



Budget Together Denver:

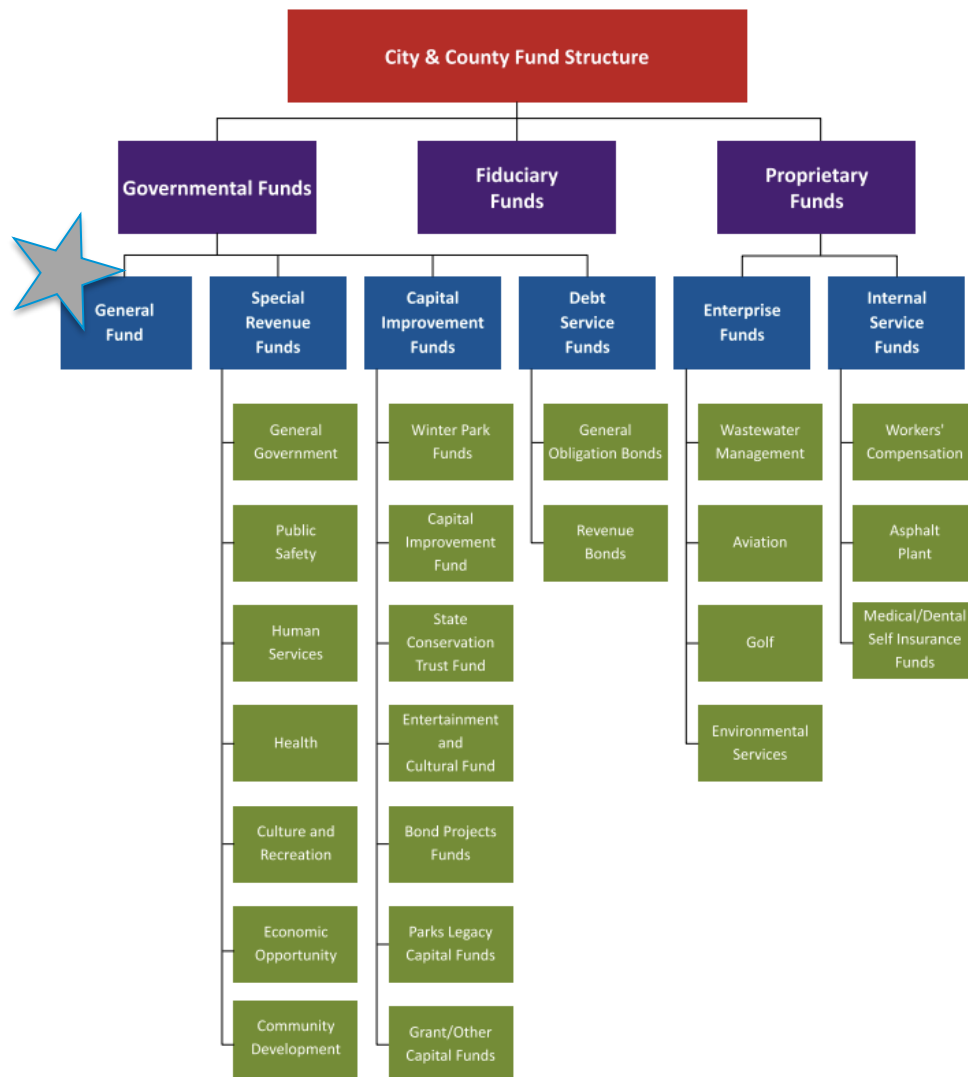
Proposed Changes to Denver's Budget Process

Agenda

- Background
- Current Budget Requirements & Timeline
- Proposed Changes
- Proposed New Timeline
- Legislative Timeline
- Questions & Discussion

City of Denver Financial Funds

City and County Fund Structure



Uses of the General Fund

The General Fund budget is what most people think of as “Denver’s Budget” because the General Fund is the largest City Financial Fund that has flexibility in what can be spent and how it can be spent. In 2024, the General Fund was ~\$1.5B. The General Fund is used for:

- Staff salaries
- Benefits
- City programs
- General operations

Denver's Fiscal Policy

General Fund Financial Summary, Schedule 100

General Fund Financial Summary, Schedule 100

(\$ in thousands)	2024 Final	2025 Revised	2026 Proposed
Financial Resources			
General Government	\$ 301,432	\$ 306,845	\$ 313,361
Intergovernmental	51,741	40,062	40,051
Taxes	1,244,387	1,231,723	1,254,474
Transfers	68,194	87,531	56,442
Total	\$ 1,665,754	\$ 1,666,161	\$ 1,664,329
Uses of Resources			
Annual Appropriations	\$ 1,773,899	\$ 1,753,997	\$ 1,639,290
General Contingency	-	34,551	34,351
Estimated Unspent Appropriations	-	(26,500)	(13,250)
Additional Budget Savings	-	(35,000)	-
Total	\$ 1,773,899	\$ 1,727,048	\$ 1,660,391
Net Increase/(Decrease) in Fund Balance	\$ (108,146)	\$ (60,888)	\$ 3,937
Beginning Budget Unassigned Fund Balance	\$ 347,398	\$ 239,610	\$ 178,722
Change in Fund Balance	(108,146)	(60,888)	3,937
Increase/Decrease in Restricted	357	-	-
Ending Budget Unassigned Fund Balance	\$ 239,610	\$ 178,722	\$ 182,659
Ending Percent Fund Balance	13.5%	10.3%	11.0%
ACFR Reconciliation			
Ending ACFR Fund Balance:	\$ 356,323	\$ -	\$ -
GASB 54 Funds Balance	134,123	-	-
Restricted	150	-	-
Net Non-Cash Adjustment	(17,560)	-	-
Ending Budget Unassigned Fund Balance	\$ 239,610	\$ -	\$ -

Required Fiscal Policies:

- Fiscal year is Jan-Dec (calendar year)
- Must be a balanced budget
- Must include short and long-term planning
- Capital improvement funds are for capital uses and planning only
- Contingency must be at least 2% of expected General Fund expenditures
- Unassigned fund balance of 15% of annual General Fund expenditures
- State required TABOR emergency reserve, which is 3% of all covered funds

Constitution & Charter: Required Reserves

- Contingency must be at least 2% of expected General Fund expenditures
- Unassigned fund balance of 15% (goal) of annual General Fund expenditures
- State required TABOR emergency reserve, which is 3% of all covered funds

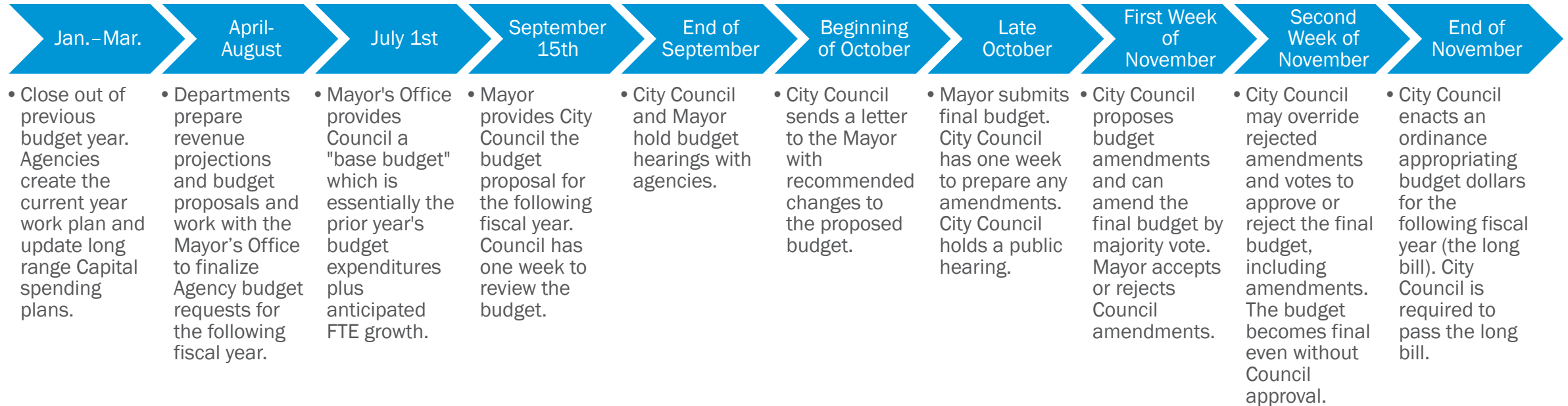
Contingency Uses:

- Unexpected event like natural disaster
- Large unappropriated retirement payouts or unrealized vacancy savings.
- A change in work program initiated or approved by the Mayor's Office.
- Prior year budget for a specific item that lapsed.
- A technical correction of the original budget.
- A change in legislation creating an unfunded mandate.
- Planned one-time expenditures advancing a programmatic or financial outcome.

Unassigned Fund Balance Uses:

- Funds above 15%
 - One-time or capital expenditures and debt reduction
- Funds between 10% and 15%
 - One-time expenditures and to stabilize the city during normal economic cycles when revenue is below historical average.
 - Should only be used after expenditure reductions or if further reductions would harm essential services.
- Funds below 10%
 - Can only be used to respond to severe economic or other crisis, only used in the most unusual situation.

Current Budget Timeline



Challenges & Benefits of Denver's Annual Budget

Challenges

- City partners and nonprofit providers can't plan their operating budgets (staffing, etc.) over the long term without confirmation of future funding
- Capital improvement projects frequently take longer than one year to complete
- No community engagement in the development of the budget
 - Opportunity for residents to give public comment only exists at the late October City Council budget hearing
- Council has very little time to analyze the budget prior to proposing changes
- Very little staff time available for ROI analysis and process improvement

Benefits

- Easier for DOF to model and interpret economic outlook
- Quicker response to economic changes
- More flexibility to shift programs in response to changing priorities

Proposed Changes

After gathering feedback from residents, Councilmembers, and City Agencies, CMs Sawyer, Lewis, and Gilmore suggest the following changes:

- Move to an optional biennial budget cycle
- Require a public process to get resident feedback during development of the budget
- Move up the budget timeline to provide Council time to analyze the proposed budget prior to hearings and propose budget amendments
- Define what happens when revenue does not meet anticipated levels

Optional Biennial Budget Cycle

Proposal:

- Allow Denver to use one or two-year budget cycles depending on the economic outlook and needs of the City
 - Determined by ordinance filed by January 31 of year 1, in consultation between Council & Mayor
 - If disagreement between Council and the Mayor's Office on the budget term, the standard Council ordinance process would apply – ordinance, veto, veto override vote

Notes:

- Gives partners and the City the ability to better plan for long term projects
- Frees up staff time during the budget adjustment year (year 2) to work on program and budget evaluation within city agencies
- Could choose to use a one-year budget cycle in times of economic uncertainty
- Budget would still be required to be approved annually per the Colorado State Constitution; second year budget would be proposed in the first year and considered a draft, but not finalized until the second year

Require a Public Process to Get Resident Feedback

Proposal:

- Require community input as the basis for developing the budget

Notes:

- Provides residents the opportunity to give direct feedback on budget priorities
- This process would be managed by the Mayor's Office and done in conjunction with development of the budget
 - An annual basis in a one-year budget year or biennial basis if a two-year budget is proposed
 - Results would be presented to Council and the Public by the third Monday in July
- Suggested outreach could include a community survey, community meetings, a hearing at Council, or other outreach efforts as determined by the Mayor's Office
- Ensures budget priorities are grounded in the needs of the community

