



Office of the Town Manager
Frank Cassidy

Warrenton Town Council

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STAFF REPORT

Council Meeting Date:	October 14, 2025
Agenda Title:	Water & Sewer Operating Fund Financial Overview
Requested Action:	For information only
Department / Agency Lead:	Finance & Procurement Department
Staff Lead:	Brooke Campbell, Budget Manager

EXECUTIVE SUMMARY

Each month from August through January we will provide financial overviews of one or more departments as part of the council meeting agenda. The purpose of the financial overview is to provide a detailed look into each department's budget. Each financial overview will contain line-by-line detail on the relevant department's budget, a chart summarizing the trend in actual expenditures, and a chart summarizing budget versus actual spending. Departments will provide separate reports and presentations detailing their operations.

As a result, each department will have the opportunity to present, and the council will have the opportunity to review their financial information before the delivery of the proposed budget on April 1st.

BACKGROUND

The Town's Water & Sewer Operating Fund, which includes all revenues and expenses for the production and distribution of drinking water, and collection and disposal of sewage in Warrenton and certain areas surrounding the Town, is an enterprise fund. The fund captures the cost to operate five (5) departments, and their staff, as follows:

- Meter reading- One (1) full-time staff.
- Water treatment- Eight (8) full-time staff.
- Transmission and distribution - Eight (8) full-time staff.
- Wastewater treatment - Eleven (11) full-time staff and one (1) part-time staff.
- Administration - Two (2) full-time staff allocated 100% and partial allocations of various Town staff according to the level of service provided.

The following tables and charts provide a financial summary of the Water & Sewer Operating Fund.

Revenue

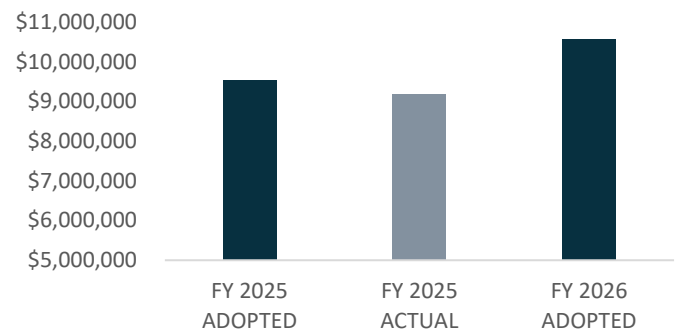
ACCOUNT NAME	FY 2023 ACTUAL	FY 2024 ACTUAL	FY 2025 ADOPTED	FY 2025 ACTUAL	FY 2026 ADOPTED
PERMITS & FEES	8,625	8,475	8,250	7,750	8,250
USE OF MONEY/PROPERTY	371,805	421,990	393,240	422,259	397,077
CHARGES FOR SERVICES	5,914,378	7,221,144	9,081,973	8,674,545	10,120,492
MISCELLANEOUS REVENUE	65,091	49,118	47,000	75,324	53,000
	\$ 6,359,899	\$ 7,700,727	\$ 9,530,463	\$ 9,179,878	\$ 10,578,819

Actual Revenue Trend



In FY 2024, revenue increased 21.1% or \$1,340,828 over FY 2023. FY 2025 revenues increased 19.2% or \$1,479,151 over FY 2024. Rate increases of 23% were adopted in FY 2024 and FY 2025 in line with the water and sewer rate study.

Revenue FY 2025 vs FY 2026

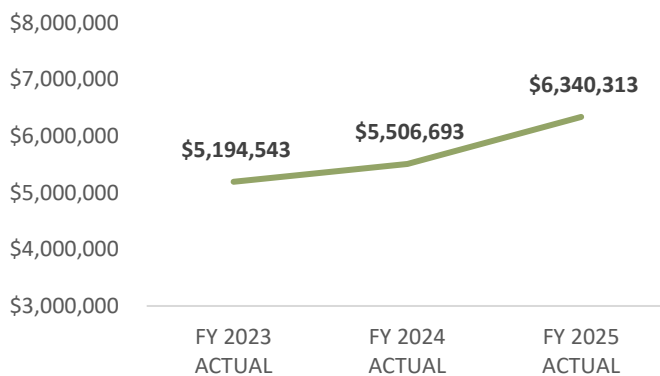


In FY 2025, the total projected revenue for the Water & Sewer Fund was \$9,530,463. FY 2025 revenue totaled \$9,179,878. The FY 2026 budget included a 23% rate increase, resulting in projected revenue for the Fund of \$10,578,819.

