



# City of Gainesville

## Budget & Finance Department

To: Cynthia W. Curry, Interim City Manager

Via: Fred Murry, Assistant City Manager

From: Cintya Ramos, Finance Director

Date: November 17, 2021

**RE: Fiscal Year 2021 Preliminary Year-End Analysis of Budget Compared to Actual Revenues and Expenditures for the Period Beginning October 1, 2020 and Ending September 30, 2021**

The purpose of this summary is to provide the Mayor and City Commission, community builders and our neighbors, an update on the status of the FY 2021 budget relative to actual revenue and expenditures incurred for the fiscal year ending September 30, 2021, based on preliminary numbers.

### GENERAL FUND OVERVIEW

The General Fund accounts for those resources and their uses traditionally associated with government, which are not required to be budgeted and accounted for in another fund. The General Fund is the City's only major fund.

Based on a detailed analysis comparing preliminary year-end actual to budget revenues and expenditures, the General Fund is projected to experience a surplus of \$13.8 million primarily driven by a reduction in the Total Rewards Study Non-Departmental expense of \$3.8 million, savings from the Pension Obligation Bond issued in Fiscal Year 2020 in the amount of \$5.1 million and revenues exceeding budget in the amount of \$3.5 million.

### GENERAL FUND SUMMARY

	FY 2021 Amended Budget as of 9/23/21	FY 2021 Preliminary Year-End Actual	FY 2021 Projected Year-End Actual	FY 2021 Projected Year- end vs. Amended Budget Variance (\$)	FY 2021 Projected Year- end vs. Amended Budget Variance (%)
Revenues	146,700,672	133,762,568	141,916,911	(4,783,761)	-3.3%
Expenditures	146,700,672	124,842,554	128,072,581	(18,628,091)	-12.7%
<b>Projected Surplus / (Deficit)</b>	<b>0</b>	<b>8,920,014</b>	<b>13,844,329</b>		

It should be noted that actual year-to-date expenditures are preliminary in nature due to the fact that reporting of the City’s financial activity is not finalized until completion of the annual financial audit performed by outside external auditors. While that audit is currently underway for FY 2021 financial activity, the final Annual Comprehensive Financial Report is not expected to be completed until Spring 2022. As a result, this analysis has considered all known year-end adjustments to date, as well as other pending adjustments where appropriate.

### General Fund Operating Revenues

Preliminary year-end actual revenue collected is \$133.7 million or 91.1% of budgeted revenues have been collected. Property Tax revenues represent 26.3% of total budgeted revenues and represent 29% of the revenues received. Total revenues through fiscal year-end are projected to be approximately \$141.9 million or 3.3% lower than the amended budget. The budgeted Use of Fund Balance was not required due to stronger than expected revenue collections.

GENERAL FUND							
Revenues	FY 2020 Actual	FY 2021 Amended Budget as of 9/ 23/ 21	FY 2021 Preliminary Year-End Actual	FY 2021 Projected Year-End Actual	FY 2021	FY 2021	
					Projected Year- end vs. Amended Budget Variance (\$)	Projected Year- end vs. Amended Budget Variance (%)	
Property Taxes	36,640,032	38,619,660	38,856,788	38,856,788	237,128	0.6%	
Other Taxes	18,229,964	20,282,963	18,793,828	20,560,571	277,608	1.4%	
Licenses and Permits	9,579,813	9,159,715	9,451,012	9,451,012	291,297	3.2%	
Intergovernmental	15,969,368	13,125,717	14,657,991	14,657,991	1,532,274	11.7%	
Charges For Services	11,910,828	14,236,612	13,517,015	14,462,743	226,131	1.6%	
Fines and Forfeitures	751,261	888,340	577,025	907,856	19,516	2.2%	
Miscellaneous Revenues	1,692,058	1,338,358	972,608	2,237,965	899,607	67.2%	
Transfers In	3,388,633	2,496,985	1,841,718	2,496,985	0	0.0%	
General Fund Transfer	38,285,000	38,285,013	35,094,583	38,285,000	(13)	0.0%	
Use of Fund Balance	0	8,267,309	0	0	(8,267,309)	-100.0%	
<b>TOTAL REVENUES</b>	<b>136,446,957</b>	<b>146,700,672</b>	<b>133,762,568</b>	<b>141,916,911</b>	<b>(4,783,761)</b>	<b>-3.3%</b>	

