



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Finance

**ACM:** Christine Taylor

**DATE:** June 17, 2025

### **SUBJECT**

Receive a report, hold a discussion, and give staff direction regarding the current and forecasted budget.

### **BACKGROUND**

The purpose of this work session is to provide the City Council with a financial update regarding the current fiscal year and the preliminary FY 2025-26 budget outlook for the General Fund.

The General Fund was previously forecasted to end the current fiscal year with a net operating deficit, primarily attributable to revenue shortfalls and increased expenditures. Due to the implementation of mid-year mitigation strategies, the revised forecast indicates the year-end funding gap will be closed if savings trends continue. Staff will continue to evaluate revenues and expenditures as the summer months develop.

Additionally, for the FY 2025-26 budget, staff is continuing to anticipate declining revenue growth, including slowing of property and sales tax growth. Expenditures are expected to continue to increase due to inflation and rising personnel costs, creating a budgetary gap of approximately \$14.4 million. Staff have implemented a zero-based budgeting approach, a budgeting technique in which budgets start from zero, versus starting with the previous budget and adjusting it as needed. Through this approach departments have identified discretionary spending reductions to ensure every dollar is justified. The proposed General Fund department reductions will cut the forecasted deficit by approximately \$7.1 million. Additional reductions to close the budgetary gap will be forthcoming through the budget process.

### **EXHIBITS**

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Presentation

Respectfully submitted:  
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