

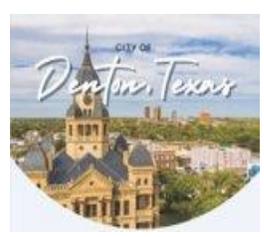


CITY OF

Denton, Texas

Budget Workshop FY 2025-26

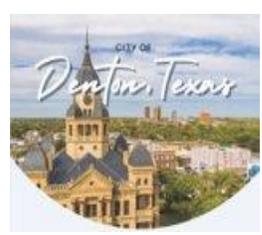
**Christine Taylor, Assistant City
Manager
August 09, 2025**



Fiscal Year 2025-26

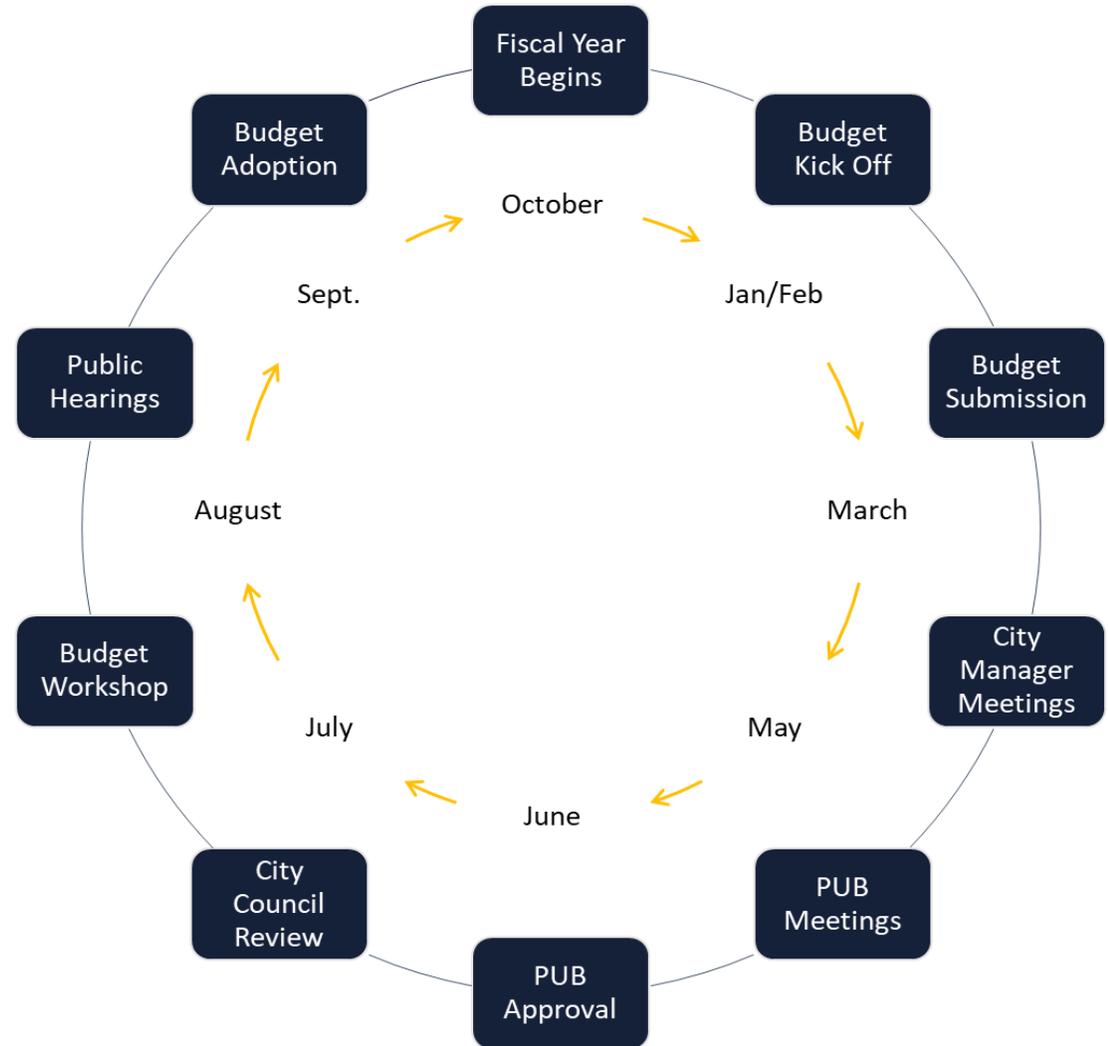
Agenda

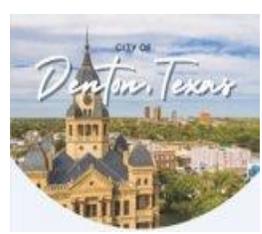
- Budget Process & Structure
- Budget Assumptions
- Tax Rate and Revenue Assumptions
- General Fund Assumptions
- General Fund Operations
- Internal Service and Special Revenue Funds
- Capital Budget
- Next Steps



Fiscal Year 2025-26 Budget Process

- Budget Kickoff
- Budget Submission
- City Manager Meetings
- PUB Meetings
- City Council Review
- Budget Workshop
- Public Hearings
- Budget Adoption
- October 1 - Effective Date





Fiscal Year 2025-26

Budget Methodology & Strategy

Zero-Based Budgeting

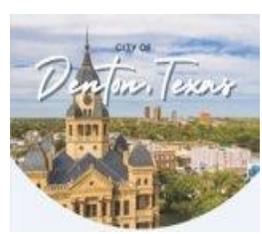
- All spending is justified from a "zero-base" regardless of past allocations.
- **Objective:** Ensure every dollar provides maximum impact.
- **Key Questions:**
 - Are we duplicating efforts or resources?
 - Are there activities we should no longer be doing?
 - Where can we improve our existing services?

Managed Vacancy Program

- **Objective:** To generate budgetary savings by strategically freezing open positions.
- **Purpose:** The program analyzes and prioritizes staffing needs, ensuring resources are allocated to the most critical roles

Budget Task Force

- **Objective:** To identify, review, and recommend cost saving measures
- **Purpose:** A cross functional dedicated team to review departmental budgets to recommend reductions and efficiencies



Fiscal Year 2025-26

Budget Methodology & Strategy

Expected Outcomes:

Improved Financial Health

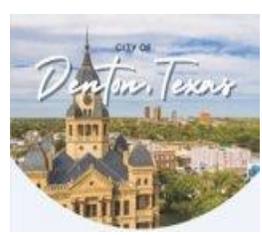
- Achieve a balanced budget and capture significant savings.
- Increase the City's financial stability and resilience for future challenges.