Significant variances to the amended budget in excess of 10%, or \$250,000, by revenue category, are explained below:

- Other Taxes – This category includes revenues from Local Option Gas Tax, Utility Service Taxes, Communications Service Tax, Business Tax and Payments in Lieu of Taxes. The increase in year-end projection of \$277,608 is primarily driven by better than expected revenue receipts in Communications Service tax.
- Licenses and Permits- This category includes revenues from zoning fees, Fire Assessment, Landlord License Fees and Residential Rental Permits. The increase in year-end projection of \$291,297 is primarily driven by Fire Assessment fee collection exceeding budget by \$505,920 or by 6.0%.

- Intergovernmental – This category includes revenues from State Revenue sharing, mobile home and beverage licenses, half cent sales tax, Federal Department of Transportation and Metropolitan Transportation Planning Organization revenues, Automatic Aid agreement revenues, and insurance tax. The increase in year-end projection of \$1.5 million is primarily driven by higher than expected Half Cent Sales Tax and State Revenue Sharing Motor Fuel and Sales Tax receipts. These revenue sources were originally budgeted conservatively due to potential negative COVID-19 impact.
- Miscellaneous Revenues – This category includes revenues for interest earnings, rental of city property, rebates on gas tax, and other miscellaneous revenues. The increase in year-end projection of \$899,607 is driven by proceeds of surplus equipment.
- Fund Balance – revenues are projected to exceed expenditure projections eliminating the need for the use of fund balance.

### **General Fund Operating Expenditures**

Year-end projections through September 30, 2021, indicate that citywide expenditures will be 12.7% below the tentative final amended budget at \$128.1 million.

Departments projected to exceed budget, or with significant variances to budget in excess of 10%, or \$250,000, are driven by the Pension Obligation Bond 2020 annual required contributions reductions in individual department budgets. The debt service for the Pension Obligation Bond is now budgeted for as debt-service in Non-Departmental.

Some departments are also projected to have personnel savings due to vacancies such as the City Attorney, Equity & Inclusion, Fire, Housing and Community Development, Human Resources, Parks, Recreation and Cultural Affairs, Police, Public Works, Sustainable Development, Technology and Innovation and Transportation & Mobility. The following departments are projected to have some operating savings: Communications & Engagement, Equity & Inclusion, Housing and Community Development, Parks, Recreation and Cultural Affairs, Public Works and Sustainable Development, Additionally, not all the Total Rewards Study budgeted amounts are expected to be spent in FY 2021 as reflected in the Non-Departmental projected year-end budget.

The following table provides the General Fund expenditures detail by department and year over year trend comparisons.

