



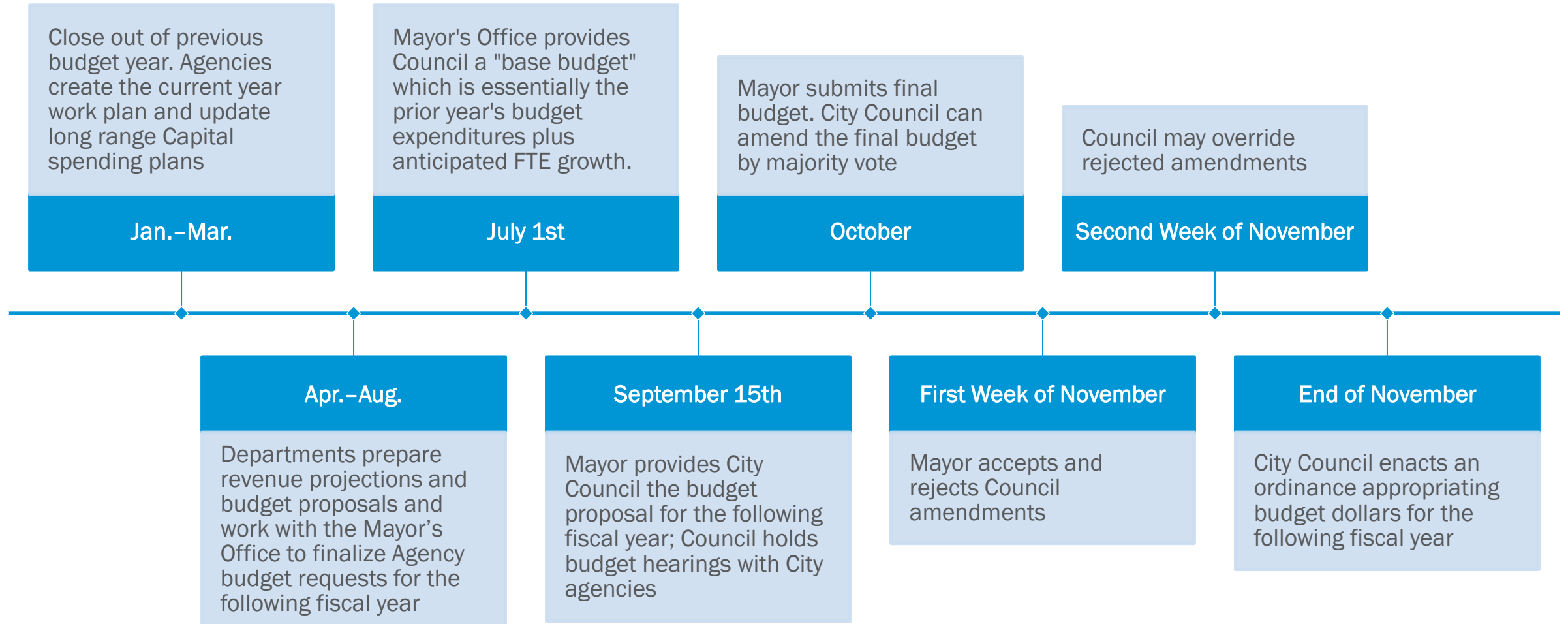
Budget Together Denver:

Proposed Changes to Denver's Budget Process

Agenda

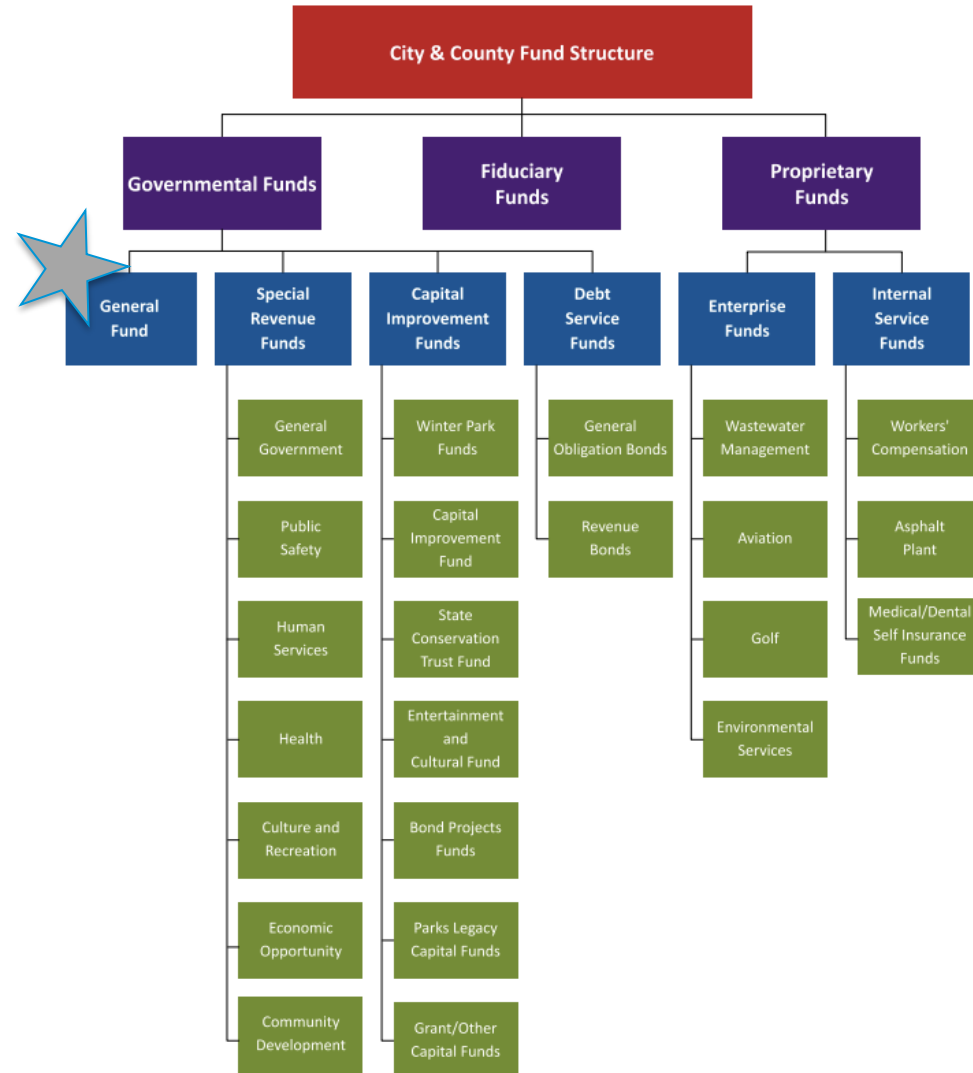
- Background
- Peer City Research
- Proposed Changes
- Community Feedback
- Timeline
- Any questions?

Background



City of Denver Financial Funds

City and County Fund Structure



The overall City budget is \$4.4B; but 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. The General Fund was ~\$1.5B in 2024.

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 before the purchase.
- 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 (Savings Account) 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.

Peer City Research- Biennial Budgets

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

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.

Proposed Changes

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

- Move to a biennial budget cycle
- Simplify the budget process timeline
- Increase transparency and financial reporting
- Define what makes a balanced budget
- Require a public process to get resident feedback

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 Denver the ability to better plan for long term capital projects
- Frees up staff time during the budget adjustment year to work on program and budget evaluation in city agencies

Simplify the Process Timeline

Proposal:

- Remove the July 1st date which requires a preliminary budget estimate
- Move the September 15th date a few weeks earlier

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 1st budget estimate, which is routinely not reflective of the September proposal

Increase Transparency and Financial Reporting

Proposal:

- Require the Department of Finance to provide quarterly financial updates
- Notify City Council, the Clerk and Recorder, and the Auditor of changes to annual spending plans and budget expansion opportunities

Benefits:

- Keeps City Council and the community informed of economic trends throughout the year
- Increases accountability
- Cultivates trust in city financial management

Define “Balanced Budget”

Proposal:

- Define a balanced budget to ensure better oversight of actuals

Benefits:

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

Require a Public Process to Get Resident Feedback

Proposal:

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

Benefits:

- Provide residents the opportunity to give direct feedback on budget priorities through a survey
- Encourage the Department of Finance to table at city events in the lead up to a big budget year to gather community input
- Ensure budget priorities are grounded in the needs of the community

Community Feedback

At the November 5, 2025, Budget Better Denver Town Hall, community members contributed the following ideas for consideration:

- Mayor's Office outreach team to lead strategic vision process
- Involve Advisory Boards and Commissions
- Independent Department of Finance
- More time for public comment during Council process

Discussion

Pros

- Is easier to plan capital and multi year projects
- Allows finance staff in small budget years to do program and budget evaluation
- Gives City Council and the public more time to understand the proposed budget
- Provides more opportunities to incorporate resident feedback
- Increases fiscal transparency on a more frequent basis
- Softens the impact of projected cuts by allowing them to phase over two years
- Still allows for mid year and mid cycle supplementals
- Increased oversight of unreserved fund balance levels

Cons

- Two-year budgets can be disrupted by changing economic circumstances
- State law requires Denver to pass an annual budget, even if minimal changes are made in the second year
- Proposed budget still passes if City Council fails it
- Less flexibility for incoming Mayors and Councilmembers to advocate for budget changes their first year in office
- Less flexibility when utilizing unreserved fund balances

Timeline

- November 5, 2025 – Community Town Hall
- November 2025 – Drafting & Stakeholder Meetings
- December 10, 2025 – Budget and Policy Committee Presentation
- February 2026 – Public Outreach Meetings
- April 2026 – Budget and Policy Committee Pt 2
- May 2026 – Stakeholder Briefings
- June 16, 2026 – Governance Committee
- June and July – Council Process and Public Hearing
- November 2026 – Goes to a vote of the people on the ballot

Questions?