TOWN OF Herndon VIRGINIA

Town Council Regular Meeting
Agenda Item 5.a.

Agenda Item: **FY 2026 Budget Amendment 1**

Meeting Date: July 15, 2025

Category: Public Hearings

Prepared by: Marjorie Sloan, Finance Director, Maria Lee, Budget Manager

Description:
The town's annual procedure at fiscal year-end is to set aside specific amounts from fund balance or net position for the outstanding encumbrances and reserves that exist on June 30 of the prior fiscal year, as described in the Town Council's annual reserve resolution and annual budget ordinance. Town Council's authorization of the Fiscal Year (FY) 2025 reserves and encumbrances are not appropriated or budgeted amounts for FY 2026 as defined in the Code of Virginia. Therefore, a resolution is proposed to authorize the reserve of FY 2025 funding as identified, and the proposed FY 2026 Budget Amendment 1 will recognize the designated reserves and outstanding encumbrances at June 30, 2025, as FY 2026 budget appropriations.

Background:
The proposed resolution and ordinance concludes an annual procedure reflecting the status of in-progress transactions funded for FY 2025. Due to timing, delays, or status, certain identified activities or projects were not completed by June 30, 2025, and will therefore need to be reauthorized and re-appropriated to continue. Budget amendments generally require a public hearing. The notice for public hearing has been duly advertised in the Fairfax County Times Newspapers in the June 27 and July 3, 2025, editions.

Strategic Focus Area:
Strong Fiscal Stewardship

Fiscal Impact:
Impacted funds have capacity either through grant revenues, grant commitments, unrestricted net positions (enterprise funds), or existing fund balances, to support the reserves and encumbrances.

Legal Impact:
The Code of Virginia §15.2-2507 allows localities to amend their adopted budget. For budget amendments that exceed one percent of the total expenditures, the governing

body must hold a public hearing and advertise in accordance with Code of Virginia §15.2-1427.

Staff Recommendation/Next Steps:
Staff recommends approval of the proposed Resolution and Ordinance included in Agenda item 5.a-i and 5.a-ii

Attachments:
1. Legal Ad
2. PowerPoint
3. Resolution 25-G-35, with Attachment A (Proposed)
4. Ordinance 25-O-12, with Attachment A (Proposed)