**GENERAL FUND**

Expenditures by Department	FY 2020 Actual	FY 2021 Amended Budget as of 9/23/21	FY 2021 Preliminary Year-End Actual	FY 2021 Projected Year-End	FY 2021	FY 2021
					Projected Year- end vs. Amended Budget Variance (\$)	Projected Year- End As % of Amended Budget
Budget & Finance	3,779,903	3,864,582	3,766,056	3,766,056	(98,526)	-2.5%
Capital Asset Planning & Economic Resilience	N/A	417,716	346,397	346,397	(71,319)	-17.1%
City Attorney	1,506,171	1,622,075	1,437,936	1,437,936	(184,139)	-11.4%
City Auditor	595,480	863,127	842,230	842,230	(20,897)	-2.4%
City Clerk	1,245,663	1,431,250	1,693,227	1,693,227	261,977	18.3%
City Commission	429,385	466,423	425,558	425,558	(40,865)	-8.8%
City Manager	1,403,167	1,416,949	1,353,880	1,353,880	(63,069)	-4.5%
Combined Communications	3,637,663	5,925,360	3,901,426	5,318,043	(607,317)	-10.2%
Communications & Engagement	842,043	1,107,729	892,928	892,928	(214,801)	-19.4%
Equity & Inclusion	902,955	1,629,556	1,043,123	1,043,123	(586,433)	-36.0%
Fire Rescue	20,168,609	20,029,614	18,898,245	18,898,245	(1,131,369)	-5.6%
Housing and Community Development	1,283,404	664,697	321,518	321,518	(343,179)	-51.6%
Human Resources	2,239,531	2,792,090	2,190,730	2,190,730	(601,360)	-21.5%
Parks, Recreation & Cultural Affairs	10,729,755	12,943,980	10,520,814	10,520,814	(2,423,166)	-18.7%
Police	38,056,357	36,444,660	34,209,433	34,209,433	(2,235,227)	-6.1%
Public Works & Facilities	12,500,248	13,399,668	11,305,388	11,305,388	(2,094,280)	-15.6%
Risk Management	8,241	201,412	141,062	141,062	(60,350)	-30.0%
Strategic Initiatives	1,163,663	1,296,788	1,143,453	1,143,453	(153,335)	-11.8%
Sustainable Development	1,629,702	3,965,455	2,891,867	2,891,867	(1,073,588)	-27.1%
Technology & Innovation	N/A	3,573,872	3,185,090	3,185,090	(388,782)	-10.9%
Transportation & Mobility, RTS & Fleet	2,954,712	3,895,934	3,064,800	3,064,800	(831,134)	-21.3%
Non-Departmental	29,633,160	28,747,734	21,267,393	23,080,803	(5,666,931)	-19.7%
<b>TOTAL EXPENDITURES</b>	<b>134,709,814</b>	<b>146,700,672</b>	<b>124,842,554</b>	<b>128,072,581</b>	<b>(18,628,091)</b>	<b>-12.7%</b>

**SPECIAL REVENUE FUND OVERVIEW**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are restricted to expenditures for specific purposes. This includes grant funds such as Community Development Block Grant and HOME Investment Partnerships Program (HOME) grant, and other miscellaneous restricted revenues such as the American Rescue Plan Act and State & Federal Law Enforcement Contraband Forfeiture funds.

Based on a detailed analysis comparing preliminary year-end actual to budget revenues and expenditures, the, Special Revenue Fund revenue is projected to end the fiscal year 38% below the amended budget primarily due to lower than expected use of fund balance. Expenditures are projected to also come in lower than amended budget due to the timing of expenditures shifting out past the end of FY 2021.

The following table provides the Special Revenue Fund revenue and expenditures details and year over year trend comparisons.

SPECIAL REVENUE FUND						
Revenues	FY 2020 Actual	FY 2021 Amended Budget as of 9/23/21	FY 2021 Preliminary Year-End Actual	FY 2021 Projected Year-End Actual	FY 2021	FY 2021 Projected
					Projected Year-End vs. Amended Budget Variance (\$)	Year-end vs. Amended Budget Variance (%)
Taxes	4,191,460	0	0	0	0	0.0%
Intergovernmental	5,452,430	24,027,886	27,735,612	27,735,612	3,707,726	15.4%
Charges For Services	3,152,266	3,068,849	3,070,160	3,070,160	1,311	0.0%
Fines and Forfeitures	289,005	40,000	147,966	147,966	107,966	269.9%
Miscellaneous Revenues	5,143,333	440,838	4,565,378	4,565,378	4,124,540	935.6%
Transfers	11,083,352	6,653,994	6,162,059	6,653,994	0	0.0%
Use of Fund Balance	0	33,735,879	0	0	(33,735,879)	-100.0%
<b>TOTAL REVENUES</b>	<b>29,311,846</b>	<b>67,967,446</b>	<b>41,681,175</b>	<b>42,173,110</b>	<b>(25,794,336)</b>	<b>-38.0%</b>
<b>Expenditures</b>						
Personnel Services	5,340,397	5,318,708	3,037,384	3,037,384	(2,281,324)	-42.9%
Operating Expenses	8,727,861	25,423,751	7,705,964	7,705,964	(17,717,787)	-69.7%
Capital Outlay	1,118,718	9,545,530	1,777,916	1,777,916	(7,767,614)	-81.4%
Debt Service	355,184	72,569	6,713	72,569	0	0.0%
Non-Operating	5,612,771	27,606,888	27,606,888	27,606,888	0	0.0%
<b>TOTAL EXPENDITURES</b>	<b>21,154,931</b>	<b>67,967,446</b>	<b>40,134,865</b>	<b>40,200,721</b>	<b>(27,766,725)</b>	<b>-40.9%</b>

