact of Carryover Process

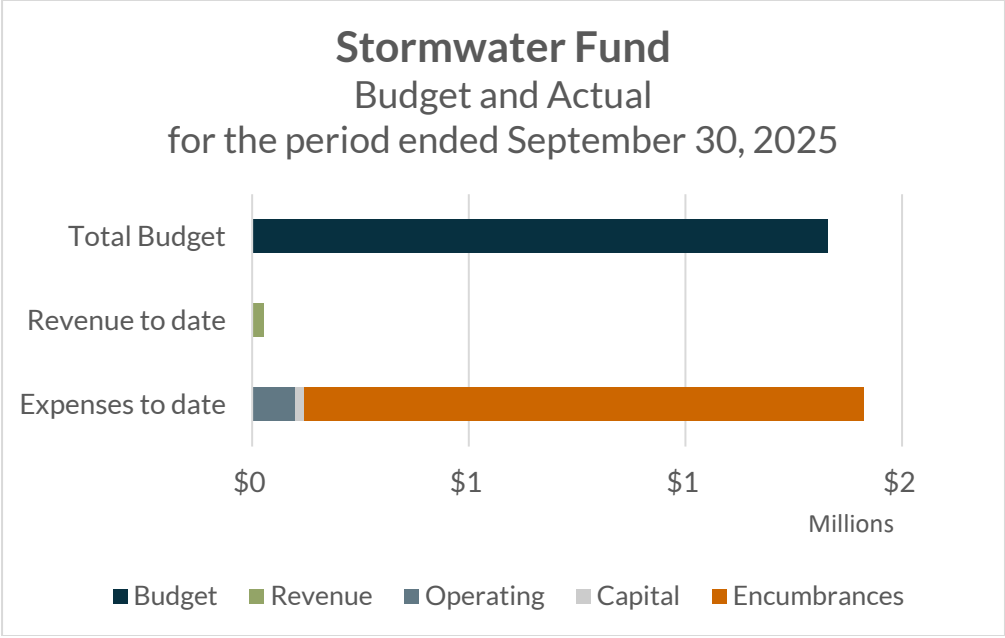
*It is important to note that the prior fiscal year budget carryover is not approved until November each year. The carryover process reappropriates capital project funding for ongoing capital projects, grants, and other small operating amounts that were incomplete as of June 30, 2025. As a result, some grant and capital lines may appear to be over budget. This is particularly noticeable for the Stormwater Fund graph below. This will be rectified with the appropriation of carryover funds.*

### 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	\$179,269
Communications Tax	\$55,780
Motor Vehicle Rental Tax	\$24,254
Utility and Consumption Taxes	\$40,444
<b>TOTAL</b>	<b>\$1,241,483</b>