Enhanced Strategic Alignment

- Eliminate non-essential or duplicated services and projects.
- Reallocate funds to support high-impact programs and critical services.

Increased Transparency & Accountability

- Promote a culture of data-driven decision-making.
- Provide greater clarity and justification for all budgetary expenditures.
- Create a consistent process for reviewing and prioritizing all spending requests, from staffing to programs.

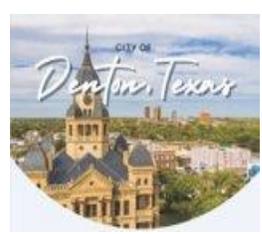


Fiscal Year 2025-26

Budget Structure

Fund Accounting

- **Governed by Rules:** Our budget structure is guided by governmental accounting principles, regulations, and statutes.
- **Core Principle:** Fund accounting ensures that revenue and expenditures are tracked together in distinct "self-balancing" units.
- **Goal:** To demonstrate compliance with legal and regulatory restrictions on how funds can be used.
- **City funds:**
 - **Major funds (governmental and business type):** General Fund, Debt Service Fund, Electric Fund, Water Fund, Wastewater Fund, Solid Waste Fund, Airport Fund
 - **Special revenue funds:** Community Development Block Grant (CDBG), Catalyst, Sustainability Framework, Police Confiscation, Tourist and Convention, Street Improvement, Gas Well Revenues, Park Trusts, Roadway Impact Fees, Tax Increment Reinvestment Zones (TIRZs), Donations
 - **Internal service funds:** Technology Services, Materials Management, Fleet, Risk Retention, Health Insurance, Facilities, Engineering Services, Customer Service, and Environmental Services



Fiscal Year 2025-26

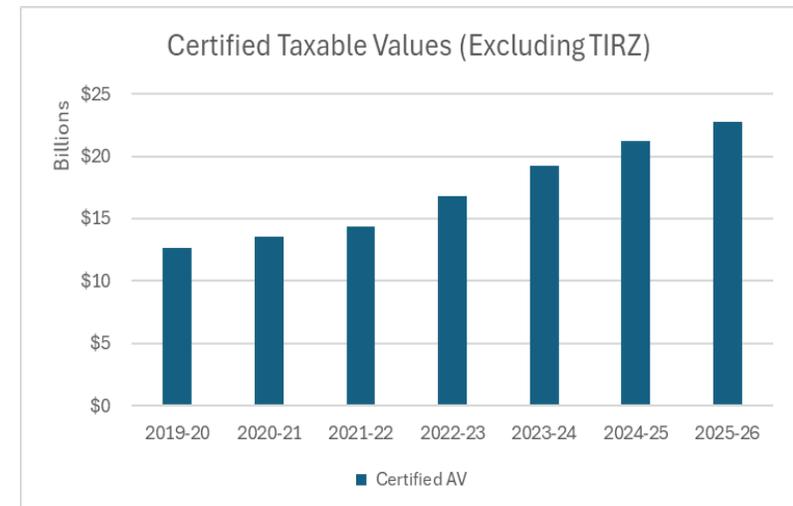
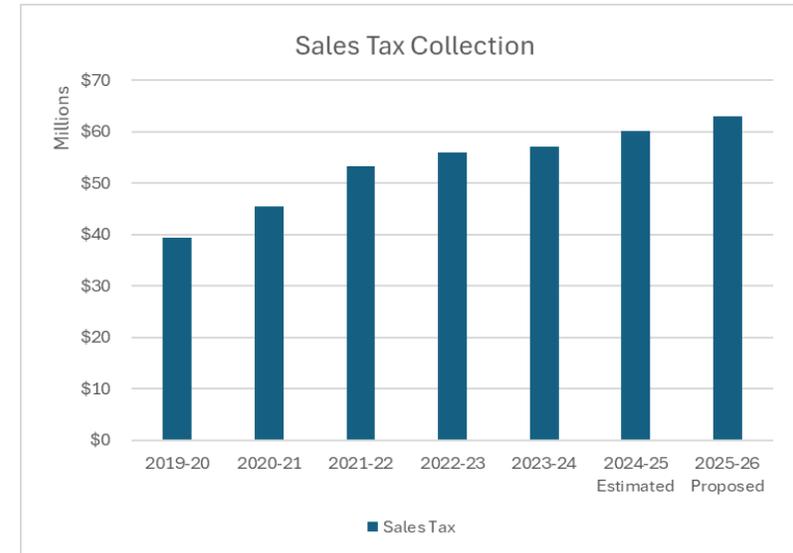
Financial Assumptions

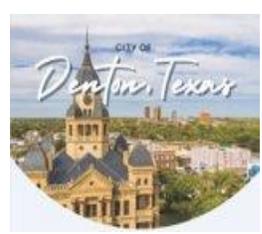
Sales Tax:

- FY 2025/26 - 4.62% increase from 2025 estimates
- FY 2026/27 - 5.00% average estimated growth

Certified Appraised Values (Excluding TIRZ):

- FY 2025/26 - Total Certified Appraised Value is \$22.7 billion
- FY 2025/26 - 7.10% increase over the prior tax year
 - \$599,600,902 in new value added to the tax roll (-50% decrease)
- Assumes 98.5% collection rate





Fiscal Year 2025-26

Financial Assumptions – Fund Balance Targets

City's Bond Rating AA+

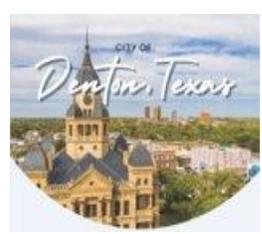
General Fund

- **Target:** 20 -25% of budgeted expenditures and an additional 5% resiliency reserve (20% operating + 5% reserve).
- **Purpose:** To cover unexpected events, such as unusual financial circumstances, large legal settlements, or emergencies.