Revenues projected to exceed budget, or with significant variances to budget in excess of 10%, or \$250,000, are due to:

- Intergovernmental – reflects the County CARES Act reimbursement for eligible expenditures and FEMA reimbursements for prior year storms
- Fines and Forfeitures – forfeitures are typically not budgeted for and recognized until revenue is received
- Miscellaneous Revenue – higher than expected Tree Mitigation revenue
- Use of Fund Balance – revenues are projected to exceed expenditure projections eliminating the need to use fund balance

Expenses projected to exceed budget, or with significant variances to budget in excess of 10%, or \$250,000, are due to:

- Personnel –
  - Vacancies within the Gainesville Community Reinvestment Area
  - Grant funding received during FY 2021 (such as CDBG or HOME) but not expected to be spent before the end of the fiscal year
- Operating –

- Projects and programs within the Gainesville Community Reinvestment Area that will not be completed by fiscal year end
- Projects and programs within the Transportation Mobility Program Area that will not be completed by fiscal year end
- Capital Outlay – projects not expected to be completed in FY 2021 in the Gainesville Community Reinvestment Area, Transportation Concurrency Exception Area, and Grants (such as CDBG or HOME) Funds

## DEBT SERVICE FUNDS OVERVIEW

Debt Service Funds are used to account for the accumulation of resources for the payment of general long-term debt principal and interest. Based on a detailed analysis comparing preliminary year-end actual to budget revenues and expenditures, the Fund is projected to have a \$4.3 million surplus at year end.

DEBT SERVICE FUND						
	FY 2020 Actual	FY 2021 Amended Budget as of 9/ 23/ 21	FY 2021 Preliminary Year-End Actual	FY 2021 Projected Year-End	FY 2021 Projected Year- end vs. Amended Budget Variance (\$)	FY 2021 Projected Year- End As % of Amended Budget
<b>Revenues</b>						
Intergovernmental	1,095,000	1,095,000	1,095,000	1,095,000	0	0.0%
Internal Services	214,615,000	0	0	0	0	0.0%
Miscellaneous Revenues	8,500	50,136	5,601	5,601	(44,535)	-88.8%
Transfers	13,551,782	17,204,308	19,106,094	19,106,094	1,901,786	11.1%
<b>TOTAL REVENUES</b>	<b>229,270,282</b>	<b>18,349,444</b>	<b>20,206,695</b>	<b>20,206,695</b>	<b>1,857,251</b>	<b>10.1%</b>
<b>Expenditures</b>						
Debt Service	230,057,294	18,349,444	15,862,755	15,862,755	(2,486,689)	-13.6%
<b>TOTAL EXPENDITURES</b>	<b>230,057,294</b>	<b>18,349,444</b>	<b>15,862,755</b>	<b>15,862,755</b>	<b>(2,486,689)</b>	<b>-13.6%</b>

## PROPRIETARY FUNDS OVERVIEW

The City Proprietary Funds are comprised of the following:

- Enterprise: Building Code Enforcement, Regional Transit System, Solid Waste Collection and Stormwater Management
- Internal Service: Employee’s Health and Accidental Benefits, Fleet Management & Replacement and General Insurance

### Enterprise Funds

Enterprise funds account for the City's ongoing activities that are similar to those found in the private sector. Building Code Enforcement, Regional Transit System, Solid Waste Collection and Stormwater Management are included in this grouping.

