



# City of Gainesville

Budget & Finance Department

To: Lee R. Feldman, ICMA-MA, City Manager

Via: Fred Murry, Assistant City Manager *Fredrick J Murry*  
Fredrick J Murry (Sep 14, 2021 10:53 EDT)

From: Cintya Ramos, Finance Director *CR*

Date: September 22, 2021

**RE: Fiscal Year 2021 Third Quarter Analysis of Budget Compared to Actual Revenues and Expenditures for the Period Beginning October 1, 2020 and Ending June 30, 2021 with Projections Through 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 through the third quarter of the fiscal year and operating projections through September 30, 2021.

## 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.

An analysis of the General Fund actual nine-month operating revenues and expenditures for the period October 1, 2020 through June 30, 2021 indicates an estimated General Fund operating budget will have a surplus of \$3.5 million primarily driven by a reduction on the Total Rewards Study Non-Departmental Expense of \$3.4 million and savings from the Pension Obligation Bond issued in Fiscal Year 2020. This estimated surplus is \$3.4 million less than projected at the end of the second quarter ([#210000](#)).

### GENERAL FUND SUMMARY

	FY 2021 Amended Budget (June 17, 2021)	FY 2021 Q3 Actual	FY 2021 Q3 Actual as % of Amended Budget	FY 2021 Year End Projection	Year-end Projection vs. Amended Budget Variance (\$)	Year-end Projection vs. Amended Budget Variance (%)
Revenues	146,700,671	112,738,923	76.8%	139,215,303	(7,485,368)	-5.1%
Expenditures	146,700,671	96,647,202	65.9%	135,707,734	(10,992,937)	-7.5%
Projected Surplus / (Deficit)	0	16,091,721		3,507,569		

The first nine months of the fiscal year provides a clearer indication of the experience for the remainder of the fiscal year as compared to the projections for the previous quarters. It should be noted, that this analysis

is still, however, a preliminary projection that will be updated after year-end data is available in November. Certain assumptions for both revenues and expenditures (such as seasonality) have been made in the year-end projections, as well as a projected impact of COVID-19 on the City's revenue receipts and costs of operation. Our continued efforts toward managing the City's resources and ongoing adjustments to line item revenues and expenditures throughout the year will impact projections as we look ahead towards the end of the fiscal year.

## General Fund Operating Revenues

As of the end of the third quarter of FY 2021, \$112.7 million or 76.8% of budgeted revenues have been collected. Property Tax revenues represent 26.3% of total budgeted revenues and represent 34.4% of the revenues received in the third quarter of the fiscal year. As of the end of the third quarter property tax revenue collection has exceeded budget by 0.5%. Total revenues through fiscal year-end are projected to be approximately \$139.2 million or 5.1% lower than the amended budget.

GENERAL FUND								
Revenues	FY 2020 Actual	FY 2021 Amended Budget (June 17, 2021)	FY 2020 Q3 Actual	FY 2021 Q3 Actual	FY 2021 Q3 Actual as % of Amended Budget	FY 2021 Year End Projection	Year-end Projection vs. Amended Budget Variance (\$)	Year-end Projection vs. Amended Budget Variance (%)
Property Taxes	36,640,032	38,619,660	36,614,871	38,828,498	100.5%	38,843,297	223,637	0.6%
Other Taxes	18,176,684	20,282,963	11,166,228	13,216,426	65.2%	19,459,184	(823,779)	-4.1%
Licenses and Permits	9,553,040	9,159,715	9,012,868	126,108	1.4%	9,218,979	59,264	0.6%
Intergovernmental	12,645,373	13,125,717	10,173,635	10,508,774	80.1%	15,104,500	1,978,783	15.1%
Charges For Services	11,810,951	14,236,612	10,070,835	11,798,850	82.9%	13,724,747	(511,865)	-3.6%
Fines and Forfeitures	751,261	888,340	328,160	332,693	37.5%	907,856	19,516	2.2%
Miscellaneous Revenues	5,181,275	1,338,358	2,332,276	10,656,961	796.3%	1,042,817	(295,541)	-22.1%
Transfers In	3,388,633	2,496,985	0	1,747,280	70.0%	2,628,923	131,938	5.3%
General Fund Transfer	38,285,000	38,285,013	22,332,917	25,523,333	66.7%	38,285,000	(13)	0.0%
Use of Fund Balance	0	8,267,309	0	0	0.0%	0	(8,267,309)	-100.0%
<b>TOTAL REVENUES</b>	<b>136,432,249</b>	<b>146,700,671</b>	<b>102,031,790</b>	<b>112,738,923</b>	<b>76.8%</b>	<b>139,215,303</b>	<b>(7,485,368)</b>	<b>-5.1%</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 reduction in year-end projection of \$823,779 is primarily driven by lower than expected revenue receipts in Utility Tax (\$776,648).
- 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 \$1.9 million is primarily driven by higher than expected Half cent sales tax receipts that were originally budgeted conservatively due to potential negative COVID-19 impact.

