

MEMO



Department of Finance
Budget and Management Office

TO: Councilwoman Kniech and Councilwoman Ortega

FROM: Stephanie Karayannis Adams, Budget and Management Director

CC: Shelley Smith, City Council
Gabrielle Corica, Mayor's Office

DATE: November 4, 2016

SUBJECT: Budget Calendar and Approval Process

In response to your request, this memo addresses questions related to the timing for adopting the Mayor's Proposed Budget, approving the annual appropriating ordinance, and the question of what happens to the Long Bill if Council votes to amend the proposed budget.

By the second regular Council meeting in November, City Council adopts the Mayor's annual budget, and the Long Bill is enacted two weeks later. During the time that Council considers, amends and adopts the annual budget, the Budget and Management Office is preparing the Long Bill so that it will be ready as soon as the budget is adopted. The Long Bill contains hundreds of numbers and requires different stages of review to ensure that it is correct and matches the annual budget, *as adopted*. Although the Long Bill preparation overlaps with Council's review and potential amending of the Mayor's proposed budget, **the Long Bill is not filed until after the budget is adopted**. If City Council successfully amends the proposed budget, the BMO will revise the Long Bill accordingly, before filing.

While the Long Bill does not follow the usual legislative process, an ordinance request is submitted a few weeks in advance of the filing date to generate a bill number and the bill is entered into Council's legislative system. This year, the month of October has five Mondays, which resulted in the ordinance request being submitted early, relative to key November dates. Regardless of this extra week, the Long Bill will not be filed until after the budget is adopted, whether that is on or before the second regular Council meeting in November.

The annual budget process is designed to meet the requirements of the Charter of the City and County of Denver, Subtitle B, Article VII, Part 1, Sections 7.1.2 to 7.1.6. Below is a summary of those parts of the process related to the adoption of the Mayor's proposed budget and the annual appropriation bill, also known as "the Long Bill".

After City Council receives the Mayor's proposed annual budget on or before the September 15th Charter deadline and reviews it, the following actions and timeline ensues:

On or before the third Monday in October

- After receiving and considering City Council's recommendations, the Mayor must submit to the City Council a proposed budget that must include, but need not be limited to:
 - A general statement describing the important features of the budget.
 - Statements by funds showing estimates of expenditures, receipts and opening and closing balances compared with the last completed fiscal year and the current year.
 - Statements of expenditures and work programs of the various agencies, offices, departments, boards, commissions, and other spending agencies.
 - The amount to be raised by taxation to pay interest on general obligation bonded indebtedness and to provide for the debt service fund.
 - The amounts to be expended during the ensuing year for capital improvement projects and the sources of revenue for financing such projects.
- Revenue estimates must be based on already enacted ordinances, excluding the ordinance to establish the mill levy.
- Expenditures must not exceed the estimated opening balances and anticipated income.
- In the General Fund, the budget estimates must include an amount as a year-end closing balance (undesignated fund balance) that cannot be expended except for emergencies. Those expenditures must be approved by a two-thirds vote of the Council.
- In the General Fund, the budget estimates must include an amount not less than two percent of the total estimated expenditures for the payment of any unforeseen contingency.

On or before the fourth Monday in October

- City Council must publish a notice showing that the proposed budget is available for inspection.
- The Council must hold a public hearing on the proposed budget.

On or before the first regular Council meeting in November

- City Council may revise, alter, increase, or decrease any items in the Mayor's proposed budget, by majority vote of the members of Council.

On or before noon on the Friday immediately following the first regular Council meeting held in November

- The Mayor must submit to Council a list of the amendments and the items revised, altered, increased, or decreased, stating which of the amendments he or she accepts and rejects.

On or before the second regular Council meeting in November

- Council may override the Mayor's rejection of any of its proposed amendments by a vote of at least two-thirds of its members.
- Council may adopt the budget. If the City Council fails to adopt the budget by the required date, the Mayor's proposed budget, with any amendments enacted by a two-thirds vote of the Council members, becomes the official budget.

On or before the fourth Monday in November

- City Council must enact an ordinance making appropriations for the ensuing fiscal year.

Please contact me or Kelly Greunke (720.913.5524) if you have any questions on this memo or the budget process. Thank you.