



Budget Together Denver:

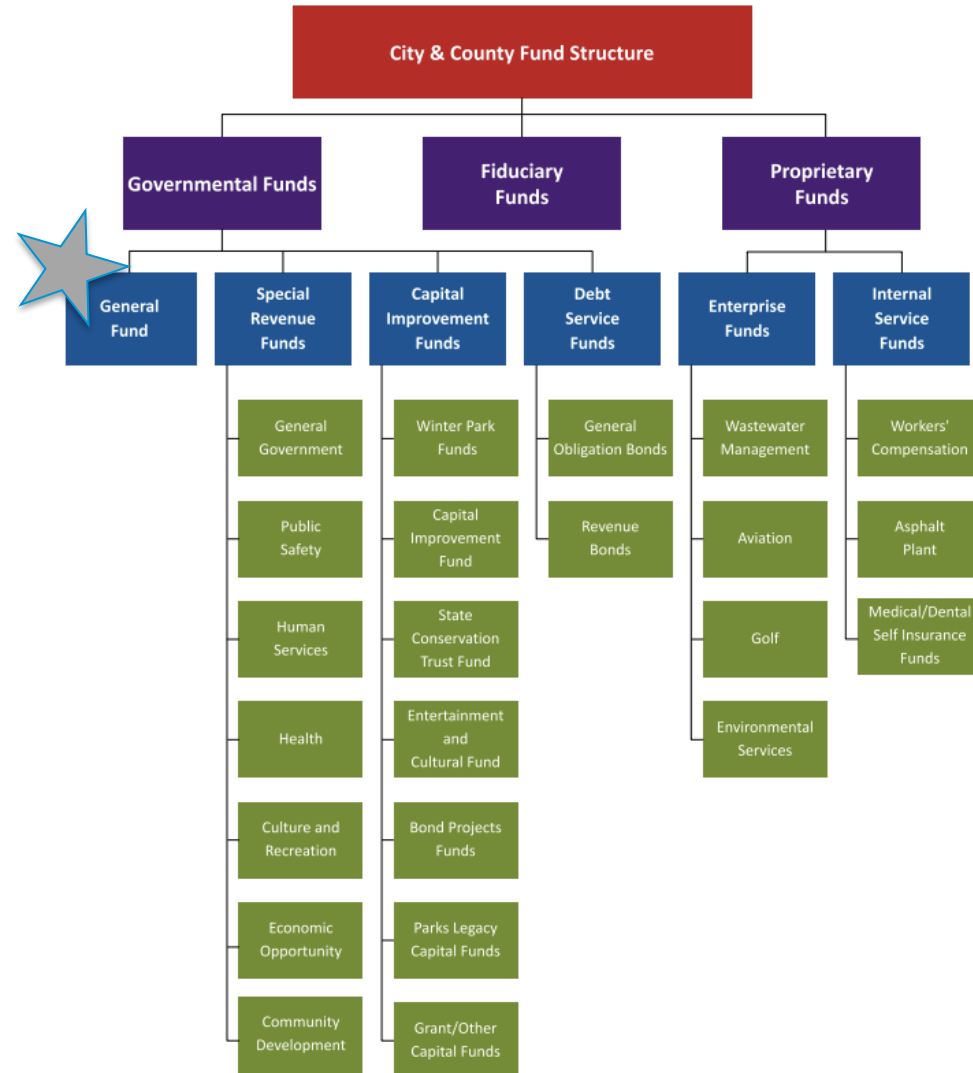
Proposed Changes to Denver's Budget Process