- **Charges for Services** – This category includes revenues for indirect services, recreation activities, golf course, parking fees, cemetery fees, school resource officer agreements, fire inspection fees, among others. The decrease in year-end projection of \$511,865 is driven by:
  - Lower than expected revenue receipts in law enforcement services (\$180,530)
  - Lower than expected revenue receipts in pool, recreation and playground fees (\$267,534)
  - Lower than expected revenue receipts in miscellaneous traffic engineering projects (\$63,801)
- **Miscellaneous Revenues** – This category includes revenues for interest earnings, rental of city property, rebates on gas tax, and other miscellaneous revenues. The decrease in year-end projection of \$295,541 is driven by lower than expected interest earnings.
- **Fund Balance** – revenues are projected to exceed expenditure projections eliminating the need to use fund balance.

### **General Fund Operating Expenditures**

As of June 30, 2021, actual General Fund expenses were \$96.6 million or 65.9% of the amended budget and below the 75% threshold for the first three quarters of the year. Year-end projections through September 30, 2021, indicate that citywide expenditures will be 7.5% below the amended budget at \$135.7 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 projected to have personnel savings due to vacancies such as the City Attorney, Equity & Inclusion, Housing and Community Development, Human Resources, Parks, Recreation and Cultural Affairs, Public Works, Sustainable Development, Technology and Innovation and Transportation & Mobility. The following departments are projected to have some operating savings: Equity & Inclusion, Housing and Community Development, Parks, Recreation and Cultural Affairs, 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.

*FY 2021 Third Quarter Budget to Actual Analysis and Projections through September 30, 2021*

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GENERAL FUND								
Expenditures by Department	FY 2020 Actual	FY 2021 Amended Budget (June 17, 2021)	FY 2020 Q3 Actual	FY 2021 Q3 Actual	FY 2021 Actual as % of Amended Budget	FY 2021 Year End Projection	Year-end Projection vs. Amended Budget Variance (\$)	Year-end Projection vs. Amended Budget Variance (%)
Budget & Finance	3,779,903	3,839,582	2,754,850	2,565,808	66.8%	3,669,954	(169,628)	-4.4%
Capital Asset Planning & Economic Resilience	N/A	403,716	N/A	262,057	64.9%	372,913	(30,803)	-7.6%
City Attorney	1,506,171	1,622,075	1,059,808	1,059,894	65.3%	1,446,176	(175,899)	-10.8%
City Auditor	595,480	863,127	386,395	625,278	72.4%	842,056	(21,071)	-2.4%
City Clerk	1,245,663	1,431,250	801,892	1,033,605	72.2%	1,413,004	(18,246)	-1.3%
City Commission	429,385	466,423	304,228	310,448	66.6%	432,609	(33,814)	-7.2%
City Manager	1,403,167	1,416,949	988,331	938,425	66.2%	1,336,585	(80,364)	-5.7%
Combined Communications Center	3,637,663	5,925,360	1,598,695	2,854,099	48.2%	5,925,360	0	0.0%
Communications & Engagement	842,043	1,107,729	551,378	656,340	59.3%	1,028,631	(79,098)	-7.1%
Equity & Inclusion	902,955	1,629,556	530,812	733,640	45.0%	1,021,063	(608,493)	-37.3%
Fire Rescue	20,168,609	20,029,614	14,373,928	14,029,874	70.0%	19,738,784	(290,830)	-1.5%
Housing and Community Development	1,283,404	664,697	957,142	203,086	30.6%	408,118	(256,579)	-38.6%
Human Resources	2,239,531	2,792,090	1,624,774	1,608,701	57.6%	2,335,797	(456,293)	-16.3%
Parks, Recreation & Cultural Affairs	10,729,755	12,943,980	7,454,596	7,678,143	59.3%	11,085,819	(1,858,161)	-14.4%
Police	38,056,357	36,444,661	27,601,347	25,496,886	70.0%	36,443,921	(740)	0.0%
Public Works	9,406,884	10,295,619	6,308,302	5,492,231	53.3%	9,913,616	(382,003)	-3.7%
Public Works Facilities	3,096,364	3,104,050	2,275,809	2,004,381	64.6%	2,909,656	(194,394)	-6.3%
Risk Management	8,241	201,412	6,021	55,291	27.5%	196,233	(5,179)	-2.6%
Strategic Initiatives	1,163,663	1,296,788	828,999	741,309	57.2%	1,022,965	(273,823)	-21.1%
Sustainable Development	1,629,702	4,004,455	1,135,736	2,021,713	50.5%	3,052,573	(951,882)	-23.8%
Technology & Innovation	N/A	3,573,872	N/A	2,600,955	72.8%	3,222,346	(351,526)	-9.8%
Transportation & Mobility	2,954,712	3,895,934	1,982,701	2,087,093	53.6%	3,511,526	(384,408)	-9.9%
Non-Departmental	29,633,160	28,747,734	451,130	21,587,945	75.1%	24,378,029	(4,369,705)	-15.2%
<b>TOTAL EXPENDITURES</b>	<b>134,712,814</b>	<b>146,700,671</b>	<b>73,976,872</b>	<b>96,647,202</b>	<b>65.9%</b>	<b>135,707,734</b>	<b>(10,992,937)</b>	<b>-7.5%</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.