### Internal Service Funds

The cost of providing centralized services by the Internal Service and Self Insurance funds are allocated to other Departments for a full cost reimbursement. The goods and services provided by Fleet Management and Replacement and Risk Management are included in this grouping.

Based on a detailed analysis comparing preliminary year-end actual to budget revenues and expenditures, the Proprietary Fund revenue is projected to end the fiscal year 29.2% below the amended budget primarily due to lower than expected use of fund balance. Expenditures are projected to also come in lower than amended budget due to the timing of expenditures shifting out past the end of FY 2021.

The following table provides the Proprietary Fund revenue and expenditures details and year over year trend comparisons.

PROPRIETARY FUNDS							
	FY 2020	FY 2021	FY 2021	FY 2021	FY 2021	FY 2021	FY 2021
	Actual	Amended Budget as of 9/23/21	Preliminary Year-End Actual	Projected Year-End	Projected Year-end vs. Amended Budget Variance (\$)	Projected Year-End vs. Amended Budget	% of Amended Budget
<b>Revenues</b>							
Taxes	3,514,003	2,876,343	2,999,881	2,999,881	123,538	4.3%	
Licenses and Permits	3,072,862	2,183,397	4,258,927	4,258,927	2,075,530	95.1%	
Intergovernmental	9,672,002	24,922,766	24,829,923	24,829,923	(92,843)	-0.4%	
Charges For Services	33,521,332	34,311,043	34,641,953	34,641,953	330,910	1.0%	
Miscellaneous Revenues	31,395,260	24,541,326	22,529,408	22,529,408	(2,011,918)	-8.2%	
Internal Service	17,552,055	22,642,569	-	-	(22,642,569)	-100.0%	
Transfers	1,993,026	2,072,505	1,208,839	1,927,204	(145,301)	-7.0%	
Use of Net Position	0	36,501,083	15,798,424	15,080,059	(21,421,024)	-58.7%	
<b>TOTAL REVENUES</b>	<b>100,720,539</b>	<b>150,051,033</b>	<b>106,267,355</b>	<b>106,267,355</b>	<b>(43,783,678)</b>	<b>-29.2%</b>	
<b>Expenditures</b>							
<i>Enterprise Funds</i>							
Building Code Enforcement	3,232,564	4,369,156	3,351,088	3,351,088	(1,018,068)	-23.3%	
Regional Transit System	32,532,784	64,714,599	39,330,601	39,330,601	(25,383,998)	-39.2%	
Solid Waste	10,450,809	11,983,166	10,154,425	10,154,425	(1,828,741)	-15.3%	
Stormwater Management	10,176,731	15,985,169	7,784,986	7,784,986	(8,200,183)	-51.3%	
<i>Internal Service Funds</i>							
Employees Health and Accidental Benefits	27,071,922	30,179,767	29,739,799	29,739,799	(439,968)	-1.5%	
Fleet Management & Replacement	8,852,307	14,088,074	8,820,752	8,820,752	(5,267,322)	-37.4%	
General Insurance	6,594,784	8,731,103	7,085,704	7,085,704	(1,645,399)	-18.8%	
<b>TOTAL EXPENDITURES</b>	<b>98,911,901</b>	<b>150,051,033</b>	<b>106,267,355</b>	<b>106,267,355</b>	<b>(43,783,678)</b>	<b>-29.2%</b>	

Revenues projected to exceed budget, or with significant variances to budget in excess of 10%, or \$250,000, are due to:

- Licenses and Permits – building permits revenue receipts actuals were higher than budgeted
- Intergovernmental –
  - Timing of grant receipts for Regional Transit System shifting from FY 2021 to FY 2022
  - Fleet internal service revenues are being charged to this revenue category as a result of transitioning to a new chart of accounts
- Charges for Services – insurance premiums and insurance premium reimbursements are being charged to this category as a result of transitioning to a new chart of accounts due to the new ERP system implementation
- Miscellaneous Revenues – insurance premium reimbursements are being charged to charges for services as a result of transitioning to a new chart of accounts due to the new ERP system implementation
- Internal Service – Fleet internal service revenues are being charged to intergovernmental revenues as a result of transitioning to a new chart of accounts due to the new ERP system implementation
- Use of Net Position – funding not needed due to the shift of expenditures from FY 2021 to FY 2022 in the Building Code Enforcement, Regional Transit System, and Stormwater Funds.

