

FY 2026-27 Budget Update

*Understanding Today's Budget
and Preparing for Tomorrow*

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Chief Strategic Officer



Overview

- Council Action Items
- Community Partnership Committee
- Proposed Rate Changes
 - EMS Fees
 - Electric Utilities
- Next Steps

Council Action Items

Item	Annual Cost	Category	Type	Comment
One EMS Lieutenant	188,660	Two-Minute Pitch	Ongoing	Recommended for funding
One EMS Lieutenant	188,660	Two-Minute Pitch	Ongoing	Recommended for funding
Fire Pension COLA	2,378,648	Two-Minute Pitch	Ongoing	
Woman's Building Lease Revenue	1,320	Council Action	Ongoing	Recommended for funding (placeholder for future discussion)
Additional Sponsorship Dollars	168,170	Council Consideration		
Fire Compensation: 1% Above Market	313,621	Council Consideration		Budget includes amount slightly above market, each percent is \$423,662
Downtown Cleaning: Focused	80,000	Council Consideration		
Downtown Cleaning: Comprehensive	160,000	Council Consideration		
Total	\$3,130,419 - \$3,210,419			

\$796,320 is available in the General Fund as a placeholder for Council priorities. The items shown in the chart reflect two-minute pitch proposals or Council action items that were directed for discussion during the FY 2027 budget process.

Community Partnership Committee

Funding Requests

- Committee recommends \$329,077 overall increase funded by
 - \$168,170 in added sponsorships
 - \$160,907 HOT fund balance
- 2 organizations decreased, 16 increased, 6 unchanged
- Sponsorship increases applied with offsetting HOT reductions (total \$168,170)

Amount	Organization
\$ 20,000	Black Chamber of Commerce
19,050	Denton Festival Foundation
15,000	Denton Holiday Festival
11,200	Juneteenth Celebration
28,320	Downtown Denton Foundation
74,600	Greater Denton Arts Council
\$168,170	Total Sponsorship Adjustment

Community Partnership Committee

Funding Requests

Organization / Event	2026 Funding	2027 Requested Funding	2027 Initial CPC Recommended Funding	2027 HOT Funds	2027 Sponsorship Funds	2027 In Kind Support	2027 Revised CPC Recommended Funding
Childrens Advocacy	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
Denton 31 Days of Halloween 2026	250,000	250,000	250,000	250,000	-	-	250,000
Denton Black Chamber of Commerce	52,000	95,000	53,400	48,000	25,000	10,000	83,000
Denton Black Film Festival Institute	74,500	110,000	88,400	98,000	8,400	-	106,400
Denton Breakfast Kiwanis	-	14,000	5,500	-	3,500	2,000	5,500
Denton Community Market	11,800	12,000	18,000	-	-	-	-
Denton County Friends of the Family - Coffee Crawl	2,000	5,000	2,500	-	2,500	-	2,500
Denton County Friends of the Family - Friends of the Badge	2,932	5,000	-	-	-	-	-
Denton County Office of History & Culture	300,000	300,000	240,000	240,000	-	-	240,000
Denton Festival Foundation	114,000	145,000	190,000	105,950	39,050	76,000	221,000
Denton Holiday Festival Association	36,000	85,000	45,000	30,000	22,000	20,000	72,000
Denton Main Street Association	10,000	85,500	6,000	6,000	-	-	6,000

Community Partnership Committee

Funding Requests

Organization / Event	2026 Funding	2027 Requested Funding	2027 Initial CPC Recommended Funding	2027 HOT Funds	2027 Sponsorship Funds	2027 In Kind Support	2027 Revised CPC Recommended Funding
Denton Maker Center (DMC)	-	10,000	-	-	-	-	-
Denton Parks Foundation	-	25,000	-	-	-	-	-
Denton Parks Foundation - Dog Days of Denton	30,000	20,000	12,000	20,000	-	-	20,000
Denton Parks Foundation - Juneteenth	34,800	75,000	40,980	30,800	13,700	20,000	64,500
Denton's Day of the Dead	88,000	115,000	110,000	100,000	15,000	15,000	130,000
Discover Denton	1,964,250	2,300,000	1,964,250	1,900,000	-	-	1,900,000
DMAC Amplify	12,500	17,500	12,210	9,900	3,250	5,000	18,150
DMAC Joan of Bark	2,000	5,000	-	-	-	-	-
DMAC Monster Dash	1,800	4,500	-	-	-	-	-
Downtown Denton Foundation	111,680	226,310	106,844	111,680	38,820	-	150,500
Filmmaking Access Incorporated	-	12,000	-	-	-	-	-
Friends with Benefits - Boil Buddies	3,000	5,000	7,500	-	2,500	5,000	7,500
Greater Denton Arts Council - Operations	164,168	306,000	132,520	165,400	78,800	-	244,200