Move Up the Budget Timeline

Proposal:

- Remove the Charter-required July 1 date which requires a preliminary budget estimate that is not representative of the final budget and creates confusion/misinformation in community
- Move the September 15 date forward to the first Friday of September
- Final Budget sent to Council on the second Friday in October instead of the third Monday in October, with the Council public hearing remaining the fourth Monday of October

Notes:

- Provides City Council and the public more time to study the Mayor's budget proposal and develop questions for budget presentations
- Provides Council and Agencies additional time to prepare and vet proposed budget amendments
- Frees up staff time developing the July 1 budget estimate, which could be used for program assessment and planning

Process for Revenue Decline or When Expenditures Outpace Revenues

Proposal:

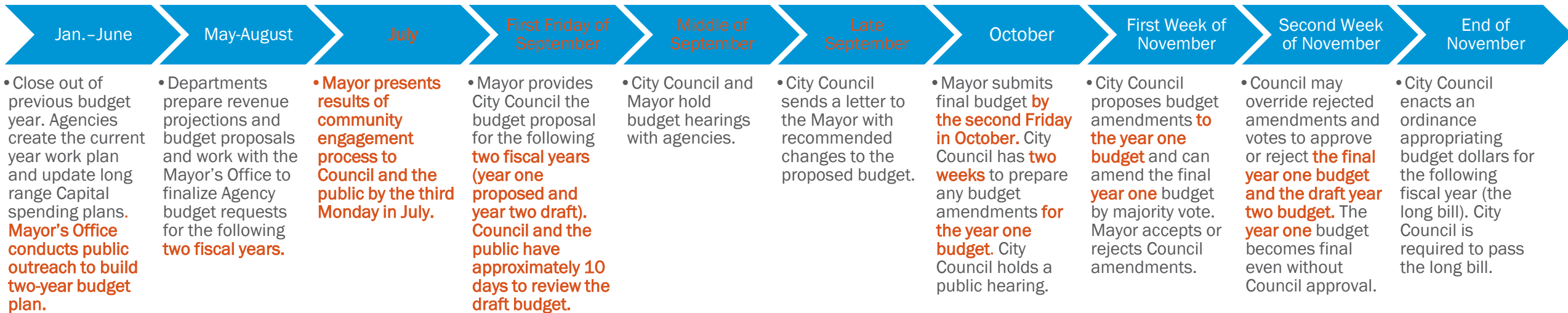
- In the event that expenditures are expected to exceed total appropriations by 2% or more, or expected revenues will be more than 2% less than projected revenue, the Mayor shall propose budget reductions and inform Council
 - This would require DOF to present a budget reduction plan in a committee hearing any time DOF discovers projected revenues or expenditures are more than 2% off (approx. \$40M)
- In the event that expenditures are expected to exceed total appropriations by 5% or more, or expected revenues will be more than 5% less than projected revenue, the Mayor shall propose and City Council shall reduce appropriations by ordinance to balance the budget
 - This would require DOF to present a budget reduction plan in a committee hearing and Council would reduce appropriations by ordinance any time DOF discovers projected revenues or expenditures are more than 5% off (approx. \$90M)

Notes:

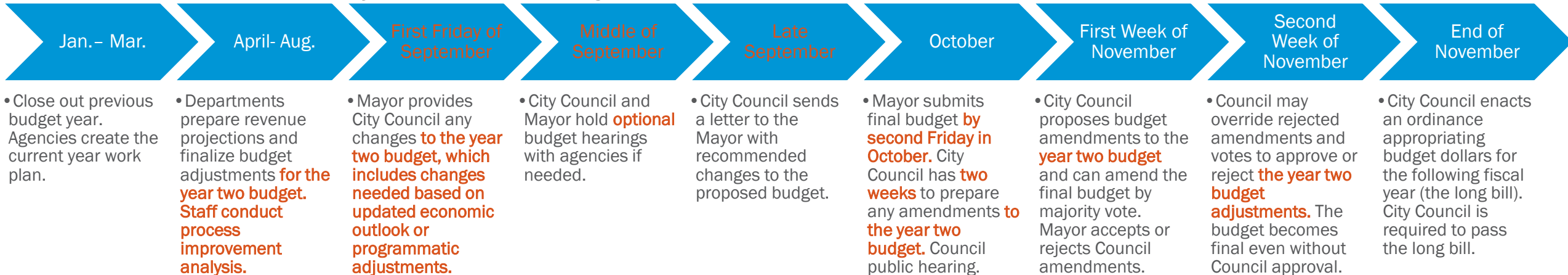
- Ensures projected expenditures cannot outpace projected revenues by significant amounts

Proposed Two-Year Budget Timeline

YEAR 1: Develop Biennial Budget

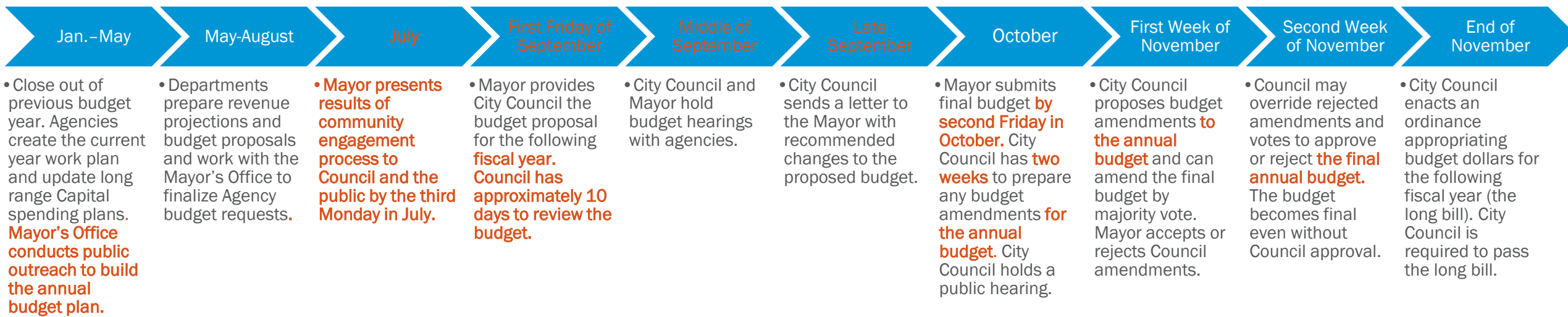


YEAR 2: Develop Any Adjustments to Budget & Perform Analysis



Proposed One-Year Budget Timeline

YEAR 1: Develop Annual Budget



Community Feedback

At the November 5, 2025, and March 17, 2026, town hall events, community members contributed the following ideas for consideration:

- Mayor's Office outreach team should lead a community outreach process
- Involve Advisory Boards and Commissions in the budget development
- Residents would like more time for input and comment during the process
- City Council should hire their own budget analyst to help with budget tracking/oversight and fiscal notes for legislation

Previous recordings of town halls at: <https://bit.ly/BudgetTogetherDenver>

Legislative Timeline

- November 5, 2025 – Community Town Hall
- November 2025 – Drafting & Stakeholder Meetings
- December 8, 2025 – Budget and Policy Committee Presentation
- January – March 2026 – Drafting & Stakeholder Meetings
- March 17, 2026 – Community Town Hall
- April 13, 2026 – Budget and Policy Committee Presentation
- May – June 2026 – Drafting & Stakeholder Briefings
- June 16, 2026 – Governance Committee
- June and July 2026 – Council Process (Public Comment at GOV Committee)
- November 2026 – Goes to a vote of the people on the ballot if referred by Council

Questions?