FINANCE MEMORANDUM
#15-2026

DATE: July 20, 2026

TO: Honorable Mayor Meredith Leighty and City Council Members

THROUGH: Heather Geyer, City Manager hmg

FROM: Jason Loveland, Deputy City Manager JL

SUBJECT: 2027 Budget Work Session

PURPOSE
To provide City Council with an update on the 2027 General Fund Budget. Staff will review current revenue and expenditure projections and discus the factors affecting the City's efforts to balance the budget.

BACKGROUND
General Fund
General Fund revenue is projected at $39.5 million, which is a 2% decrease from the 2026 Budget. The decrease is primarily due to decreasing sales tax revenue and building material use taxes. Sales and use tax revenues are down over 1% through May 2026, compared to a forecast of flat growth. Other revenue sources, including accommodations tax, auto-use tax, and marijuana tax, are also trending below expectations.

General Fund expenditures total $39.5 million. This represents a decrease from the 2026 Budget of 2%. The budget includes compensation adjustments for existing employees. To offset these increased personnel costs and maintain a balanced budget, the City has continued its hiring freeze for non-essential positions, evaluated additional staffing reductions, and reduced operating and program expenditures.

The ending fund balance is estimated at $12.8 million, or 31% of General Fund expenditures. The City's fund balance policy requires a minimum reserve level of 25%.

STAFF RECOMMENDATION
This item is presented for informational purposes and discussion.

NEXT STEPS
Upcoming meetings related to the proposed 2027 Budget include:
- Aug. 17 – Department & Capital Program Presentations
- Sept. 21 – Proposed Budget Presentation
- Oct. 12 – Public Hearing
- Oct. 26 – Budget Adoption

STAFF REFERENCE
If Council members have questions, please contact Heather Geyer, City Manager, at 303.450.8706 or hgeyer@northglenn.org, or Jason Loveland, Deputy City Manager, at 303.450.8817 or jloveland@northglenn.org.

ATTACHMENT
1. Presentation

2027 BUDGET WORK SESSION

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Deputy City Manager
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Study Session
July 20, 2026

CITY OF Northglenn

OUTCOMES

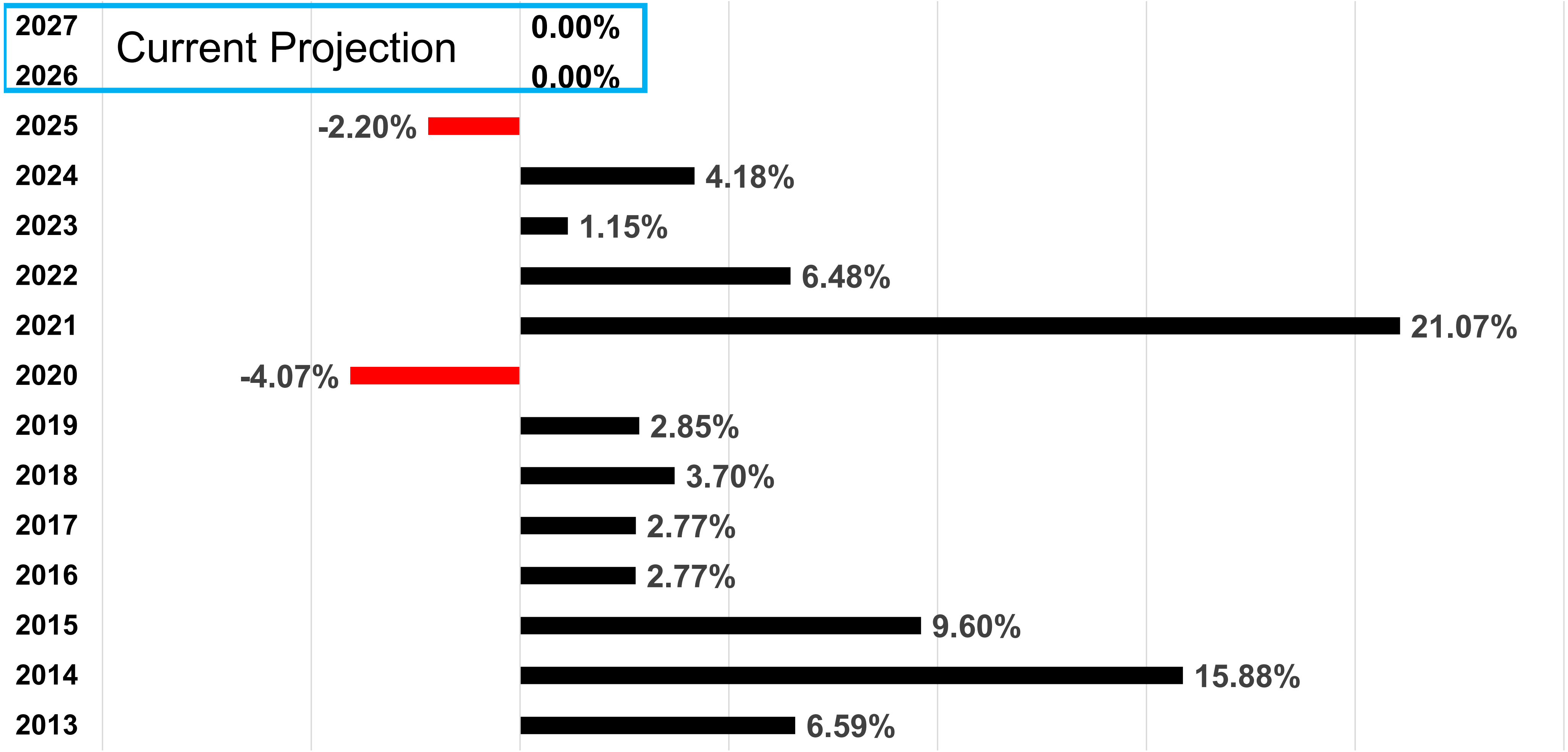
- **Review 2027 Budget projections**
- **Council will gain a clear understanding of the General Fund budget challenges**
  - Revenue Forecast
  - Expenditure Forecast
- **Achieving a balanced budget**