Expenses projected to exceed budget, or with significant variances to budget in excess of 10%, or \$250,000, are due to:

- Building Code Enforcement – reduced expenditures due to vacancies
- Regional Transit System – personnel savings due to unfilled vacancies and capital projects that have shifted from FY 2021 to FY 2022
- Solid Waste – incomplete capital projects shifting from FY 2021 to FY 2022
- Stormwater Management – incomplete capital projects shifting from FY 2021 to FY 2022
- Employees Health and Accidental Benefits – claims paid as a result of the COVID pandemic
- General Insurance – reduced expenditures due to vacancies and worker comp claims

## **FIDUCIARY FUNDS OVERVIEW**

Pension & Other Post Employment Benefit (OPEB) Trust Funds are used to account for public employee retirement systems and other post-employment benefit trust funds. The City Fiduciary Funds are comprised of the following:



- Pension funds: General Employees' Pension Plan and the Police Officers' & Firefighters' Pension Plan
- OPEB Trusts: Retiree Health Insurance Trust

Based on a detailed analysis comparing preliminary year-end actual to budget revenues and expenditures, the the Fiduciary Funds will end the fiscal year with a \$186.1 million surplus.

FIDUCIARY FUNDS						
	FY 2020 Actual	FY 2021 Amended Budget as of 9/23/21	FY 2021 Preliminary Year-End Actual	FY 2021 Projected Year-End	FY 2021 Projected Year- end vs. Amended Budget Variance (\$)	FY 2021 Projected Year- End As % of Amended Budget
<b>Revenues</b>						
Internal Services	3,453,983	0	0	0	0	0.0%
Miscellaneous Revenues	285,008,597	112,388,500	33,269,079	260,183,201	147,794,701	131.5%
<b>TOTAL REVENUES</b>	<b>288,462,580</b>	<b>112,388,500</b>	<b>33,269,079</b>	<b>260,183,201</b>	<b>147,794,701</b>	<b>131.5%</b>
<b>Expenditures</b>						
<i>Pension Plans</i>						
General Employees' Pension Plan	41,453,614	67,201,000	40,032,461	42,875,844	(24,325,156)	-36.2%
Police Officers' & Firefighters' Pension Plan	23,222,080	33,062,500	21,498,578	22,477,615	(10,584,885)	-32.0%
<i>Trusts</i>						
Retiree Health Insurance Trust	8,639,370	12,125,000	2,000,648	8,716,491	(3,408,509)	-28.1%
<b>TOTAL EXPENDITURES</b>	<b>73,315,064</b>	<b>112,388,500</b>	<b>63,531,687</b>	<b>74,069,950</b>	<b>(38,318,550)</b>	<b>-34.1%</b>

Revenue and expenses projected to exceed budget, or with significant variances to budget in excess of 10%, or \$250,000, are due to:

- Higher than expected fiscal year gains, dividends and interest (Miscellaneous Revenue)
- Planned use of fund balance was not needed to support any of the fiduciary funds in FY 2021

## CONCLUSION

Based on a detailed analysis comparing preliminary year-end actual to budget revenues and expenditures, the General Fund is projected to experience a surplus of \$13.8 million and the Special Revenue, Debt, Proprietary and Fiduciary funds are expected to end the fiscal year below the amended budget.

It should be noted that actual year-to-date expenditures are preliminary in nature due to the fact that reporting of the City's financial activity is not finalized until completion of the annual financial audit performed by outside external auditors. While that audit is currently underway for FY 2021 financial activity, the final Annual Comprehensive Financial Report is not expected to be completed until Spring 2022. As a result, this analysis has considered all known year-end adjustments to date, as well as other pending adjustments where appropriate.