



Office of the Town Manager  
Frank Cassidy

# STAFF REPORT

## Warrenton Town Council

Carter Nevill, Mayor  
Heather Sutphin, Ward 1  
William Semple, Ward 2  
Brett Hamby, Ward 3  
James Hartman, Ward 4 Vice Mayor  
Eric Gagnon, Ward 5  
Paul Mooney, At Large  
David McGuire, At Large

<b>Council Meeting Date:</b>	August 12, 2025
<b>Agenda Title:</b>	Department of Finance and Procurement Update
<b>Requested Action:</b>	Information Only
<b>Department / Agency Lead:</b>	Department of Finance and Procurement
<b>Staff Lead:</b>	Stephanie Miller, Director

## EXECUTIVE SUMMARY

The Department of Finance and Procurement manages the Town's budgeting, accounting, financial reporting, accounts payable, payroll, treasury, procurement, taxation, and utility billing operations. The mission of the department 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.

## BACKGROUND

The following provides a summary of activities for the core functional areas of the department, highlighting Fiscal Year 2025 accomplishments and projects underway for Fiscal Year 2026. An analysis of the department's budget trends is provided following this summary.

Common themes across our functional areas include:

- enhancing transparency,
- promoting citizen engagement,
- streamlining processes,
- cross-departmental collaboration,
- expenditure control, and
- planning for the future.

### ***Budgeting and Long-term Financial Planning***

As prescribed by the Code of Virginia, the Town Manager's proposed budget is delivered to Council prior to April 1st each year. The Budget Manager works closely with Town departments and the Town Manager to produce the annual budget, the capital improvement plan (CIP), and the capital asset replacement plan (CARP).

We work closely with our financial advisors each year to ensure that rates are established to cover operations and any necessary cash funding for capital. The goal of the CIP and the CARP is to ensure that we are planning for future infrastructure and maintenance needs. This enables us to design of a plan of finance to address those needs in a timely manner.

During the annual budget process, we review and update our *Comprehensive Fiscal Policies*. These were first adopted by Council in 2021. During the development of the FY 2026 budget, we made slight modifications to the Budget and Expenditure Control policy to allow for the administrative acceptance of donations by the Town Manager.

In Fiscal Year 2025, the Town received its second *GFOA Distinguished Budget Presentation Award*. By adhering to best practices and providing more detailed information on town operations, we hope to increase transparency and engagement.

As part of our continued efforts in transparency, staff published our first Budget-in-Brief document. This document is available on our [website](#). This provides highlights of the budget in a format that is easy to understand.

### ***Accounting and Financial Reporting (including Accounts Payable and Payroll)***

The Town is required by the Code of Virginia to have an annual external audit. This audit is conducted in accordance with guidance promulgated by the Virginia Auditor of Public Accounts. If the town expends more than \$750,000 in federal funding each year, we are also subject to a Single Audit. The Single Audit provides assurance to the federal government regarding the management and use of funds by recipients. Central to both audits are evaluations of an organization's internal controls.

The highest opinion that can be received from the audit is an unmodified opinion, which the Town received again for the FY 2024 audit. As required by Code, the results of the annual external audit were presented to Council at the December 2023 meeting. The Fiscal Year 2025 external audit is currently wrapping up and the results of this audit will be presented to Council in December 2025.

Following the conclusion of the audit, the Annual Comprehensive Financial Report (ACFR) is produced. While the budget provides the spending plan for the town each year, the ACFR tells us how we performed against that plan. The Town has received the *GFOA Certificate of Achievement for Excellence in Financial Reporting Award* for the last 30 years.

The ACFR provides a tremendous amount of information but can be difficult to read for those without a financial background. To facilitate citizen engagement, we have produced a Popular Annual Financial Report (PAFR). This provides information from the ACFR using charts and graphs to make it more readily accessible. The Town's FY24 PAFR is available on our [website](#). The GFOA provides an award for this report, and we have submitted our FY 2024 PAFR for this award.

Ensuring the accuracy of our financial reporting is the cornerstone of the department's operations. Periodic variance analysis and financial statement reviews affords the opportunity to catch errors prior to it

becoming an issue. Financial information is provided to the Town Council on a quarterly basis. This includes financial statements, revenue trend analysis, and details regarding collection activities. More detailed analysis regarding projections is provided as needed.

### ***Treasury and Collections***

The Department of Finance and Procurement is responsible for collection and investment of town funds. Investments must be managed in accordance with the Virginia Investment of Public Funds Act, as preservation of capital is paramount. In 2022, the Council adopted an ordinance allowing the town to use third-party collection agents. The third-party charges a fee to the delinquent account holder so that this service is at no cost to the town. We have had success with real estate accounts and are transitioning personal property and other delinquent accounts to this service in the coming fiscal year.