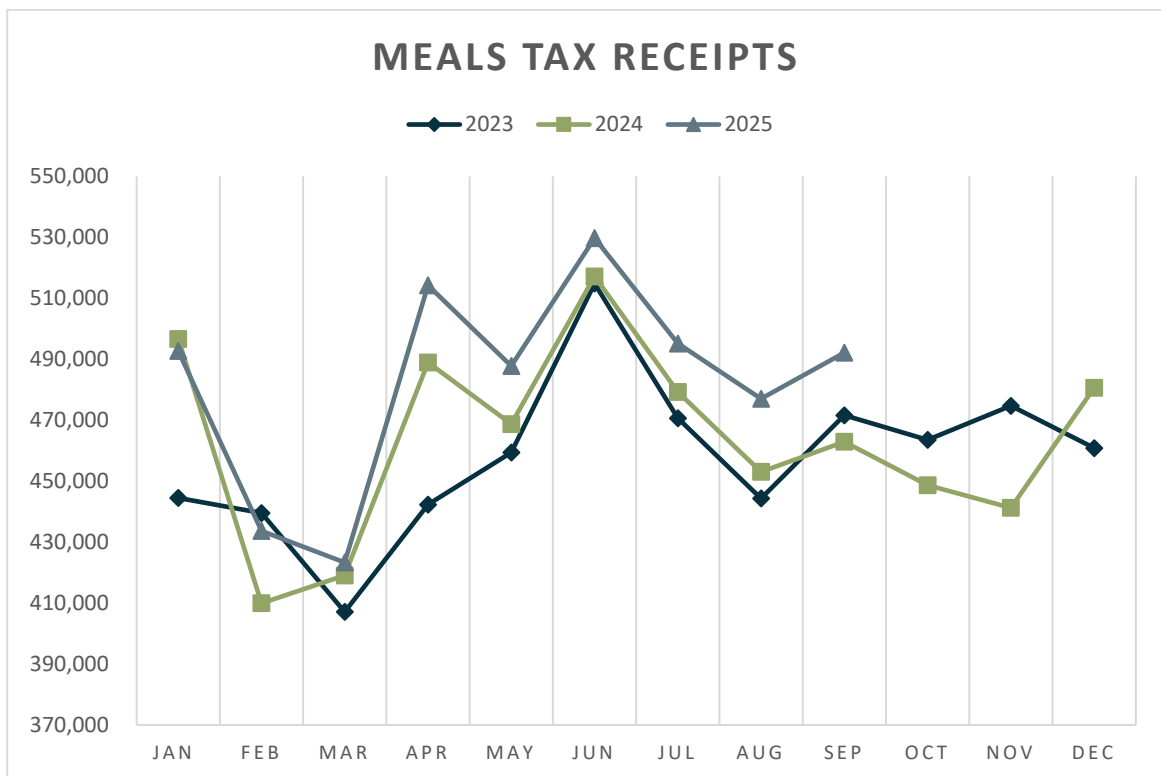




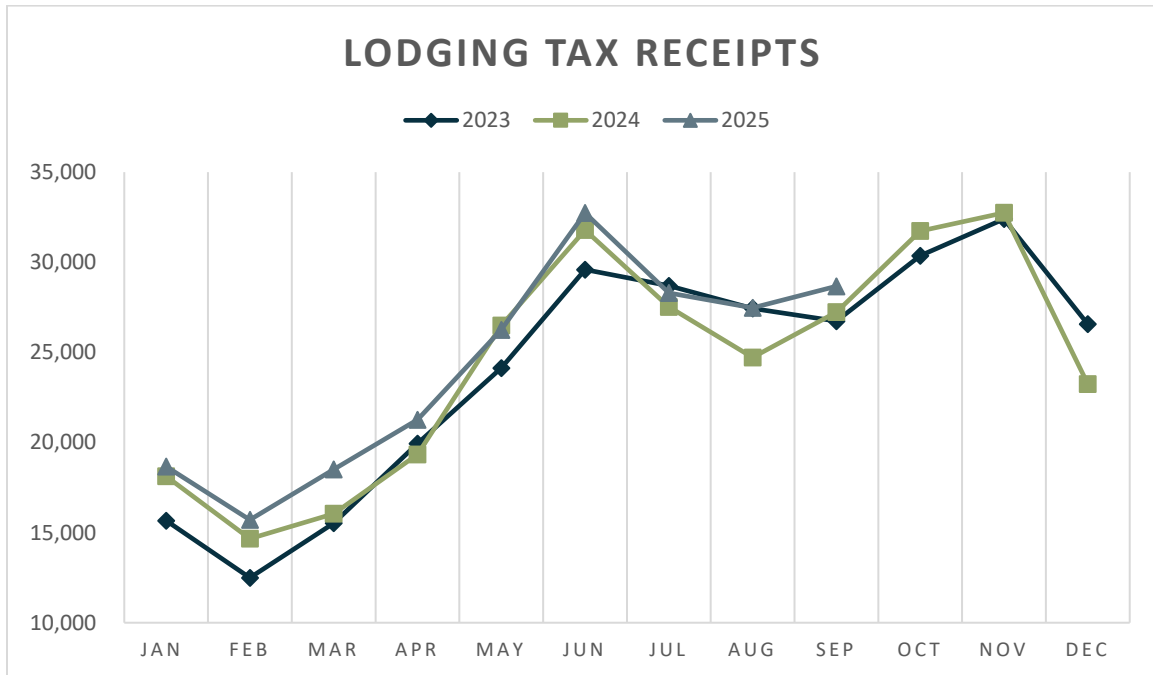
## REVENUE TRENDS

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.