Proprietary Funds

- **Target: Comprised of two components**
 - Working capital target: minimum of **8%** ending working capital balance (current assets - current liabilities).
 - Operating reserve target: Varies per fund, based on expenses and demand volatility.
 - If the balance falls below this level, a 5-year plan is required to replenish the fund.
- **Purpose:** Operating reserves help minimize rate fluctuations for customers due to unforeseen revenue and expense variations.

| Fund | Target Reserve % | Meets | Will Meet |
|--------------|-----------------------|-------|------------------|
| General Fund | 20-25% of expenses | No | Yes, in FY 26-27 |
| Electric | 38% - 61% of expenses | No | Yes, in FY 29-30 |
| Wastewater | 20% – 31% of expenses | Yes | Yes |
| Water | 25% - 42% of expenses | Yes | Yes |
| Solid Waste | 6% - 10% of expenses | Yes | Yes |



Fiscal Year 2025-26

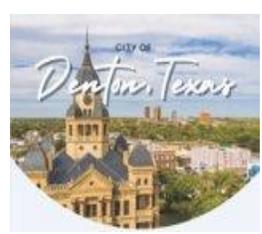
Compensation & Benefits

Compensation

Salary Adjustments: There are no proposed cost-of-living or merit adjustments for non-civil service employees. As part of Meet and Confer, civil service employees who are eligible and meet the requirements will receive STEP Pay increases. These increases will continue at designated intervals throughout the year.

Employee Benefits

- **Health Insurance:** The employer-paid premium is increasing by 2.19% over the prior year, bringing the cost to \$1,331 per employee per month. Employee contribution changes will vary based on plan selections, effective in January 2026.
- **Retirement Contributions (rate set by TMRS annually)**
 - Texas Municipal Retirement System (TMRS): The rate is decreasing from 18.88% to 18.60%.
 - Fire Pension: The rate remains aligned with TMRS at 18.60%.
 - This change represents a city-wide savings of \$400,000
- **Work Schedules:**
 - Administrative Offices: 4.5-day work week is proposed to be piloted tentative for October 2025
 - Fire Department: schedule will move to 48/96 Hours Schedule is tentative for January 2026



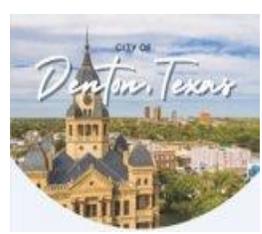
Fiscal Year 2025-26

Tax Rate Definitions

Rate Definitions:

- Senate Bill 2 - Property Tax Reform and Transparency Act, 2019
- Changed Terminology:
 - No-new revenue rate
 - The operations and maintenance portion of the tax rate needed to raise essentially the same maintenance and operations tax revenue as the prior year, less new value and tax ceilings added to the tax roll
- Voter-approval tax rate
 - Limits the operations and maintenance portion of the tax rate increase to 3.5% over the prior year, less new property and tax ceilings added to the tax roll
- (No-new revenue maintenance and operations rate X 1.035) + current debt service rate = Total Tax Rate





Fiscal Year 2025-26

Assessed Values & Tax Rate

| Fiscal Year | Certified Assessed Value* | Operations & Maintenance Rate | Debt Service Rate | Total Tax Rate | % Change |
|-------------|---------------------------|-------------------------------|-------------------|----------------|----------|
| 2020-21 | \$ 13,581,648,271 | 0.380364 | 0.210090 | 0.590454 | 0.00% |
| 2021-22 | 14,403,105,063 | 0.350444 | 0.215379 | 0.565823 | -4.17% |
| 2022-23 | 16,764,866,572 | 0.356432 | 0.204250 | 0.560682 | -0.91% |
| 2023-24 | 19,287,823,297 | 0.354780 | 0.205902 | 0.560682 | 0.00% |
| 2024-25 | 21,246,581,740 | 0.334780 | 0.250640 | 0.585420 | 4.48% |
| 2025-26 | \$ 22,755,601,832 | 0.334780 | 0.260640 | 0.595420 | 1.71% |

Proposed Rate

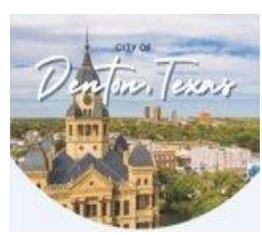
* Excludes TIRZ

Proposed Tax Rate:

Operations & Maintenance \$0.334780 (unchanged)
Debt Service \$0.260640 (increase \$0.01)

Total Proposed Tax Rate \$0.595420

No New Revenue Rate \$0.554279/ \$100
 Voter Approval Rate \$0.612904/ \$100



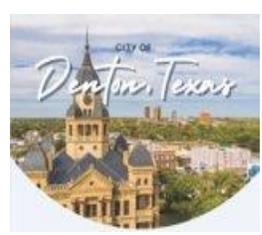
Fiscal Year 2025-26 Tax Bill Impact

Proposed: Average Tax Bill Impact: Approximately \$7 per month / \$84 annually

- Increase on the I&S Only
- Rate is per \$100 in assessed value

| | |
|---------------------|------------------|
| No New Revenue Rate | \$0.554279/\$100 |
| Proposed Rate | \$0.595420/\$100 |
| Voter Approval Rate | \$0.612904/\$100 |

| Estimated Property Tax Bill | FY 2025 | Proposed .01 Increase Increase to I&S only |
|-------------------------------------|----------------|--|
| Average Homestead Residential Value | \$ 378,849 | \$ 386,698 |
| O&M Rate | 0.33478 | 0.33478 |
| I&S Rate | 0.25064 | 0.26064 |
| Total Rate | 0.58542 | 0.59542 |
| Tax Bill | \$ 2,218 | \$ 2,302 |
| Annual Change (\$) | | \$84 |
| Monthly Change (\$) | | \$7 |



Fiscal Year 2025-26

Assessed Values & Debt Service

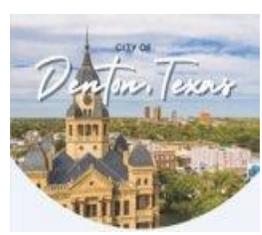
Proposed Debt Tax Rate:

| | |
|------------------------------------|-------------------|
| Prior Certificates & Bond Programs | \$0.231663 |
| <u>2023 Bond Program*</u> | <u>\$0.028977</u> |
| Total I&S Rate | \$0.260640 |

Factors Influencing Debt Tax Rate:

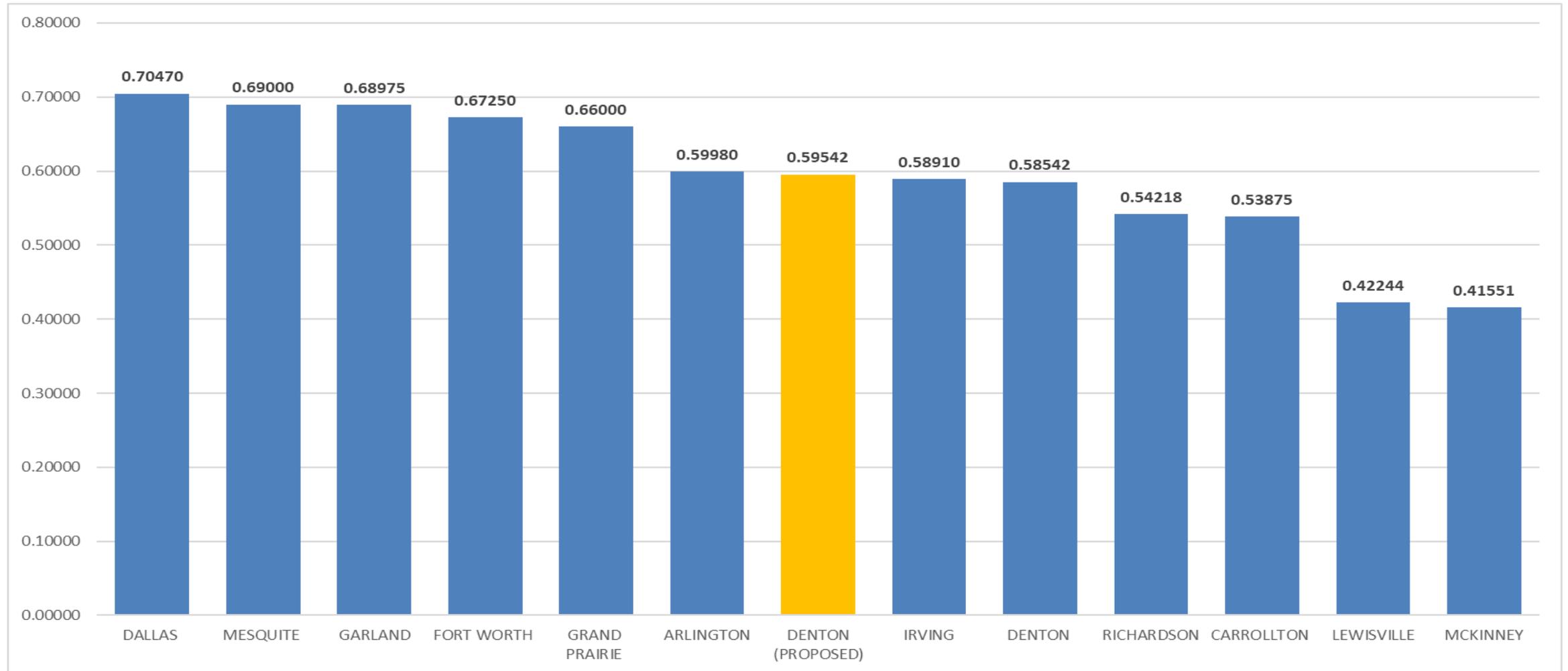
- Taxable Value Growth
- Market Rates
- Bond Program Issuance Schedule
- CO Issuance
- Refunding/Refinancing

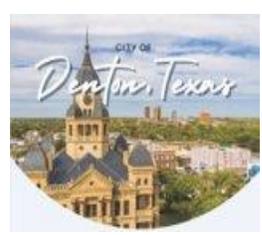
* Tax rate includes the first two years of the bond program. Staff anticipates the net rate to remain under the \$0.0526 forecast presented to City Council in August 2023.



Fiscal Year 2025-26

Property Tax Rate Comparison

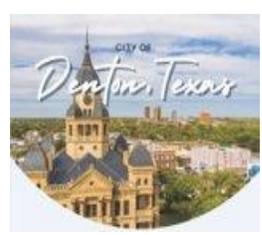




Fiscal Year 2025-26

General Fund - Revenues

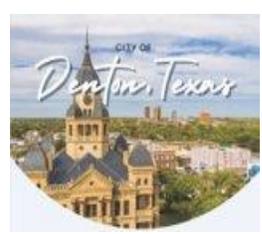
| | 2023-24 ACTUALS | 2024-25 BUDGET | 2024-25 ESTIMATES | 2025-2026 PROPOSED | FY 2026-27 PROJECTED | FY 2027-28 PROJECTED | FY 2028-29 PROJECTED | FY 2029-30 PROJECTED |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Beginning Fund Balance | \$ 44,749,871 | \$ 44,749,871 | \$ 42,353,136 | \$ 42,508,217 | \$ 42,508,217 | \$ 44,646,467 | \$ 49,182,379 | \$ 53,758,009 |
| Property Tax | 66,281,546 | 68,879,918 | 67,804,582 | 71,889,200 | 74,172,675 | 76,397,856 | 77,925,813 | 79,484,329 |
| Sales Tax | 57,074,842 | 60,841,793 | 60,164,000 | 62,944,986 | 64,833,336 | 66,778,336 | 68,113,903 | 69,476,181 |
| Other Taxes | 566,827 | 608,330 | 502,136 | 566,134 | 583,118 | 600,611 | 612,623 | 624,876 |
| Licenses and Permits | 5,561,811 | 6,415,806 | 6,956,839 | 6,846,632 | 7,052,031 | 7,263,592 | 7,408,864 | 7,557,042 |
| Franchise Fees & ROI | 17,534,987 | 30,053,643 | 24,679,488 | 32,194,374 | 33,160,205 | 34,155,011 | 34,838,112 | 35,534,874 |
| Fines and Fees | 2,525,000 | 2,106,531 | 2,527,452 | 2,528,462 | 2,604,316 | 2,682,446 | 2,736,095 | 2,790,817 |
| Service Fees | 12,420,160 | 12,108,150 | 13,020,436 | 12,832,606 | 13,252,945 | 13,650,534 | 13,923,544 | 14,202,015 |
| Investment Income | 3,567,673 | 2,352,098 | 2,742,602 | 2,742,602 | 2,697,338 | 2,778,258 | 2,833,824 | 2,890,500 |
| Intergovernmental Revenue | 3,530,952 | 3,197,656 | 3,169,666 | 3,571,740 | 3,678,892 | 3,789,259 | 3,865,044 | 3,942,345 |
| Other Revenues | 688,630 | 305,176 | 422,332 | 753,457 | 741,442 | 763,685 | 778,959 | 794,538 |
| Transfers | 16,903,268 | 20,710,051 | 20,710,051 | 21,954,773 | 22,613,416 | 23,291,819 | 23,757,655 | 24,232,808 |
| Total Revenue | \$ 186,655,696 | \$ 207,579,152 | \$ 202,699,585 | \$ 218,824,966 | \$ 225,389,715 | \$ 232,151,406 | \$ 236,794,435 | \$ 241,530,323 |