CURRENT REVENUE CHALLENGES

- **Revenue Forecast – $39.5M**
  - 2026 is trending lower than expected
  - $800K less revenue estimated for 2027 than 2026
  - Key reasons why:

Sales/Use Tax -1.2% YTD	• Forecast flat for 2027
No Property Tax change in 2027	• Aug. 25 preliminary assessment due from County • Potential decrease due to home values and oil/gas production in Weld County
Building Material Use Tax	• Down from average of $1.3M from 2021-2024 to $0.5M

HISTORIC SALES TAX PERFORMANCE



IMPACTING REVENUE

Headwinds

- Store closures (Safeway, Walgreens, Painted Tree)
- Marijuana tax decline (State share back 15% to 0%)
- Lower auto sales
- No new construction
- Flat to declining population

Tailwinds

- New owner at Washington East
- Several new businesses eyeing either 2026 or 2027 openings
- Removal of 1% Vendor Fee Rebate, pending Council approval
- Accommodations tax increase, pending voter approval
- Other opportunities

CURRENT EXPENDITURE CHALLENGES

- **Expenditure Forecast – $42.3M**
  - Salary and benefit increases are contributing to higher personnel costs
  - Persistent inflation in fuel and utilities prices is resulting in increased operating costs
  - Rising intergovernmental agreement obligations are adding to the ongoing expenses
  - Inflation on operating supplies and materials also add to the budget pressure

SALARY AND BENEFITS

- **68% of General Fund expense go towards its most valuable asset – our employees**
- **Maintaining competitive wages is essential to attracting and retaining qualified personnel**
- **Market (3%) and Merit (2%) + Police Officer (7%) and Sergeant Steps (6%)**
- **No increase to retirement contributions**