Expense

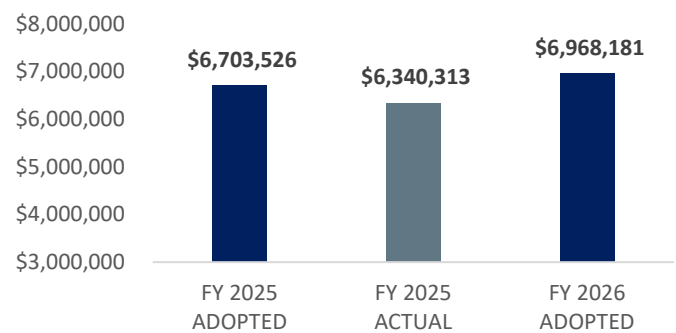
DEPARTMENT NAME	FY 2023 ACTUAL	FY 2024 ACTUAL	FY 2025 ADOPTED	FY 2025 ACTUAL	FY 2026 ADOPTED
METER READING	251,444	189,848	290,598	257,855	295,640
WATER TREATMENT PLANT	1,150,929	1,183,975	1,595,441	1,338,880	1,717,168
TRANSMISSION AND DISTRIBUTION	782,025	816,665	921,498	863,959	894,689
WASTEWATER PLANT OPERATION	2,098,194	2,135,408	2,585,230	2,596,684	2,713,188
WATER/SEWER ADMINISTRATION	911,951	1,180,797	1,310,759	1,282,934	1,347,496
TOTAL	\$ 5,194,543	\$ 5,506,693	\$ 6,703,526	\$ 6,340,313	\$ 6,968,181

Actual Expense Trend



In FY 2024, expenses increased 6.0% or \$312,150 over FY 2023. FY 2025 expenses increased 15.1% or \$833,620 over FY 2024.

Expense FY 2025 vs FY 2026



In FY 2025, the total adopted budget for the Water & Sewer Fund operating departments was \$6,703,526. FY 2025 expenses totaled \$6,340,313. The FY 2026 adopted budget for the departments is \$6,968,181.

Debt Service

	FY 2023 ACTUAL	FY 2024 ACTUAL	FY 2025 ADOPTED	FY 2025 ACTUAL	FY 2026 ADOPTED
DEBT	485,770	385,196	1,195,999	363,934	1,293,510
TOTAL	\$ 485,770	\$ 385,196	\$ 1,195,999	\$ 363,934	\$ 1,293,510

Due to the treatment of debt under the full accrual accounting method required for enterprise funds, actual figures represent only the interest portion of debt payments, while the adopted figures reflect both the interest and principal portions of the payment.

Transfers

	FY 2023 ACTUAL	FY 2024 ACTUAL	FY 2025 ADOPTED	FY 2025 ACTUAL	FY 2026 ADOPTED
TRANSFER TO GENERAL FUND	-	490,830	366,581	366,581	321,479
TRANSFER TO W&S CAPITAL FUND	-	1,357,126	1,264,357	2,002,575	1,995,649
TOTAL	\$ -	\$ 1,847,956	\$ 1,630,938	\$ 2,369,156	\$ 2,317,128

The transfer to the General Fund represents the total that the Water & Sewer Operating Fund is remitting to the General Fund for the services provided by the information technology and fleet departments since there is no longer an allocation of these expenses as of FY 2024. This amount is net of the cost of water and sewer services provided to General Fund facilities.

The transfer to Water & Sewer Capital Fund represents the surplus of revenue over operating expenses in the Water & Sewer Operating Fund. This surplus is transferred to the Water & Sewer Capital Project Fund for the cash funding of critical capital projects at the water and wastewater treatment plants. Such transfers reduce the need for debt funding.

Current Capital Projects

Please see attachments for capital improvement plan (CIP) and capital asset replacement plan (CARP) project summaries.

STAFF RECOMMENDATION

ATTACHMENTS

1. Water & Sewer Fund capital projects – From FY 2026 adopted capital improvement plan.
2. Water & Sewer Fund asset replacements – From FY 2026 adopted capital improvement plan.

WATER & SEWER FUND CAPITAL PROJECTS

The Town operates a Water and Sewer Utility that is accounted for in a separate, self-supporting, Enterprise Fund. Projects have been broken out between Water (W) and Sewer (S). A combined funding summary for both Water and Sewer projects is provided following the project listings. Detailed sources, uses, and previous allocations for each project are provided in the project detail pages.