Fiscal Year 2025-26

General Fund - Expenditures

| | 2023-24 ACTUALS | 2024-25 BUDGET | 2024-25 ESTIMATES | 2025-26 PROPOSED | FY 2026-27 PROJECTED | FY 2027-28 PROJECTED | FY 2028-29 PROJECTED | FY 2029-30 PROJECTED |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Personnel Services | \$ 132,516,995 | \$ 140,013,012 | \$ 142,946,395 | \$ 151,582,811 | \$ 154,614,467 | \$ 157,706,757 | \$ 160,860,892 | \$ 164,078,110 |
| Materials & Supplies | 4,066,883 | 5,228,307 | 4,442,079 | 4,617,746 | 4,710,101 | 4,804,303 | 4,900,389 | 4,998,397 |
| Maintenance & Repair | 1,926,679 | 2,342,906 | 2,128,311 | 2,349,279 | 2,396,265 | 2,444,190 | 2,493,074 | 2,542,935 |
| Insurance | 3,920,723 | 4,521,766 | 4,521,766 | 3,868,485 | 3,945,855 | 4,024,772 | 4,105,267 | 4,187,373 |
| Miscellaneous | 2,820,794 | 3,674,652 | 3,044,578 | 2,503,462 | 2,553,531 | 2,604,602 | 2,656,694 | 2,709,828 |
| Operations | 23,326,252 | 23,153,232 | 20,340,778 | 25,386,802 | 25,894,538 | 26,412,429 | 26,940,677 | 27,479,491 |
| Fixed Assets | 661,455 | 658,319 | 467,371 | 477,588 | 487,140 | 496,883 | 506,820 | 516,957 |
| Capital Transfers | 1,062,502 | 1,730,579 | 1,451,450 | 1,063,450 | 1,084,719 | 1,106,413 | 1,128,542 | 1,151,112 |
| Interfund Transfers | 18,778,627 | 26,256,380 | 23,201,776 | 26,975,343 | 27,514,850 | 28,065,147 | 28,626,450 | 29,198,979 |
| Total Expenditures | \$ 189,080,910 | \$ 207,579,152 | \$ 202,544,503 | \$ 218,824,966 | \$ 223,201,465 | \$ 227,665,495 | \$ 232,218,805 | \$ 236,863,181 |
| Ending Fund Balance | \$ 42,324,656 | \$ 44,749,871 | \$ 42,508,217 | \$ 42,508,217 | \$ 44,696,467 | \$ 49,182,379 | \$ 53,758,009 | \$ 58,425,151 |
| Change in Fund Balance | (2,425,215) | - | 155,081 | - | 2,188,250 | 4,485,912 | 4,575,630 | 4,667,143 |
| Fund Balance as % of Total Expenditures | 22.38% | 21.55% | 21.00% | 19.43% | 20.03% | 21.60% | 23.15% | 24.70% |

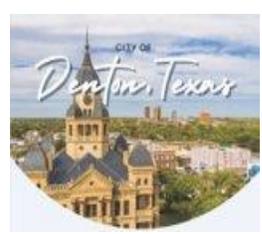


Fiscal Year 2025-26

General Fund – Proposed Reductions

To navigate current budget conditions, departments conducted zero-based budgeting for FY 2025-26. In addition, departments have assessed existing operations to identify opportunities for cost savings through service reductions, eliminations, technology implementation, or internalization of services.

| Category | Included Reductions |
|--|---------------------|
| Personnel | \$3,066,035 |
| Programs | 2,179,064 |
| Contractual Services | 1,053,223 |
| Travel and Training | 197,155 |
| Equipment, Supplies, Other Discretionary | 618,317 |
| Total | \$7,113,794 |



Fiscal Year 2025-26

General Fund – Additional Funding Considerations

Two Minute Pitch Items \$163,174 (One-Time Expenses)

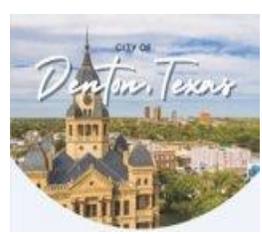
- Expiring Incentives – Roll over to the Catalyst Fund
 - \$38,174
- Campaign Finance – Consultant (Research and Present at one Council Meeting)
 - \$70,000
- Civic Center Pool Comprehensive Site Analysis and End of Lifecycle Plan
 - \$55,000

Two Minute Pitch Item \$173,117 (Ongoing Expense)

FY 26-27 Budget Consideration

Election Day Holiday

- Next Mid-Term Election, November 2026
 - \$173,117 total city-wide overtime & benefit costs



Fiscal Year 2025-26

General Fund – Follow Up from June 17 Work Session

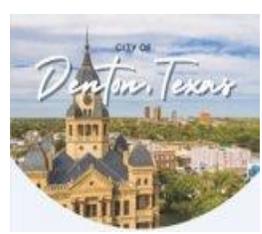
Council Consideration from June 17 \$411,107 (on-going)

In-Kind Funding for special events (not included in the City Manager's Proposed Budget)

- \$120,000 – currently funded at \$200,000 for FY 25-26

Ambassador Program

- \$291,107 – (included in the City Manager's Proposed Budget, recommended from the Community Partnership Committee to fund from Hotel Occupancy Tax Funds)



Fiscal Year 2025-26

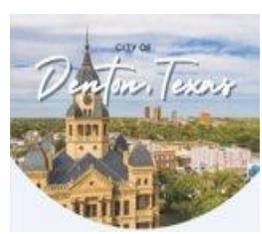
General Fund – Options for Additional Reductions

Provide direction for One-Time Considerations (not included in the City Manager's Proposed Budget)

Staff Recommendation is to monitor expenses as we approach year-end and fund one-time considerations based on availability of savings and priority order

- Operating Funding
- Completed Projects
- Will revisit mid-year in FY 25-26 for any unfunded one-time considerations

| One-Time Consideration | Amount |
|---|------------------|
| Expiring Incentive roll to Catalyst Fund | 38,174 |
| Campaign Finance Consultant | 70,000 |
| Civic Center Pool Site Analysis and End of Lifecycle Plan | 55,000 |
| In-Kind Funding for special events | 120,000 |
| Total | \$283,174 |

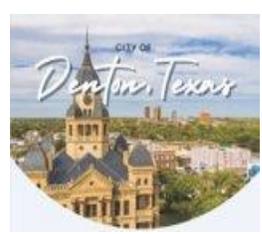


Fiscal Year 2025-26

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to another department within the same organization.