An analysis of the Special Revenue Fund actual nine-month operating revenues and expenditures for the period October 1, 2020 through June 30, 2021 indicates the Special Revenue Fund revenue is projected to end the fiscal year 19.4% 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								
	FY 2020 Actual	FY 2021 Amended Budget (June 17, 2021)	FY 2020 Q3 Actual	FY 2021 Q3 Actual	FY 2021 Q3 Actual as % of Amended Budget	FY 2021 Year End Projection	Year-end Projection vs. Amended Budget Variance (\$)	Year-end Projection vs. Amended Budget Variance (%)
<b>Revenues</b>								
Taxes	4,191,460	0	4,191,460	0	0.0%	0	0	0.0%
Intergovernmental	5,452,430	23,957,886	2,126,476	25,892,151	108.1%	25,892,151	1,934,265	8.1%
Charges For Services	3,152,266	2,635,367	2,085,568	2,448,150	92.9%	2,448,150	(187,217)	-7.1%
Fines and Forfeitures	289,005	40,000	71,736	120,849	302.1%	120,849	80,849	202.1%
Miscellaneous Revenues	5,143,333	440,256	3,751,553	6,099,727	1385.5%	6,099,727	5,659,471	1285.5%
Transfers	11,083,352	6,653,994	603,720	5,995,092	90.1%	6,198,215	(455,779)	-6.8%
Use of Fund Balance	0	33,773,878	0	0	0.0%	13,637,981	(20,135,897)	-59.6%
<b>TOTAL REVENUES</b>	<b>29,311,846</b>	<b>67,501,381</b>	<b>12,830,514</b>	<b>40,555,970</b>	<b>60.1%</b>	<b>54,397,073</b>	<b>(13,104,308)</b>	<b>-19.4%</b>
<b>Expenditures</b>								
Personnel Services	5,340,397	5,318,708	3,918,644	3,135,977	59.0%	4,076,768	(1,241,940)	-23.4%
Operating Expenses	8,727,861	25,423,751	6,731,755	4,192,799	16.5%	16,152,400	(9,271,351)	-36.5%
Capital Outlay	1,118,718	8,966,861	678,056	1,269,413	14.2%	6,200,000	(2,766,861)	-30.9%
Debt Service	355,184	16,276,971	0	0	0.0%	16,276,971	0	0.0%
Non-Operating	5,612,771	11,515,090	755,389	2,894,312	25.1%	11,690,934	175,844	1.5%
<b>TOTAL EXPENDITURES</b>	<b>21,154,931</b>	<b>67,501,381</b>	<b>12,083,844</b>	<b>11,492,500</b>	<b>17.0%</b>	<b>54,397,073</b>	<b>(13,104,308)</b>	<b>-19.4%</b>

The American Rescue Plan Act allocated \$32,408,804 to the City which are to be distributed in two equal tranches deposited one year apart from each other. The City received the first tranche on Monday, June 14<sup>th</sup> totaling \$16,204,402. The funds were deposited in their own separate general ledger account with the Special Revenue Fund and will remain in that account until the City Commission provides direction on the projects the funds will be used for.

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

- Intergovernmental – the County CARES Act 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
- Transfers – additional transfers expected prior to year-end that have not yet been budgeted
- 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
- Operating – projects and programs within the Gainesville Community Reinvestment Area that will not be completed by fiscal year end
- Capital Outlay –
  - Gainesville Community Reinvestment Area projects budgeted but not expected to be expended before the end of the fiscal year
  - Transportation Concurrency funded projects budgeted but not projected to be expended before the end of the fiscal year
  - Grants revenue received (such as CDBG or HOME) for projects but not expected to start before the end of the fiscal year

## **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.

An analysis of the actual nine-month operating expenditures for the period ending June 30, 2021, indicates that all enterprise funds are expected to operate at or below the amended budgets. The RTS year end projection includes \$6 million of CARES Act transit funding recently allocated to the City. All enterprise fund third quarter expenditure trends fall within the 75% threshold.