Meals tax and business license tax (BPOL) are the two largest sources of revenue for the town's general fund. Our tax administrator strives to provide support to businesses and assists with filing and other issues they may have. Frequent contact helps these businesses to not fall behind, which is key to maintaining success for them and for the town.

### ***Procurement***

The town must adhere to the requirements of the Virginia Public Procurement Act. This ensures the best use of taxpayer funds. We have established purchasing thresholds that require different levels of documentation as the cost of a good or service increases. We implemented a pilot program for purchasing cards. These cards are similar to a credit card. They provide a streamlined method for departments to make purchases. We have chosen to participate in the State's purchasing card program. The rebate for these cards is based on state-wide spending levels. The pilot program will be in place by the end of the year and will run for several months before we roll out the program town-wide.

### ***Taxation and Utility Billing***

The Fauquier County Commissioner of the Revenue serves as the assessor for real estate and personal property located in town. They provide an assessment file to us annually, then provide supplements and exonerations throughout the year. Real estate and personal property are overlapping taxes, meaning the taxpayer pays to both the County and the Town. The town separately handles meals tax, lodging tax, and business license tax. Filing and payment is due on the 20<sup>th</sup> of each month for meals tax and lodging tax. Business license tax is due annually on June 30<sup>th</sup>. The current renewal application date for the business license is March 1<sup>st</sup>. Staff would like to move this date to April 15<sup>th</sup> to align with the federal income tax filing due date. Since the business license tax is based on gross receipts, this will ease the collection of information for the taxpayer. For business licensing, staff work closely with Community Development staff to ensure compliance with applicable codes and regulations.

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Utility bills are due monthly on the 20<sup>th</sup> for the prior month's usage. Usage is monitored and customers are notified of any anomalies so that they may address any leaks in a proactive manner. Cut-offs are performed monthly for those accounts that are more than 60 days past due.

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### ***Department Budget Trends***

The department's financial overview is provided in a separate staff report. An analysis of key areas of change is provided below.

Personnel: For several years, the department has been focusing on training, development, cross-training, and succession planning. During FY24, the vacant Accounting Manager position was restructured to create an Accountant I position that affords promotion opportunities for a staff member in a career development program. This provided promotion opportunities for others in the department while still achieving budget savings.

In FY22 we added two positions to the department – Budget Manager and Procurement Coordinator. Both positions were filled in the August/September 2021 time frame. The Budget Manager left employment in July 2022 and the position was vacant until filled by our ARPA Financial Coordinator in September 2023. As a result, FY24 actual is the first representation of full staffing levels. These changes in staffing and the 10% classification and compensation adjustment in July 2023 account for the bulk of the year-over-year increase in department expenditures.

Through December 2024, a portion of the Budget Manager's salary continued to be charged to ARPA. As of January 2025, the full salary is charged to the Finance Department, resulting in the increase in the FY26 adopted figure.

Professional Services: Fluctuations in this category are driven by the need for additional services provided by our financial advisors or other rate consultants. In FY23, the town engaged our financial advisors, Davenport & Company, and the rate study consultant, NewGen Strategies & Solutions, for an update to our rate study to account for changes in our CIP. During FY25, we engaged Davenport for a financial review presentation to Council. Over the next few years, it may be advisable to set aside some funding in this category for such reviews in conjunction with our budget process.

Travel and Training: As mentioned in the Personnel section, we have an enhanced focus on training, which often requires travel. Training is key for smaller organizations and provides a network that attendees can utilize in their daily work. Due to other work priorities, staff may not be able to attend all planned training. Based on current trends in other expenditure categories, it is anticipated that this funding will be transferred to bank service charges, printing and NVCTB expenses.

NVCTB Expenses: In FY23, several Northern Virginia counties, including Fauquier County, enacted a cigarette tax and joined the Northern Virginia Cigarette Tax Board for administration of the tax. Our cost-share is based on a percentage of receipts, but based on the year-to-date FY25 expenditures,

we anticipate that some of the travel and training budget may be needed in FY26 to cover a deficit in this line.

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**STAFF RECOMMENDATION**

Information only, no action required.

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**Service Level/Collaborative Impact**

No service level/collaborative impact.

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**Policy Direction/Warrenton Plan 2040**

Council's Strategic Goal of *Resiliency: Financial and Workforce*.

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**Fiscal Impact**

No fiscal impact.

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**Legal Impact**

No legal impact.

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**ATTACHMENTS**

None.