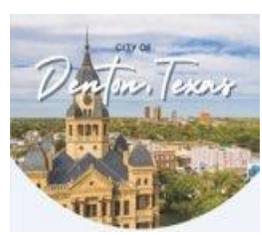
| Fund Description | FY 2025 Adopted Budget | FY 2026 Proposed Budget |
|-----------------------------|-------------------------------|--------------------------------|
| Customer Service Fund | \$ 11,965,917 | \$ 11,873,598 |
| Technology Services Fund | 25,100,222 | 25,051,383 |
| Materials Management Fund | 20,890,460 | 20,934,363 |
| Fleet Management Fund | 17,797,472 | 18,663,445 |
| Facilities Management Fund | 8,418,765 | 8,459,548 |
| Risk Management Fund | 8,855,546 | 8,327,477 |
| Engineering Services Fund | 13,521,518 | 13,314,400 |
| Environmental Services Fund | 6,145,567 | 5,815,738 |
| Total: | \$112,695,467 | \$ 110,439,952 |



Fiscal Year 2025-26

Special Revenue Funds

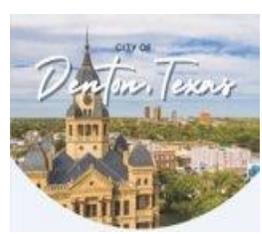
- Special Revenue funds account for the receipt of specific revenue sources that are restricted for a specific purpose.
- **Funds include:**
 - Tourist and Convention Fund
 - Catalyst Fund
 - Sustainability Framework Fund
 - Street Improvement Fund
 - Tree Fund



Fiscal Year 2025-26

Other Special Revenue Funds

| Fund Description | FY 2025 Adopted Budget | FY 2026 Proposed Budget |
|--|------------------------|-------------------------|
| McKenna Trust Fund | \$ 20,000 | \$ 20,000 |
| Park Land Dedication Trust Fund | 1,000,000 | 1,000,000 |
| Park Development Trust Fund | 1,000,000 | 1,000,000 |
| Downtown TIRZ | 1,542,251 | 1,542,251 |
| Westpark TIRZ | 3,522,650 | 474,006 |
| Sustainability Framework Fund | 800,000 | 1,050,150 |
| Donation Funds | 227,500 | 280,500 |
| Legends Municipal Utility District Fund | 169,250 | 147,000 |
| Tourism Public Improvement District Fund | 1,103,385 | 1,203,334 |
| Water Impact Fees Fund | 1,635,340 | 1,732,674 |
| Wastewater Impact Fees Fund | 2,990,345 | 8,858,946 |
| Health Insurance Fund | 42,196,727 | 43,900,363 |
| Tourist and Convention Fund | 4,536,104 | 5,411,486 |
| Street Improvement Fund | 20,532,635 | 23,432,130 |
| Catalyst Fund | 1,150,000 | 2,150,000 |
| Tree Fund | 1,000,000 | 1,000,000 |
| Total: | \$ 83,426,187 | \$ 93,202,840 |



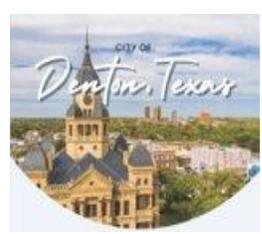
Fiscal Year 2025-26

Tourist & Convention – Proposed Budget

Revenues

- Hotel Occupancy Tax levied at 7% room rentals.
- Planned use of reserve of \$988,520
 - Supports local organizations that promote tourism and the hotel industry under state law.
 - Community Partnership Committee recommends funding allocations annually.

| Revenues | Budget |
|-------------------------|---------------------|
| Hotel Occupancy Tax | \$ 2,947,000 |
| Convention Center Hotel | 1,125,966 |
| Use of Reserves | 988,520 |
| Total Revenues | \$ 5,061,486 |



Fiscal Year 2025-26

Special Event Funding – All Sources

Expenditures

- FY 2026 allocation recommendations were based on established scoring criteria
- Includes proposed funding for the Downtown Ambassador program (scaled down)

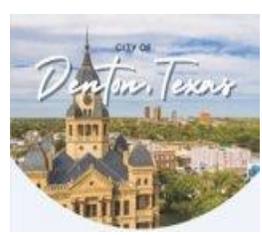
| Expenditures | Request (HOT) | Recommendation (HOT) | Recommendation (Cash) | Recommendation (In-kind) | Total Sponsorships |
|--|---------------|----------------------|-----------------------|--------------------------|--------------------|
| Black Chamber of Commerce | \$ 80,000 | \$ 48,000 | \$ 4,000 | \$ 14,140 | \$ 66,140 |
| Black Film Festival Institute | 62,500 | 62,500 | 12,000 | - | 74,500 |
| Boil Buddies Bash | - | - | 3,000 | 260 | 3,260 |
| CVB – Discover Denton | 1,964,250 | 1,964,250 | - | - | 1,964,250 |
| Cinco de Mayo | 62,000 | 24,800 | 5,000 | 10,650 | 40,450 |
| Denton Day of the Dead Festival | 100,000 | 80,000 | 8,000 | 16,120 | 104,120 |
| Denton Halloween 2026 | 250,000 | 250,000 | - | - | 250,000 |
| Denton Festival Foundation | 140,000 | 84,000 | 20,000 | 70,800 | 174,800 |
| Denton Holiday Festival Association | 100,000 | 20,000 | 6,000 | 10,160 | 36,160 |
| Denton Main Street Association | 152,100 | 121,680 | 10,000 | 80 | 131,760 |
| Denton Parks Foundation - Juneteenth | 77,000 | 30,800 | 4,000 | 19,090 | 53,890 |
| Greater Denton Arts Council - Public Art | 100,000 | 70,728 | - | - | 70,728 |
| Greater Denton Arts Council - Operations | 160,400 | 160,400 | 3,768 | - | 164,168 |
| Kiwanis Youth Servies | - | - | 26,800 | 16,020 | 42,820 |
| North Texas State Fair Association | 417,200 | 417,200 | 10,000 | 4,780 | 431,980 |
| Tejas Storytelling Association | 59,055 | 59,055 | - | 5,750 | 64,805 |
| Denton Community Theatre | 58,500 | 35,100 | - | - | 35,100 |
| UNT Basketball – Nightmare on Elm St | - | - | - | 5,670 | 5,670 |