### **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.

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 trending higher than budgeted
- Intergovernmental – decreased appropriation due to expected timing of grant receipts for Regional Transit System shifting from FY 2021 to FY 2022.
- Charges for Services – decreased appropriation due to decrease in ridership related to the pandemic.

PROPRIETARY FUNDS								
Revenues	FY 2020 Actual	FY 2021 Amended Budget (June 17, 2021)	FY 2020 Q3 Actual	FY 2021 Q3 Actual	FY 2021 Q3 Actual as % of Amended Budget	FY 2021 Year End Projection	Year-end Projection vs. Amended Budget Variance (\$)	Year-end Projection vs. Amended Budget Variance (%)
Taxes	3,514,003	2,876,343	2,623,551	2,602,594	90.5%	3,250,858	374,515	13.0%
Licenses and Permits	3,072,862	2,183,397	2,125,377	3,193,231	146.3%	,493,231	1,309,834	60.0%
Intergovernmental	9,672,002	24,922,766	3,574,262	2,041,912	8.2%	18,922,766	(6,000,000)	-24.1%
Charges For Services	33,521,332	34,311,043	21,139,007	22,131,089	64.5%	32,311,043	(2,000,000)	-5.8%
Miscellaneous Revenues	31,395,260	24,541,326	25,322,231	23,278,949	94.9%	22,642,569	(1,898,757)	-7.7%
Internal Service	17,552,055	22,642,569	13,115,501	7,824,912	34.6%	22,642,569	0	0.0%
Transfers	1,993,026	1,636,471	0	1,309,677	80.0%	1,447,623	(188,848)	-11.5%
Use of Net Position	0	36,501,083	0	0	0.0%	17,580,915	(18,920,168)	-51.8%
<b>TOTAL REVENUES</b>	<b>100,720,539</b>	<b>149,614,999</b>	<b>67,899,929</b>	<b>62,382,363</b>	<b>41.7%</b>	<b>122,291,574</b>	<b>(27,323,425)</b>	<b>-18.3%</b>
Expenditures								
<i>Enterprise Funds</i>								
Building Code Enforcement	3,232,564	4,369,156	2,378,690	2,844,527	65.1%	4,024,466	(344,690)	-7.9%
Ironwood Golf Course	0	0	197,033	203,305	N/A	0	0	0.0%
Regional Transit System	32,532,784	64,278,565	21,703,814	21,586,713	33.6%	45,705,252	(18,573,312)	-28.9%
Solid Waste	10,450,809	11,983,166	5,595,529	8,120,150	67.8%	11,319,941	(663,225)	-5.5%
Stormwater Management	10,176,731	15,985,169	5,581,513	6,127,494	38.3%	9,668,455	(6,316,713)	-39.5%
<i>Internal Service Funds</i>								
Employees Health and Accidental Benefits	27,071,922	30,179,767	20,213,872	21,264,365	70.5%	30,009,767	(170,000)	-0.6%
Fleet Management & Replacement	8,852,307	14,088,074	5,465,713	4,311,966	30.6%	14,088,074	0	0.0%
General Insurance	6,594,784	8,731,103	5,381,551	6,102,280	69.9%	7,101,103	(1,630,000)	-18.7%
<b>TOTAL EXPENDITURES</b>	<b>98,911,901</b>	<b>149,614,999</b>	<b>66,517,715</b>	<b>70,560,800</b>	<b>47.2%</b>	<b>121,917,059</b>	<b>(27,697,940)</b>	<b>-18.5%</b>

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
- Ironwood Golf Course – this fund was transferred to the General Fund via the third budget amendment processed on June 17, 2021 via resolution [#201115](#).
- Regional Transit System – personnel savings due to unfilled vacancies and capital projects not expected to be completely expended by year-end.
- Solid Waste – capital projects not expected to be completely expended by year-end.

- Stormwater Management – capital projects not expected to be completely expended by year-end.
- General Insurance – projection adjusted to reflect historical expenditures.

## **CONCLUSION**

This analysis of budget to actual operating revenues and expenses with projections through September 30, 2021 provides the status of the City's budget for the first nine months of the fiscal year. Based on preliminary projections, the General Fund is projected to end the fiscal year with a \$3.5 million surplus, the Special Revenue fund is expected to end the fiscal year \$13.1 million below the amended budget and the Proprietary Funds are expected to end the fiscal year \$27.7 million below the amended budget. While the first nine months of the fiscal year does not provide a definitive indication of experience for the remainder of the fiscal year, it does provide further clarity in identifying any potential issues at year-end.

The Budget & Finance Department will continue to monitor revenue and expense trends for the fiscal year and will provide another update at year-end.