STRUCTURAL DEFICIT WITHOUT CHANGE

	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast
Revenues					
Taxes	$ 31,057,000	$ 32,143,995	$ 33,269,035	$ 34,433,451	$ 35,638,622
Licenses and permits	811,125	827,348	843,894	860,772	877,988
Intergovernmental	1,958,300	2,300,000	2,346,000	2,392,920	2,440,778
Charges for services	3,820,850	3,897,267	3,975,212	4,054,717	4,135,811
Fines and forfeitures	1,109,000	1,120,090	1,131,291	1,142,604	1,154,030
Investment earnings	582,000	495,937	472,318	449,824	428,401
Miscellaneous	187,000	187,000	187,000	187,000	187,000
Total revenues	**$ 39,525,275**	**$ 40,971,636**	**$ 42,224,750**	**$ 43,521,287**	**$ 44,862,630**
Expenditures					
Personnel	$ 29,646,498	$ 30,684,125	$ 31,758,070	$ 32,869,602	$ 34,020,038
Purchased services	7,764,116	7,779,948	7,935,547	8,094,258	8,256,143
Supplies/Non-Capital	3,309,440	3,375,629	3,443,141	3,512,004	3,582,244
Capital outlay	722,000	736,440	751,169	766,192	781,516
Miscellaneous	321,388	324,602	327,848	331,126	334,438
Contingency	50,000	50,000	50,000	50,000	50,000
Total expenditures	**$ 41,813,442**	**$ 42,950,744**	**$ 44,265,775**	**$ 45,623,183**	**$ 47,024,380**
Revenues over (under) expenditures	$ (2,288,167)	$ (1,979,108)	$ (2,041,025)	$ (2,101,896)	$ (2,161,750)
Other Finances (Uses)					
Economic Incentives	$ (400,000)	$ (400,000)	$ (400,000)	$ (400,000)	$ (400,000)
Judgments & Claims	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Total other financing sources (uses)	**$ (525,000)**	**$ (525,000)**	**$ (525,000)**	**$ (525,000)**	**$ (525,000)**
Net Change in Fund Balance	**$ (2,813,167)**	**$ (2,504,108)**	**$ (2,566,025)**	**$ (2,626,896)**	**$ (2,686,750)**
Fund Balance	$ 12,786,833	$ 10,282,725	$ 7,716,700	$ 5,089,804	$ 2,403,054
% FB of Revenue	31%	24%	17%	11%	5%

TO ACHIEVE A BALANCED BUDGET

- **2027 Expense Strategy**
  - No new FTE or Events
  - Limit new spending to essential needs only
- **Reduction in Workforce**
  - Most impactful strategy
  - Offers both short-term and long-term financial benefits
- **Reduction/Elimination of Programs**
- **Reduction of Supply and Operating Costs**

REDUCTION IN FORCE – $2.0M

The following positions are currently vacant and have been frozen during 2026. These positions will continue to be frozen in 2027.

General Fund 25.69 FTE reduction – 9% (282.81 to 257.12)

Current Vacancies	FTE	Department/Division
Public Communications Specialist	1.00	Communications
Municipal Court Clerk	1.00	Municipal Court
Community Services Coordinator	0.30	Municipal Court
Sales Tax Manager	1.00	Finance
Planning Manager	1.00	Planning & Development
Planner	1.00	Planning & Development
Neighborhood Services Officer	1.00	Planning & Development

REDUCTION IN FORCE

Current Vacancies	FTE	Department/Division
Parks Supervisor	1.00	Parks, Recreation & Culture
Park Ranger II	1.00	Parks, Recreation & Culture
Parks Maintenance Worker	1.00	Parks, Recreation & Culture
Recreation Coordinator	1.00	Parks, Recreation & Culture
Recreation Assistant	1.00	Parks, Recreation & Culture
Custodian	1.00	Police
Police Records Specialist	2.00	Police
Commander	1.00	Police
Lead Municipal Services Worker	1.00	Public Works
Seasonal Specialist	0.23	Public Works
Seasonal Engineering Intern	0.23	Public Works
Total Current Vacancies	**16.76**	

An additional 8.93 FTE are identified for reduction which are not currently vacant