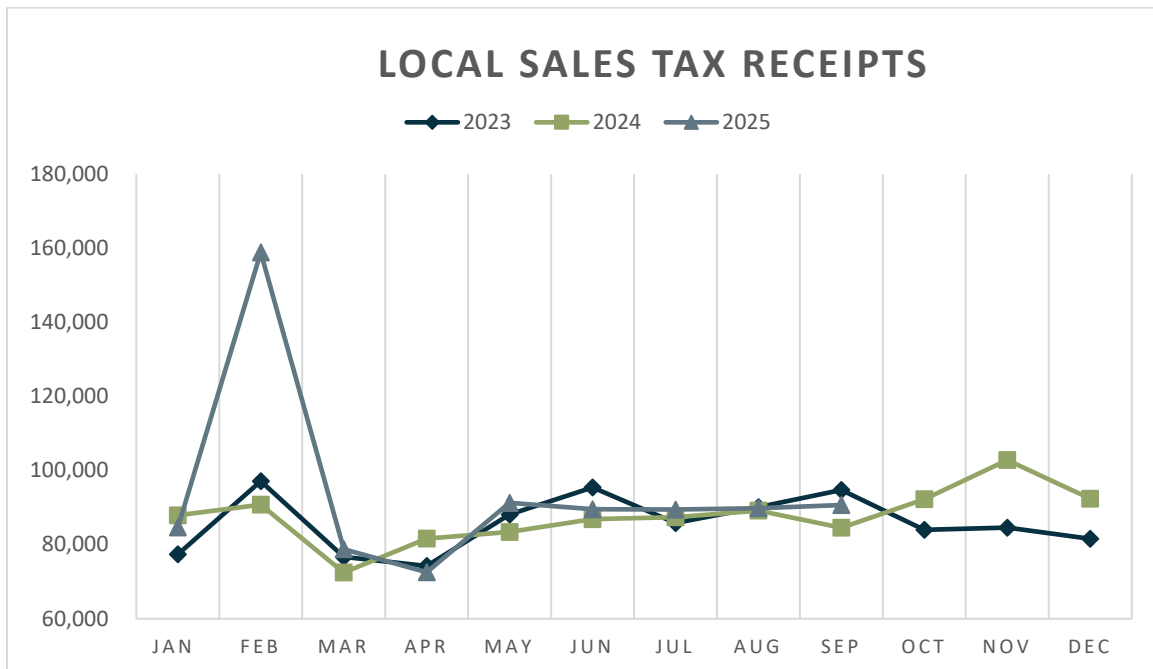
Meals Tax - This is the largest revenue source for the General Fund. Collections have increased in July, August, and September compared with prior year receipts.