Fiscal Year 2025-26

Special Event Funding – All Sources

| Expenditures | Request (HOT) | Recommendation (HOT) | Recommendation (Cash) | Recommendation (In-kind) | Total Sponsorships |
|---|---------------------|----------------------|-----------------------|--------------------------|---------------------|
| Texas Filmmakers | \$ 75,000 | \$ 75,000 | \$ 8,000 | \$ 7,470 | \$ 90,470 |
| Touch a Truck | - | - | 2,500 | - | 2,500 |
| Friends of the Badge | - | - | 2,932 | - | 2,932 |
| Explorium Coffee Crawl | - | - | 2,000 | - | 2,000 |
| DMAC Amplify | 11,000 | 9,900 | 2,600 | 860 | 13,360 |
| O'Reilly Hospitality – ED Incentive Agreement | 1,125,966 | 1,125,966 | - | - | 1,125,966 |
| Downtown Ambassador | 393,000 | 291,107 | - | - | 291,107 |
| Contingency | - | 131,000 | - | - | 131,000 |
| Denton Bach Society | 5,000 | - | - | - | - |
| Denton Breakfast Kiwanis - Turkey Roll | 8,000 | - | - | - | - |
| Turkey Trot | - | - | - | 5,000 | 5,000 |
| Denton Community Market | 80,200 | - | 11,800 | 6,690 | 18,490 |
| Denton County Office of History & Culture | 305,000 | - | - | - | - |
| Denton Music and Art Collaborative - Joan of Bark | 10,000 | - | 2,000 | - | 2,000 |
| Denton Parks Foundation - Dog Days of Denton | 57,000 | - | - | 3,340 | 3,340 |
| Peterbilt Parade | - | - | 800 | 2,710 | 3,510 |
| Real Waves Radio Network | 10,000 | - | - | - | - |
| Texas Veterans Hall of Fame Foundation | 97,000 | - | 2,000 | - | 2,000 |
| Fry Street Charities | 150,000 | - | - | - | - |
| DMAC Monster Dash | 16,500 | - | 1,800 | 410 | 2,210 |
| Instant Film Society - PolaCon | 5,000 | - | 1,000 | - | 1,000 |
| Total Expenditures | \$ 6,131,671 | \$ 5,061,486 | \$ 150,000 | \$ 200,000 | \$ 5,411,486 |



Fiscal Year 2025-26

Catalyst Fund – Proposed Budget

Revenues

- \$150,000 allocation from Mixed Beverage taxes
- \$1,000,000 allocation from General fund
- \$1,000,000 in use of reserve

Expenditures

- \$150,000 in programmed grants
- \$2,000,000 in future grants

Projected Fund Balance

\$5,578,175 FY 2026 Beginning Balance
(\$1,000,000) Planned Use of Reserves
 \$4,578,175 FY 2026 Ending Fund Balance

Revenues

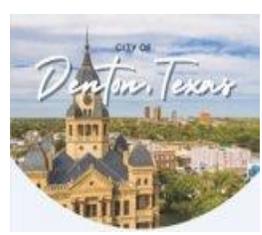
Budget

| | |
|--|---------------------|
| Taxes | \$ 150,000 |
| Operating Transfers In from General Fund | 1,000,000 |
| Use of Reserve | 1,000,000 |
| Total Revenues | \$ 2,150,000 |

Expenditures

Budget

| | |
|--|---------------------|
| Operations | \$ 150,000 |
| Economic Development Incentives & Grants | 2,000,000 |
| Total Expenditures | \$ 2,150,000 |



Fiscal Year 2025-26

Sustainability – Proposed Budget

Revenues

- \$1,000,000 in allocations from General Fund

Expenditures

- \$1,050,150 to support programs and projects identified in the Sustainability Framework Advisory Committee work plan.

Projected Fund Balance

| | |
|--------------|-----------------------------|
| \$1,591,679 | FY 2026 Beginning Balance |
| <u>(\$0)</u> | Planned Use of Reserves |
| \$1,591,679 | FY 2026 Ending Fund Balance |

Revenues

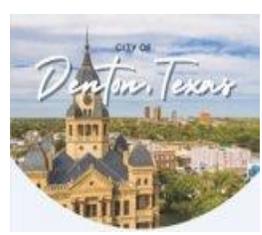
Budget

| | |
|------------------------|---------------------|
| Investments | \$ 50,150 |
| Operating Transfers In | 1,000,000 |
| Total Revenues | \$ 1,050,150 |

Expenditures

Budget

| | |
|---------------------------|---------------------|
| Materials and Supplies | \$ 82,400 |
| Operations | 51,500 |
| Interfund Transfers | 916,250 |
| Total Expenditures | \$ 1,050,150 |



Fiscal Year 2025-26

Street Improvement – Proposed Budget

Revenues

- \$16,300,000 in allocations from Franchise fees
- \$2,229,238 in programmed one-time use of reserves
- \$2,500,000 in allocations from General Fund
- \$2,189,864 in interest cost savings from Utility Funds

Expenditures

Major Projects:

- \$0.6 million - Sidewalks & ADA
- \$0.6 million - Crack Seal & Surface Treatments
- \$2.6 million - Responsive Maintenance
- \$1.6 million - Mill & Overlay
- \$4.2 million - Reconstruction
- \$6.0 million - Neighborhood Street Reconstruction

Projected Fund Balance

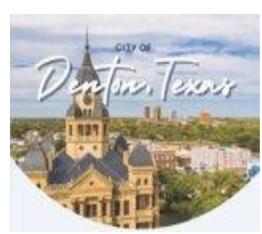
\$4,838,962 FY 2026 Beginning Balance
(\$2,229,238) Planned Use of Reserves
 \$2,609,724 FY 2026 Ending Fund Balance