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

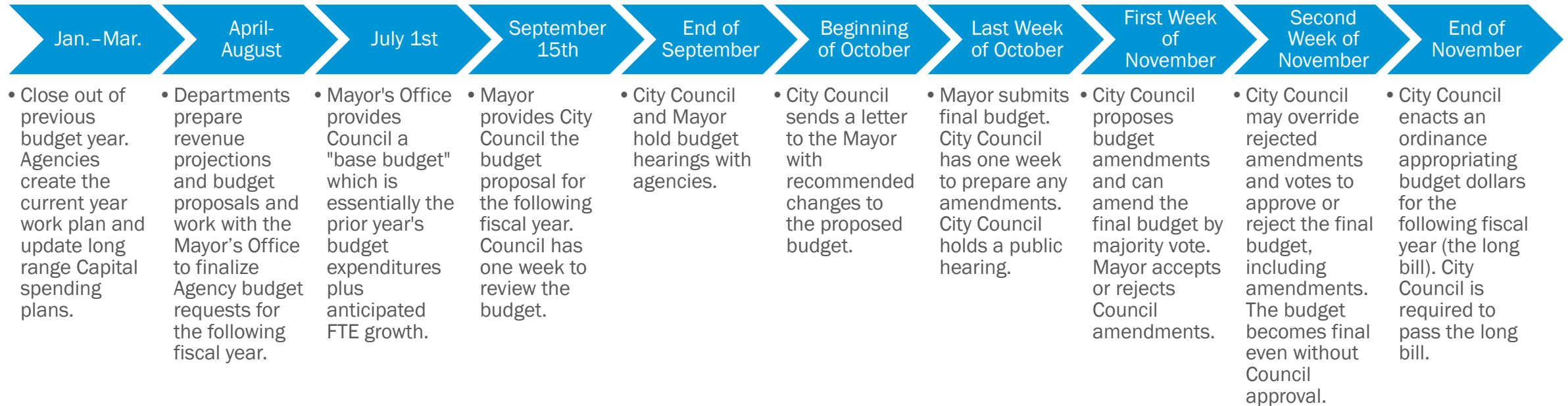
Contingency Uses:

- 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 an 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
- Simplify the budget process timeline and provide Council a bit more time to analyze the proposed budget prior to hearings
- Define what makes a balanced budget

Biennial Budget Cycle

Proposal:

- Allow Denver to use two-year budget cycles, with the option to use a one-year cycle in times of economic uncertainty

Benefits:

- Gives partners and the City the ability to better plan for long term projects
- Frees up staff time during the budget adjustment year to work on program and budget evaluation within city agencies
- Mayor and DOF could choose to use a one-year budget cycle in times of economic uncertainty

Require a Public Process to Get Resident Feedback

Proposal:

- Require a two-year strategic plan informed by community input as the basis for developing the budget

Benefits:

- Provides residents the opportunity to give direct feedback on budget priorities through a survey and community outreach done by the Mayor's Office
- Ensures budget priorities are grounded in the needs of the community

Simplify the Process Timeline

Proposal:

- Remove the July 1 date which requires a preliminary budget estimate
- Move the September 15 date forward by a month to August 15
 - DOF has proposed a September 8th deadline instead of August 15
 - We would like your feedback on a compromise date

Benefits:

- Provides City Council and the public sufficient time to study the Mayor's budget proposal and develop questions for budget presentations
- Frees up staff time developing the July 1 budget estimate, which is routinely not reflective of the September proposal

Define “Balanced Budget”

Proposal:

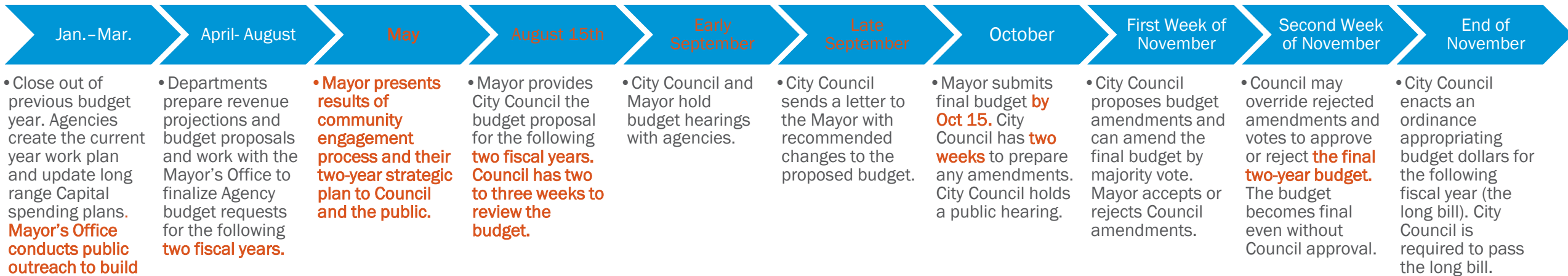
- In the event that expected revenues will be less than total appropriations from the prior year’s Long Bill, the Mayor shall propose and City Council shall reduce appropriations by ordinance to balance the budget
- Require City Council approval for expenditures out of the unassigned fund balance (below 10%) when economic changes occur
 - We would like your feedback on the right threshold for this proposal, to balance DOF’s need for flexibility and Council’s need for information