PROGRAM REDUCTION/ELIMINATION – $0.3M

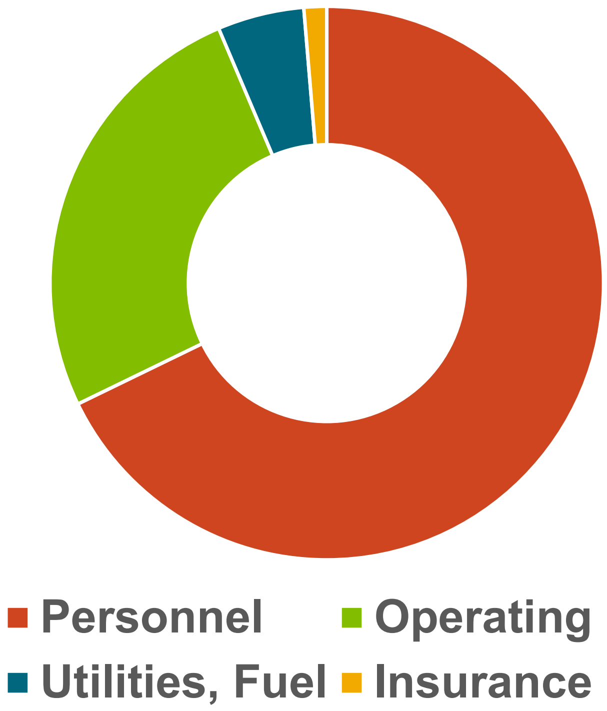
- **Eliminate Fusion Competitive Swim Team at end of 2026 season**
- **Offer Alternate Programming**
  - Non-Competitive C.A.R.A. Swim Team
  - Increase Swim Lesson Availability
- **Reduction to Community Special Events**
  - Eliminate Food Truck Carnival – unavailable site to hold
  - Remove Movies in the Park

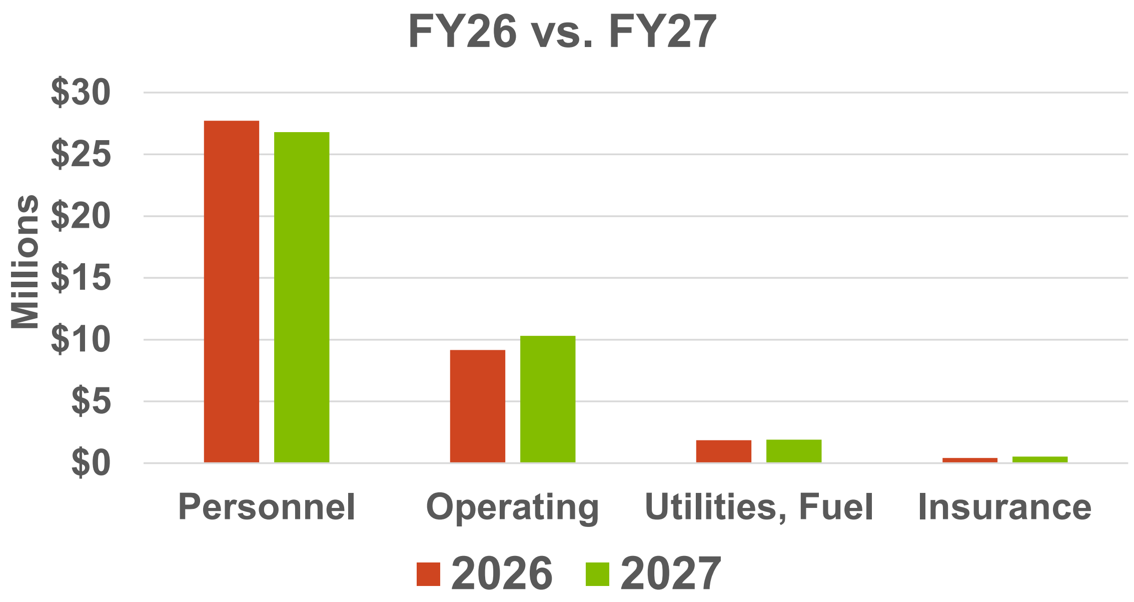
SUPPLY/OPERATING COSTS – $0.5M

- **Reductions to various spending categories**
  - Training, Travel
  - Professional Development
  - Employee Recognition
  - Supplies Limited to Critical Needs
  - Subscriptions

FY 27 BUDGET AT A GLANCE

Total Revenue	Total Expense	Surplus/(Deficit)
$39,500,000	$39,500,000	$0





COUNCIL STICKER EXERCISE

- **Council input will help identify which events and discretionary expenditures are most valued as staff continue to assess options for reducing costs**

FUTURE BUDGET MEETINGS

Aug. 17 – Department & Capital Program Presentations

Sept. 21 – Proposed Budget

Oct. 12 – Public Hearing

Oct. 26 – Budget Adoption

QUESTIONS?

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