Town Council
Work Session
Agenda Item 2.b.

Agenda Item: **Mid-Year Financial Update and Economic Outlook Discussion**

Meeting Date: January 21, 2025

Category: Discussion

Prepared by: Marjorie Sloan, Finance Director

Description:
Presentation of town financial results as of December 31, 2024, and economic outlook for the next 12 months.

Background:
A mid-year financial update occurs annually in accordance with Section III.d of the town financial policies.

Finance has prepared a presentation for the January 21 Town Council Work Session to provide a mid-year status on town revenues and expenditures and discuss the current conditions and economic outlook for the current and next fiscal year. In addition, the materials also provide key calendar dates for the FY 2026 Budget Process.

Key points of the presentation include:

- As of December 31, the General fund revenues total $26.6M. This total is 51% of the revised budget. BPOL revenues are due March 1, and are currently forecasted at $7M based on the FY24 actual receipts. Occupancy and Meals taxes are trending favorable to budget.
- Expenditures YTD total $20.4M. With Encumbrance totals of $3.7M, the remaining available revised budget is $28.0M. Costs across the General fund are generally on budget. Recent budget amendments include appropriations for professional fees related to the Economic Development Market Study, Affordable Housing, Town Manager transition costs, and repair costs for the recent Herndon Municipal Center water leak.
- The town successfully met the December 31 Obligation deadline for the $25.5M American Rescue Plan Act (ARPA) Fund. In addition, several key capital projects, including the Golf Tee-Box Master Plan, Cemetery Expansion, and Stream Restoration at Sugarland-North are currently underway. The VDOT managed Spring Street-Herndon Parkway intersection project is approaching completion.

- The economic outlook remains solid with positive economic growth, slowing inflation, solid market returns, continuing low unemployment and recent slight reductions in interest rates. The likelihood of a recession in the coming twelve months is low.
- Upcoming key dates include the Water-Sewer presentation by Davenport on February 18, and the submission of the FY 2026 Budget to Council on March 4.

Strategic Focus Area:



Strong Fiscal Stewardship
Good Governance

Fiscal Impact:
N/A

Legal Impact:
N/A

Staff Recommendation/Next Steps:
No recommendation by staff at this time.

Attachments:
1. PowerPoint