Benefits:

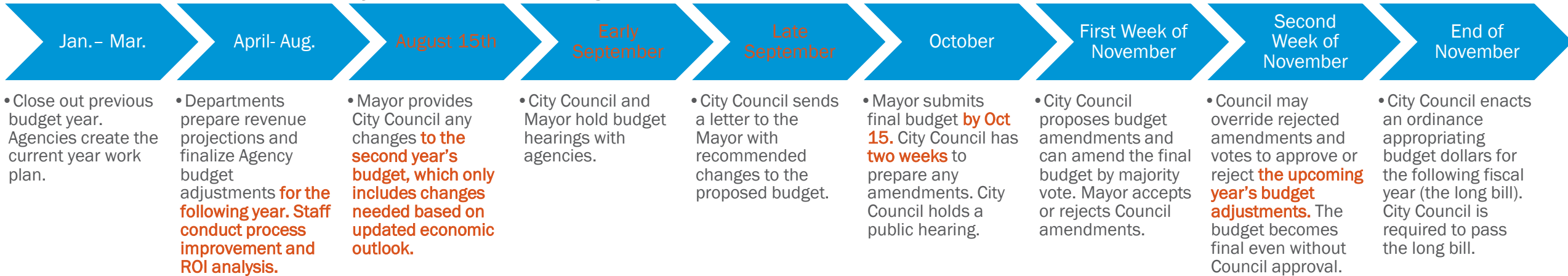
- Ensures projected expenditures cannot outpace projected revenues
- Increases transparency in the budget process
- Maintains strong contingency and reserve fund balances

Proposed Two-Year Budget Timeline

YEAR 1: Develop Biennial Budget



YEAR 2: Develop Any Adjustments to Budget & Perform Analysis



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 to lead strategic vision process
- Involve Advisory Boards and Commissions
- More time for public comment during the process
- City Council should hire their own budget analyst to help with oversight

Legislative Timeline

- November 5, 2025 – Community Town Hall
- November 2025 – Drafting & Stakeholder Meetings
- December 8, 2025 – Budget and Policy Committee Presentation
- Jan – March, 2026 – Drafting & Stakeholder Meetings
- March 17, 2026 – Community Town Hall
- April 13, 2026 – Budget and Policy Committee Pt 2
- May 2026 – Stakeholder Briefings
- June 30, 2026 – Governance Committee
- June and July – Council Process and Public Hearing
- November 2026 – Goes to a vote of the people on the ballot if referred by Council

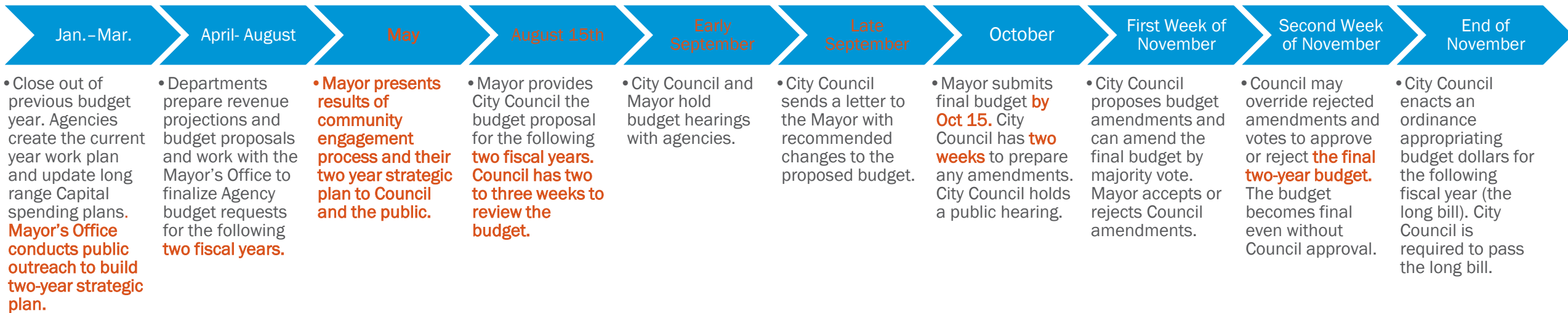
Questions?