Community Partnership Committee

Funding Requests

Organization / Event	2026 Funding	2027 Requested Funding	2027 Initial CPC Recommended Funding	2027 HOT Funds	2027 Sponsorship Funds	2027 In Kind Support	2027 Revised CPC Recommended Funding
Greater Denton Arts Council - Public Art	70,728	-	77,560	77,560	-	-	77,560
Health Services of North Texas	-	6,000	-	-	-	-	-
Instant Film Society	-	5,000	-	-	-	-	-
Kiwanis Youth Services Inc	26,800	65,000	15,000	-	23,650	32,000	55,650
North Texas State Fair Association	427,200	522,000	454,200	490,000	32,000	5,000	527,000
Southwest Celtic Music Association*	-	25,000	-	-	-	-	-
Tejas Storytelling Association	59,055	59,055	47,244	59,055	-	-	59,055
Texas Filmmakers Corporation	83,000	110,000	75,000	80,000	5,000	10,000	95,000
Texas Veterans Hall of Fame Foundation	72,000	108,800	33,000	48,000	5,000	-	53,000
Theatre Denton, Inc. (Denton Community Theater)	35,100	40,000	28,080	35,100	-	-	35,100
Vokkaliga Parishat of America*	-	40,000	-	-	-	-	-
Contingency	-	-	79,350	-	-	-	-
Total	\$ 4,039,313	\$ 5,238,665	\$ 4,094,538	\$ 3,905,445	\$ 318,170	\$ 200,000	\$ 4,423,615

Proposed Rate Changes

Emergency Medical Service Fees

	Current FY 2025-26	Proposed FY 2026-27	Change
Whole Blood Program	\$ -	\$650.00/unit	New

- Contingent on funding of two EMS lieutenants.
- Program equips EMS units to carry and administer whole blood to patients who are critically bleeding before they reach the hospital, which significantly improves survival.

Proposed Rate Changes

Denton Municipal Electric

- 3% base rate increase
(effectively 1.5% increase)
- Presented to PUB
 - July 13: Budget Update
 - July 27: Budget Workshop
- Presented to Council
 - July 21: Budget Update
 - August 4: Budget Workshop
 - August 18: Budget Update

Implementation January 1, 2027

	3 Month Deferral
Revenue Impact	\$ (749,537)
ROI/FF Reduction	(82,449)
Ending Fund Balance	157,973,501
Minimum Fund Balance	224,324,258
% of Minimum Fund Balance	70.4%