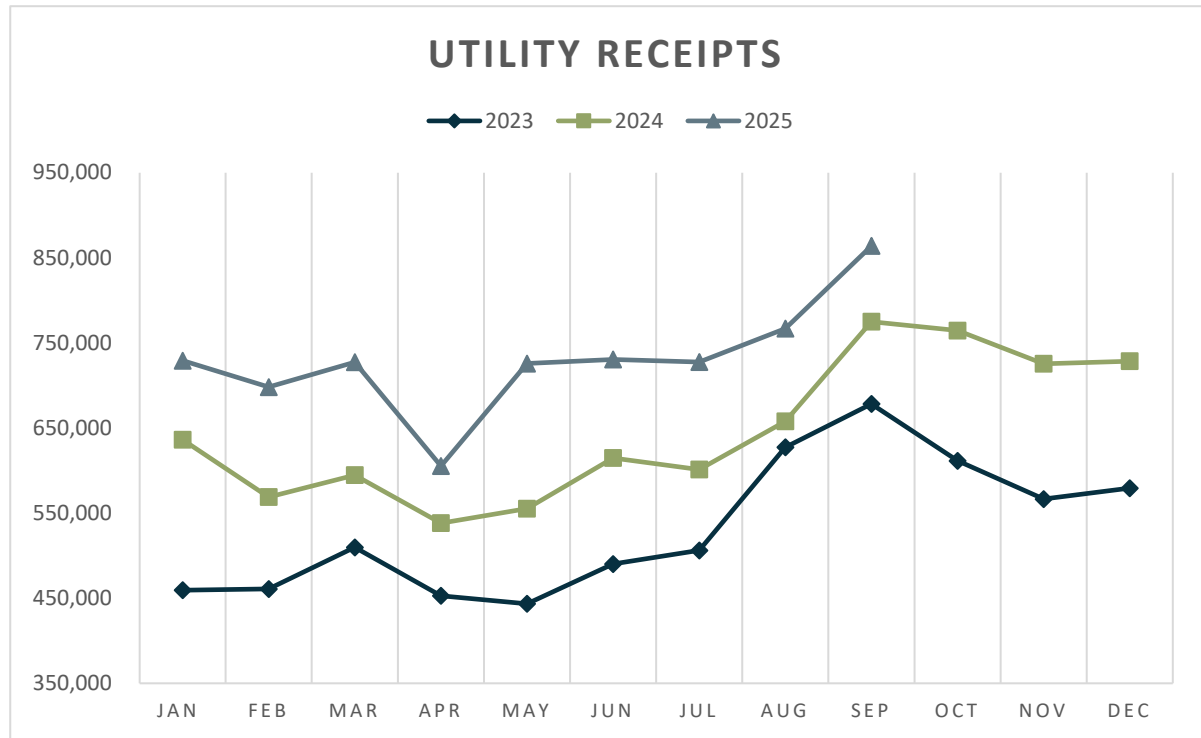
Lodging Tax – Lodging tax revenue has held steady in comparison to the same period in prior years.



Local Sales Tax – Sales Tax receipts for July, August, and September has remained level with 2024. 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 15<sup>th</sup> and December 15<sup>th</sup>. The percentage collected and unpaid balances for FY24 and FY25 are shown below:

Fiscal Year	Real Estate Tax	Percentage Collected	Unpaid Balance
FY24	2nd half, CY2023	99.6%	\$1,792.64
FY24	1st half, CY2024	99.6%	\$1,884.74
FY25	2nd half, CY2024	99.5%	\$2,013.29
FY25	1st half, CY2025	97.1%	\$16,491.29

Fiscal Year	Stormwater Utility Fee	Percentage Collected	Unpaid Balance
FY24	2nd half, CY2023	99.8%	\$886.38
FY24	1st half, CY2024	99.7%	\$973.05
FY25	2nd half, CY2024	99.7%	\$1,195.07
FY25	1st half, CY2025	95.9%	\$14,735.60

#### Personal Property Tax and Vehicle License Fee

Personal Property taxes and vehicle license fees are due once a year on December 15<sup>th</sup>. The percentage collected and unpaid balances for the December 15, 2024, billing are shown below:

Fiscal Year	Type	Percentage Collected	Unpaid Balance
FY25	Personal Property Tax	98.0%	\$23,087.44
FY25	Business Personal Property Tax	98.4%	\$6,836.67
FY25	Vehicle License Fee	86.0%	\$31,922.94

#### Business License Tax

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

Fiscal Year	Type	Percentage Collected	Unpaid Balance
FY23	Business License 2023	99.5%	\$11,423.46
FY24	Business License 2024	99.4%	\$14,476.74
FY25	Business License 2025	99.0%	\$23,296.82
FY26	Business License 2026	98.6%	\$32,781.29

#### 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
	Weirddoughs	0
	Wild Hare Hard Cider	2

#### 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 decreased by \$8,246 compared to September 2024. This represents a 5.6% decrease compared to FY24.

#### WATER AND SEWER OPERATING A/R AGING

	September 30, 2024	September 30, 2025	Incr./ (Decr.)
Over 30	123,817	108,607	\$ (15,210)
Over 60	20,840	28,087	7,247
Over 90	3,195	2,912	(283)
Total	\$ 147,852	\$ 139,606	\$ (8,246)