Water Projects

Project #	Project Name	FY26 2025-26	FY27 2026-27	FY28 2027-28	FY29 2028-29	FY30 2029-30	FY31 2030-31	Total
W-001	WTP Clearwell Project	\$ -	\$ -	\$ 6,500,000	\$ -	\$ -	\$ -	\$ 6,500,000
W-005	Warrenton Reservoir Dam	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000	8,500,000
W-008	Mt. Tank Line Power	945,000	-	-	-	-	-	945,000
W-010	High Rate Filter, Sediment & Flocc	8,950,893	-	700,000	5,000,000	-	-	14,650,893
W-011	Water Line Improvements: LRCC	-	-	-	400,000	4,000,000	-	4,400,000
W-012	Warrenton Reservoir Dredging	250,000	-	1,500,000	-	-	-	1,750,000
W-014	Airlie Drain Valve	-	-	350,893	-	-	-	350,893
W-017	Lee Highway Waterline Replacement	-	200,000	-	2,000,000	-	-	2,200,000
W-019	Hunton Street Waterline Replacement	75,000	1,000,000	-	-	-	-	1,075,000
W-020	Marr Drive Waterline Replacement	-	-	-	-	50,000	750,000	800,000
W-021	Industrial Road Waterline Replacement	-	-	-	40,000	600,000	-	640,000
W-022	Fauquier Road Waterline Replacement	-	-	-	50,000	500,000	-	550,000
TOTAL WATER PROJECTS		\$ 13,220,893	\$ 2,200,000	\$ 10,050,893	\$ 8,490,000	\$ 6,150,000	\$ 2,250,000	\$ 42,361,786

Sewer Projects

Project #	Project Name	FY26 2025-26	FY27 2026-27	FY28 2027-28	FY29 2028-29	FY30 2029-30	FY31 2030-31	Total
S-002	I&I Reduction	220,500	250,000	250,000	250,000	250,000	-	1,220,500
S-003	Primary Digester	-	6,250,000	-	-	-	-	6,250,000
S-005	Cedar Run Pump Station	-	250,000	-	5,000,000	-	-	5,250,000
S-006	Secondary Clarifier and Sludge Pump	-	11,000,000	-	-	-	-	11,000,000
S-007	Wastewater Treatment Plant Pump Station	82,688	-	-	-	-	-	82,688
S-008	Dewatered Sludge Storage	750,000	-	-	-	-	-	750,000
S-011	Taylor Pump Station	-	350,000	5,000,000	-	-	-	5,350,000
S-012	Sludge Dewatering	-	-	584,821	-	-	-	584,821
S-013	Sludge Screen with Enclosure	-	-	350,893	-	-	-	350,893
S-014	Turkey Run Pump Station #2	-	-	-	-	300,000	-	300,000
S-015	Plant Hydraulics/Piping	-	-	29,241	150,591	-	-	179,832
S-016	Sanitary Sewer Improvements to LRCC	-	-	-	361,419	-	-	361,419
S-017	Headworks Building	-	-	-	800,000	7,500,000	-	8,300,000
S-018	Frost Avenue Sewer Line	650,000	-	-	-	-	-	650,000
		\$ 1,703,188	\$ 18,100,000	\$ 6,214,955	\$ 6,562,011	\$ 8,050,000	\$ -	\$ 40,630,154
Subtotal: Water & Sewer Capital Projects		14,924,081	20,300,000	16,265,848	15,052,011	14,200,000	2,250,000	82,991,939
Contingency - 10% of Town Funding		1,492,408	2,030,000	1,626,585	1,505,201	1,420,000	225,000	8,299,194
TOTAL WATER & SEWER CAPITAL PROJECTS		\$ 16,416,489	\$ 22,330,000	\$ 17,892,433	\$ 16,557,212	\$ 15,620,000	\$ 2,475,000	\$ 91,291,133

WATER & SEWER FUND MAINTENANCE PROJECTS

The Town must periodically perform major maintenance or upgrades on the facilities and equipment that is used to deliver services to citizens. This schedule provides a multi-year plan for the necessary upkeep of those items. As mentioned in the introductory section, these projects are not considered part of the CIP but facilitate financial planning by anticipating the Town's fiscal requirements on a long-term basis.

Project Name	FY26 2025-26	FY27 2026-27	FY28 2027-28	FY29 2028-29	FY30 2029-30	FY31 2030-31	Total
Roof Replacement	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Facilities Energy Management Program	25,000	25,000	25,000	25,000	25,000	25,000	150,000
Fleet Management Vehicle: Dump Truck	115,000	-	-	-	-	-	115,000
Facilities Physical Security	150,000	-	-	-	-	-	150,000
Fleet Management Vehicle: Light trucks	-	90,000	-	-	-	-	90,000
Fleet Management Vehicle: Camera Truck	460,000	-	-	-	-	-	460,000
Dam Maintenance	65,000	65,000	65,000	65,000	65,000	65,000	390,000
GAC Replacement	-	-	80,000	80,000	-	-	160,000
Reliability Measures	60,000	60,000	60,000	60,000	60,000	60,000	360,000
WTP Drain Field	40,000	-	-	-	-	-	40,000
WTP Sewer Lines	50,000	-	-	-	-	-	50,000
Denitrification Backwash Pumps	45,000	45,000	-	-	-	-	90,000

TOTAL WATER & SEWER FUND MAINTENANCE PROJECTS	\$ 1,070,000	\$ 285,000	\$ 230,000	\$ 230,000	\$ 150,000	\$ 150,000	\$ 2,115,000
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