General Fund Proforma

Proposed Budget

	2024-25 Actuals	2025-26 Estimate	FY 2026-27 Proposed	FY 2027-28 Projected	FY 2028-29 Projected	FY 2029-30 Projected	FY 2030-31 Projected
Beginning Fund Balance	\$ 42,353,136	43,087,626	46,777,628	\$ 46,777,628	\$ 48,099,474	\$ 50,848,912	\$ 55,138,168
Property Tax	\$ 67,266,049	\$ 71,502,157	\$ 81,639,314	\$ 84,088,493	\$ 86,611,148	\$ 89,209,483	\$ 91,885,767
Sales Tax	58,972,691	62,878,077	66,092,235	69,396,847	72,866,689	76,510,024	80,335,525
Other Taxes	590,139	573,344	593,690	611,501	629,846	648,741	668,203
Licenses and Permits	6,853,283	6,573,368	6,136,152	6,320,237	6,509,844	6,705,139	6,906,293
Franchise Fees & ROI	19,461,375	24,012,057	33,151,421	34,145,964	35,170,343	36,225,453	37,312,216
Fines and Fees	2,749,785	3,330,237	3,297,827	3,396,762	3,498,665	3,603,625	3,711,734
Service Fees	13,920,169	13,827,126	13,870,146	14,286,250	14,714,838	15,156,283	15,610,972
Investment Income	2,539,720	2,376,504	2,487,839	2,562,474	2,639,348	2,718,529	2,800,085
Intergovernmental Revenue	2,848,052	3,949,340	3,229,900	3,326,797	3,426,601	3,529,399	3,635,281
Other Revenues	5,623,176	683,571	180,988	186,418	192,010	197,770	203,704
Transfers	20,717,937	21,954,773	22,814,885	23,499,332	24,204,311	24,930,441	25,678,354
Total Revenue	\$ 201,542,377	\$ 211,660,554	\$ 233,494,396	\$ 241,821,074	\$ 250,463,643	\$ 259,434,886	\$ 268,748,133
Personnel Services	\$ 141,548,778	\$ 141,833,548	\$ 157,768,733	\$ 162,501,795	\$ 167,376,849	\$ 172,398,154	\$ 177,570,099
Materials & Supplies	4,205,898	4,297,860	5,170,204	5,325,310	5,485,069	5,649,622	5,819,110
Maintenance & Repair	2,079,516	2,288,454	8,724,916	8,986,663	9,256,263	9,533,951	9,819,970
Insurance	3,279,920	3,868,485	4,313,964	4,443,383	4,576,684	4,713,985	4,855,404
Miscellaneous	2,902,568	1,990,491	2,648,248	2,727,695	2,809,526	2,893,812	2,980,626
Operations	23,034,377	25,269,173	28,730,322	29,592,232	30,479,999	31,394,399	32,336,231
Fixed Assets	490,351	376,348	407,953	420,192	432,797	445,781	459,155
Other Expenses	-	4,400	-	-	-	-	-
Capital Transfers	1,561,001	1,609,453	1,633,453	1,682,457	1,732,930	1,784,918	1,838,466
Interfund Transfers	21,564,842	26,432,340	24,096,603	24,819,501	25,564,086	26,331,009	27,120,939
Total Expenditures	\$ 200,667,251	\$ 207,970,552	\$ 233,494,396	\$ 240,499,228	\$ 247,714,205	\$ 255,145,631	\$ 262,800,000
Ending Fund Balance	\$ 43,228,262	\$ 46,777,628	\$ 46,777,628	\$ 48,099,474	\$ 50,848,912	\$ 55,138,168	\$ 61,086,302
Change in Fund Balance	\$ 875,126	\$ 3,690,002	\$ -	\$ 1,321,846	\$ 2,749,438	\$ 4,289,255	\$ 5,948,133
Fund Balance as % of Total Expenditures	21.54%	22.49%	20.03%	20.00%	20.53%	21.61%	23.24%