Revenues

| | Budget |
|------------------------|----------------------|
| Franchise Fees | \$ 16,300,000 |
| Investments | 213,028 |
| Operating Transfers In | 4,689,864 |
| Use of Reserves | 2,229,238 |
| Total Revenues | \$ 23,432,130 |

Expenditures

| | Budget |
|---------------------------|----------------------|
| Personnel Services | \$ 4,279,853 |
| Materials and Supplies | 171,629 |
| Maintenance and Repair | 7,441,086 |
| Insurance | 98,295 |
| Miscellaneous Expense | 1,400 |
| Operations | 1,414,329 |
| Interfund Transfers | 10,025,538 |
| Total Expenditures | \$ 23,432,130 |



Fiscal Year 2025-26

Tree Fund – Proposed Budget

Revenues

- \$900,000 in planned licensing and permits
- \$100,000 in investment interest

Expenditures

- \$447,650 in expenditures to support tree canopy growth
- Estimates 3,342 trees planted in FY 2026

Revenues

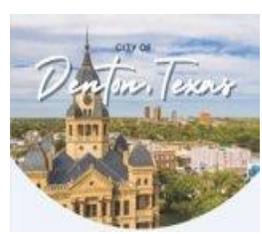
Budget

| | | |
|-----------------------|-----------|------------------|
| Licenses and Permits | \$ | 900,000 |
| Investments | | 100,000 |
| Total Revenues | \$ | 1,000,000 |

Expenditures

Budget

| | | |
|---------------------------|-----------|------------------|
| Personnel Services | \$ | 19,469 |
| Insurance | | 861 |
| Operations | | 484,433 |
| Interfund Transfers | | 495,237 |
| Total Expenditures | \$ | 1,000,000 |



Fiscal Year 2025-26

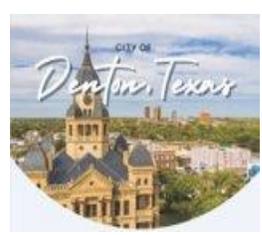
Tree Fund – 2-Minute Pitch Topics

Funding For Tree Canopy Goals

- Estimated \$447,650 from the Tree Fund
- Proposed funding would be utilized to plant and give-a-way approximately 3,200 annually (trees and irrigation) to increase the future tree canopy.
- This percentage does not include any erosion of the canopy from death or removal across the city.

| Fiscal Year | Trees to Plant | Budget | Future Canopy |
|--------------------|-----------------------|---------------|----------------------|
| 2025-2026 | 3,342 | \$447,650 | .15% |
| 2026-2027 | 3,345 | \$448,920 | .15% |
| 2027-2028 | 3,328 | \$465,770 | .15% |
| 2028-2029 | 3,321 | \$448,715 | .15% |
| Total | 13,336 | \$1,811,055 | .60% |

FY 2026 Tree Preservation Fund beginning fund balance is estimated to be \$2,043,696.



Fiscal Year 2025-26

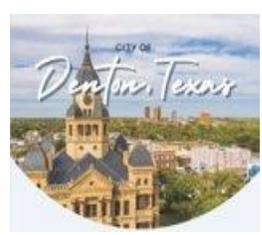
Capital Improvement Program Summary

The FY 2026 Capital Improvement Program (CIP) includes \$552.8 million in planned new funding for FY 2026

- \$127.0 million - General Government (Bond Programs, Streets, Parks, Public Safety Facilities)
- \$64.0 million - Electric Utility
- \$94.9 million - Water Utility
- \$243.0 million - Wastewater Utility
- \$21.7 million - Solid Waste
- \$2.2 million - Airport

Funding sources include:

- Current Year Revenue
- General Obligation (GO) Bonds
- Certificate of Obligations (CO) Bonds
- Federal and State Loan Programs
- Impact Fees



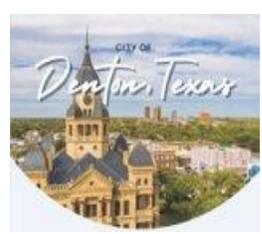
Fiscal Year 2025-26 2023 Bond Program

2026 Issuance Projects:

- \$18.125M Ruddell / Mingo Roadway & Quiet Zones
- \$15.595M Oakland Drainage & Upstream Detention
- \$10.0M Pecan Creek 4, Phases 3 & 4
- \$0.503M Public Art (Public Safety Facilities)

2026 Issuance Timeline:

| PROGRAM DESCRIPTION | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | Total |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Proposition A - Street Improvements | \$ 5,000,000 | \$ 2,000,000 | \$ 18,125,000 | \$ 20,000,000 | \$ - | \$ - | \$ 45,125,000 |
| Proposition B - Drainage & Flood Control | 10,000,000 | 6,268,000 | 25,595,000 | 16,997,000 | - | - | 58,860,000 |
| Proposition C - Park System Improvements | 9,450,000 | 1,000,000 | - | 12,000,000 | 8,000,000 | 3,000,000 | 33,450,000 |
| Proposition D - Public Safety Facilities | 26,170,000 | 15,342,000 | 503,000 | - | - | - | 42,015,000 |
| Proposition E - Affordable Housing | - | - | - | 5,000,000 | 5,000,000 | 5,000,000 | 15,000,000 |
| Proposition F - Active Adult Center | - | - | - | 5,000,000 | 25,930,000 | 16,430,000 | 47,360,000 |
| Proposition G - South Branch Library | - | 2,500,000 | - | 5,000,000 | 18,000,000 | 24,045,000 | 49,545,000 |
| | \$ 50,620,000 | \$ 27,110,000 | \$ 44,223,000 | \$ 63,997,000 | \$ 56,930,000 | \$ 48,475,000 | \$ 291,355,000 |



Fiscal Year 2025-26

Discussion and Next Steps

Feedback and direction on the Proposed Fiscal Year 2025-26 Budget:

- Additional Funding Considerations in the General Fund
- Tax Rate
- Special Revenue Funds

Next Steps:

- Public Feedback Platform on Proposed Budget
- Line-item provided
- August 19, 2025:
 - General Fund Proposed Rates & Fees
 - Enterprise Funds
 - Budget Workshop Follow-Up (Work Session)
 - Intent to Set a Tax Rate (Regular Session)
 - September 16, 2025: Budget & Tax Rate Hearing & Adoption