Appendix

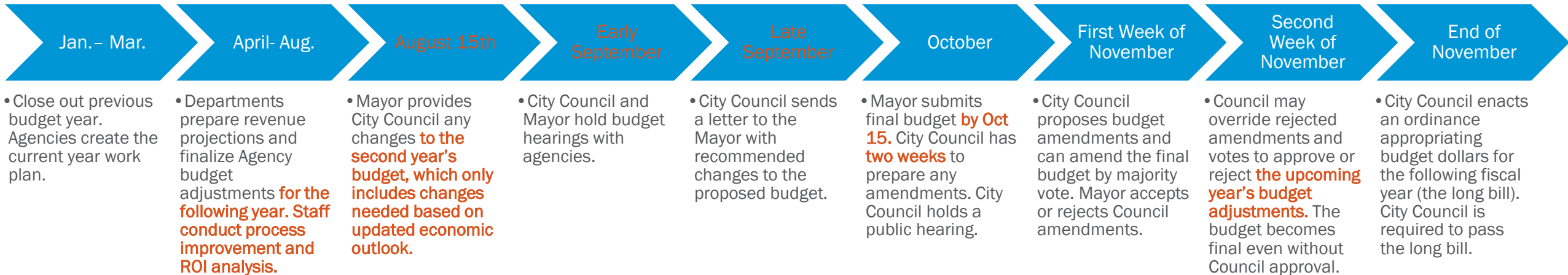
Proposed Two-Year Budget Timeline (broken out by year)

YEAR 1: Develop Biennial Budget



Proposed Two-Year Budget Timeline (broken out by year)

YEAR 2: Develop Any Adjustments to Budget & Perform Analysis



Appendix – Peer City Research Biennial Budget

King County, WA

- Biennial budget
- County executive proposes a budget
- Residents can submit comments online about the proposed budget
- Budget goes through the Council process with several opportunities for public testimony
- During the off year of the budget cycle, city staff revise revenue and expenditure projections
- The revisions to the budget are minimal and go through the Council process with time for public comment

Fort Collins, CO

- Biennial budget
- Each two-year budget is based on a strategic plan
- Strategic plan is updated every two years with community input
- Strategic plan goes through City Council with time for public testimony
- City staff build the budget based on the strategic plan
- The budget goes through the City Council process with more time for public comment
- During the off year of the budget cycle, city staff revise revenue and expenditure projections
- The revisions to the budget are minimal and go through the City Council process with time for public comment

Appendix - Peer City Research Balanced Budgets

King County, WA

Must propose a balanced budget where expenditures for the ensuing fiscal year shall not exceed the estimated revenues. The budget shall include contingency funds which shall not be expended unless the county council adopts an additional appropriation at the request of the county executive.

Nashville, TN

Must propose a balanced operating budget where in no event shall the total proposed expenditures from any fund exceed the total anticipated revenues plus the estimated unappropriated surplus, or fund balance, and applicable reserves for the current fiscal year.

Aurora, CO

Must pass a balanced budget with a balance between the total estimated expenditures and total anticipated revenue from all sources, and account for the estimated general fund cash surplus or deficit at the end of the current fiscal year.

Atlanta, GA

Must operate under an annual balanced budget where the anticipated revenue and appropriated fund balance equals expenditures for the general fund, special revenue funds, and debt service.