General Fund Proforma

3-Month Delay in Electric Utility Rate Increase

	2024-25 ACTUALS	2025-26 MOD BUDGET	2025-26 EOY ESTIMATE	FY 2026-27 Proposed	FY 2027-28 Projected	FY 2028-29 Projected	FY 2029-30 Projected	FY 2030-31 Projected
Beginning Fund Balance	\$ 42,353,136	\$ 43,087,626	43,087,626	46,777,628	\$ 46,777,628	\$ 48,099,472	\$ 50,848,908	\$ 55,138,162
Property Tax	\$ 67,266,049	\$ 71,889,200	\$ 71,502,157	\$ 81,639,314	\$ 84,088,493	\$ 86,611,148	\$ 89,209,483	\$ 91,885,767
Sales Tax	58,972,691	62,944,986	62,878,077	66,092,235	69,396,847	72,866,689	76,510,024	80,335,525
Other Taxes	590,139	566,134	573,344	593,690	611,501	629,846	648,741	668,203
Licenses and Permits	6,853,283	6,846,632	6,573,368	6,136,152	6,320,237	6,509,844	6,705,139	6,906,293
Franchise Fees & ROI	19,461,375	32,194,374	24,012,057	33,068,972	34,061,041	35,082,872	36,135,359	37,219,419
Fines and Fees	2,749,785	2,528,462	3,330,237	3,297,827	3,396,762	3,498,665	3,603,625	3,711,734
Service Fees	13,920,169	12,846,216	13,827,126	13,870,146	14,286,250	14,714,838	15,156,283	15,610,972
Investment Income	2,539,720	2,742,602	2,376,504	2,487,839	2,562,474	2,639,348	2,718,529	2,800,085
Intergovernmental Revenue	2,848,052	3,571,740	3,949,340	3,229,900	3,326,797	3,426,601	3,529,399	3,635,281
Other Revenues	5,623,176	739,847	683,571	180,988	186,418	192,010	197,770	203,704
Transfers	20,717,937	21,954,773	21,954,773	22,814,885	23,499,332	24,204,311	24,930,441	25,678,354
Total Revenue	\$ 201,542,377	\$ 218,824,966	211,660,554	233,411,949	\$ 241,736,152	\$ 250,376,173	\$ 259,344,792	\$ 268,655,336
Personnel Services	\$ 141,548,778	\$ 151,214,353	\$ 141,833,548	\$ 157,768,733	162,501,795	\$ 167,376,849	\$ 172,398,154	\$ 177,570,099
Materials & Supplies	4,205,898	4,695,252	4,297,860	5,170,204	5,325,310	5,485,069	5,649,622	5,819,110
Maintenance & Repair	2,079,516	2,313,857	2,288,454	8,642,469	8,901,743	9,168,795	9,443,859	9,727,175
Insurance	3,279,920	3,868,485	3,868,485	4,313,964	4,443,383	4,576,684	4,713,985	4,855,404
Miscellaneous	2,902,568	2,507,757	1,990,491	2,648,248	2,727,695	2,809,526	2,893,812	2,980,626
Operations	23,034,377	25,719,493	25,269,173	28,730,322	29,592,232	30,479,999	31,394,399	32,336,231
Fixed Assets	490,351	405,377	376,348	407,953	420,192	432,797	445,781	459,155
Other Expenses	-	-	4,400	-	-	-	-	-
Capital Transfers	1,561,001	1,125,050	1,609,453	1,633,453	1,682,457	1,732,930	1,784,918	1,838,466
Interfund Transfers	21,564,842	26,975,343	26,432,340	24,096,603	24,819,501	25,564,086	26,331,009	27,120,939
Total Expenditures	\$ 200,667,251	\$ 218,824,967	\$207,970,552	\$ 233,411,949	\$ 240,414,307	\$ 247,626,737	\$ 255,055,539	\$ 262,707,205
Ending Fund Balance	\$ 43,228,262	\$ 43,087,625	\$ 46,777,628	\$ 46,777,628	\$ 48,099,472	\$ 50,848,908	\$ 55,138,162	\$ 61,086,293
Change in Fund Balance	\$ 875,126	\$ (1)	\$ 3,690,002	\$ -	\$ 1,321,844	\$ 2,749,436	\$ 4,289,253	\$ 5,948,131
Fund Balance as % of Total Expenditures	21.54%	19.69%	22.49%	20.04%	20.01%	20.53%	21.62%	23.25%
Fund Balance Within Target (20% - 25%)	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes

Electric Fund Proforma

Proposed Budget

	2024-25 Actuals	2025-26 Budget	2025-26 EOY Estimate	2026-27 Preliminary	FY 2027-28 Projected	FY 2028-29 Projected	FY 2029-30 Projected	FY 2030-31 Projected
Beginning Fund Balance	\$ 123,467,546	\$ 110,368,104	\$ 148,716,335	\$ 146,330,784	\$ 158,640,590	\$ 177,619,479	\$ 205,504,847	\$ 235,863,007
Rate Revenues								
Base Rate Revenue	\$ 112,237,946	\$ 139,864,728	\$ 113,476,209	\$ 144,221,069	\$ 157,929,919	\$ 165,745,946	\$ 174,077,831	\$ 182,959,621
TCRF Revenue	27,250,700	51,111,143	27,951,071	41,054,643	49,213,258	54,053,627	55,074,281	56,175,767
ECA Revenue	57,176,711	233,486,207	90,966,474	226,469,369	261,258,038	264,201,692	265,482,827	272,438,762
Non-rate Revenue	48,527,649	36,478,497	36,345,823	34,621,046	34,493,625	35,494,587	36,525,578	37,587,499
DEC Revenue	21,990,498	65,690,445	41,804,028	53,687,558	60,572,211	66,347,342	65,004,041	71,601,559
Total Revenue	\$ 267,183,504	\$ 526,631,020	\$ 310,543,605	\$ 500,053,685	\$ 563,467,049	\$ 585,843,193	\$ 596,164,559	\$ 620,763,208
Purchased Power	\$ 77,860,647	\$ 287,689,067	\$ 125,635,504	\$ 267,478,460	\$ 306,769,347	\$ 315,193,996	\$ 315,140,017	\$ 328,253,197
Transmission of Power	28,106,539	45,695,176	27,464,934	36,646,961	43,990,281	48,344,054	49,256,504	50,241,634
Personnel Services	24,496,835	29,473,911	24,893,119	29,676,317	30,604,896	31,558,561	32,537,996	33,543,903
Materials & Supplies	1,902,691	2,578,583	2,147,354	2,430,982	2,489,602	2,549,694	2,611,297	2,674,450
Maintenance & Repair	1,755,342	1,713,681	1,750,651	1,871,082	1,914,075	1,958,094	2,003,166	2,049,317
Insurance	1,779,695	2,081,278	2,081,277	2,109,573	2,172,860	2,238,046	2,305,187	2,374,343
Administrative Cost	22,889,347	34,480,289	24,251,650	33,825,868	38,434,820	40,072,817	40,861,111	42,237,037
Miscellaneous	1,348,599	1,031,615	1,466,876	1,524,615	1,569,603	1,615,942	1,663,670	1,712,830
Operations	8,158,662	12,009,467	9,838,853	13,861,457	14,139,068	14,422,243	14,711,093	15,005,733
Debt Service Transfers	75,129,629	71,913,275	72,483,048	75,322,810	78,717,939	75,887,663	80,193,973	83,654,095
Interfund Transfers	18,209,263	19,340,890	19,340,890	19,495,755	19,885,670	20,283,383	20,689,051	21,102,832
Transfers to Capital Projects	2,178,517	1,575,000	1,575,000	3,500,000	3,800,000	3,833,333	3,833,333	3,833,333
Total Expenditures	\$ 263,815,765	\$ 509,582,232	\$ 312,929,156	\$ 487,743,880	\$ 544,488,160	\$ 557,957,825	\$ 565,806,399	\$ 586,682,703
Ending Fund Balance	\$ 126,835,286	\$ 127,416,892	\$ 146,330,784	\$ 158,640,590	\$ 177,619,479	\$ 205,504,847	\$ 235,863,007	\$ 269,943,512
Change in Fund Balance (Use of Reserves)	\$ 3,367,740	\$ 17,048,788	\$ (2,385,551)	\$ 12,309,806	\$ 18,978,889	\$ 27,885,368	\$ 30,358,160	\$ 34,080,505
Rate Increases								
Base Rate				3.0%	3.5%	4.0%	4.0%	4.0%
Working Capital (8%) & Op Reserves (>38%)	\$ 121,355,252	\$ 234,407,827	\$ 143,947,412	\$ 224,362,185	\$ 250,464,554	\$ 256,660,600	\$ 260,270,944	\$ 269,874,043
Working Capital (8%) & Op Reserves (>61%)	\$ 182,032,878	\$ 351,611,740	\$ 215,921,117	\$ 336,543,277	\$ 375,696,830	\$ 384,990,899	\$ 390,406,415	\$ 404,811,065
Ending Fund Balance Minimum Target Met	YES	NO	YES	NO	NO	NO	NO	YES

Electric Fund Proforma

3-Month Delay in Electric Utility Rate Increase

	2024-25 ACTUALS	2025-26 MOD BUDGET	2025-26 EOY ESTIMATE	2026-27 BUDGET	FY 2027-28 Projected	FY 2028-29 Projected	FY 2029-30 Projected	FY 2030-31 Projected
Beginning Fund Balance	\$ 123,467,546	\$ 110,368,104	\$ 148,716,335	\$ 146,330,784	\$ 157,973,502	\$ 177,392,494	\$ 205,744,804	\$ 236,595,931
Rate Revenues								
Base Rate Revenue	\$ 112,237,946	\$ 139,864,728	\$ 113,476,209	\$ 143,471,532	\$ 158,271,271	\$ 166,109,827	\$ 174,465,728	\$ 183,373,119
TCRF Revenue	27,250,700	51,111,143	27,951,071	41,054,643	49,213,258	54,053,627	55,074,281	56,175,767
ECA Revenue	57,176,711	233,486,207	90,966,474	226,469,369	261,258,038	264,201,692	265,482,827	272,438,762
Non-rate Revenue	48,527,649	36,478,497	36,345,823	34,621,046	34,493,625	35,494,587	36,525,578	37,587,499
DEC Revenue	21,990,498	65,690,445	41,804,028	53,687,558	60,572,211	66,347,342	65,004,041	71,601,559
Total Revenue	\$ 267,183,504	\$ 526,631,020	\$ 310,543,605	\$ 499,304,148	\$ 563,808,401	\$ 586,207,074	\$ 596,552,456	\$ 621,176,706
Purchased Power	\$ 77,860,647	\$ 287,689,067	\$ 125,635,504	\$ 267,478,460	\$ 306,769,347	\$ 315,193,996	\$ 315,140,017	\$ 328,253,197
Transmission of Power	28,106,539	45,695,176	27,464,934	36,646,961	43,990,281	48,344,054	49,256,504	50,241,634
Personnel Services	24,496,835	29,473,911	24,893,119	29,676,317	30,604,896	31,558,561	32,537,996	33,543,903
Materials & Supplies	1,902,691	2,579,583	2,147,354	2,430,982	2,489,602	2,549,694	2,611,297	2,674,450
Maintenance & Repair	1,755,342	1,723,681	1,750,651	1,871,082	1,914,075	1,958,094	2,003,166	2,049,317
Insurance	1,779,695	2,081,278	2,081,277	2,109,573	2,172,860	2,238,046	2,305,187	2,374,343
Administrative Cost	22,889,347	34,480,289	24,251,650	33,743,419	38,336,069	39,969,755	40,756,040	42,127,219
Miscellaneous	1,348,599	1,031,615	1,466,876	1,524,615	1,569,603	1,615,942	1,663,670	1,712,830
Operations	8,158,662	11,998,467	9,838,853	13,861,457	14,139,068	14,422,243	14,711,093	15,005,733
Debt Service Transfers	75,129,629	71,913,275	72,483,048	75,322,810	78,717,939	75,887,663	80,193,973	83,654,095
Interfund Transfers	18,209,263	19,340,890	19,340,890	19,495,755	19,885,670	20,283,383	20,689,051	21,102,832
Transfers to Capital Projects	2,178,517	1,575,000	1,575,000	3,500,000	3,800,000	3,833,333	3,833,333	3,833,333
Total Expenditures	\$ 263,815,765	\$ 509,582,232	\$ 312,929,156	\$ 487,661,431	\$ 544,389,409	\$ 557,854,764	\$ 565,701,329	\$ 586,572,885
Ending Fund Balance	\$ 126,835,286	\$ 127,416,892	\$ 146,330,784	\$ 157,973,502	\$ 177,392,494	\$ 205,744,804	\$ 236,595,931	\$ 271,199,752
Change in Fund Balance (Use of Reserves)	\$ 3,367,740	\$ 17,048,788	\$ (2,385,551)	\$ 11,642,718	\$ 19,418,992	\$ 28,352,311	\$ 30,851,127	\$ 34,603,821
Rate Increases								
Base Rate					Deferred 3%	4.5%	4.0%	4.0%
Working Capital (8%) & Op Reserves (>38%)	\$ 121,355,252	\$ 234,407,827	\$ 143,947,412	\$ 224,324,258	\$ 250,419,128	\$ 256,613,191	\$ 260,222,611	\$ 269,823,527
Working Capital (8%) & Op Reserves (>61%)	\$ 182,032,878	\$ 351,611,740	\$ 215,921,117	\$ 336,486,387	\$ 375,628,692	\$ 384,919,787	\$ 390,333,917	\$ 404,735,291
Ending Fund Balance Minimum Target Met	YES	NO	YES	NO	NO	NO	NO	YES
Debt Service Coverage Ratio (DSCR)	1.38	1.74	1.32	1.65	1.78	1.95	1.94	1.96

FY 2026-27 Budget Development

Next Steps

- September 15: Budget and Tax Rate Hearing
- September 22: Budget and Tax Rate Adoption

Questions?

*Understanding Today's Budget
and Preparing for Tomorrow*

