



## City of Gainesville Agenda Item Report

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**File Number: 2025-691**

**Agenda Date:** September 10, 2025

**Department:** Office of Management & Budget

**Title: 2025-691 Tentative General Government Financial and Operating Plan Budget for Fiscal Year 2025-2026 (B)**

**Department:** Office of Management & Budget

**Description:** Resolution No. 2025-691: A Resolution of the City Commission of the City of Gainesville, Florida; relating to its General Government Budget for the 2025-2026 fiscal year beginning October 1, 2025 and ending September 30, 2026; adopting the Tentative General Government Financial and Operating Plan Budget; and providing an immediate effective date.

**Fiscal Note:** The FY 2026 Tentative Financial and Operating Plan totals \$466,872,174 and is, as required by Florida Statutes, a balanced Budget. The FY 2026 Tentative Financial and Operating Financial Plan includes the budgets for the General, Special Revenue, Debt Service, Capital, Proprietary, and Fiduciary funds. The authorized position level for FY 2026 is 1,465.75 FTEs across all funds.

**Explanation:** As outlined in the companion agenda item #2025-689 Tentative Millage Rate for Fiscal Year 2025 - 2026, Florida Statutes Section 200.065 specifies the manner in which budgets are adopted. First, the tentative millage rate for general operating is adopted, then immediately thereafter, the tentative budgets are adopted. The attached Resolution that presents the tentative budget for the General, Special Revenue, Debt Service, Capital, Proprietary and Fiduciary Funds for Fiscal Year 2025-2026 is, therefore, presented to the City Commission at this time for adoption. Please note that the Tentative General Government Financial and Operating Plan Budget for FY 2025-2026 is synonymous with the referenced Proposed Financial and Operating Plan Budget for FY 2025-26 as discussed throughout this agenda item.

### Fiscal Year 2026 Budget Drivers

The City of Gainesville's FY 2026 Budget Development process began in January 2025 when the City Commission approved the upcoming fiscal year's budget development calendar. This traditional action included scheduling budget workshops to review revenue and expenditure estimates with the City Commission ahead of setting the

Proposed (Maximum/Not-To-Exceed) Millage for FY 2026 in July 2025 and the two statutorily required public hearings in September.

### Financial and Operating Plan Budget

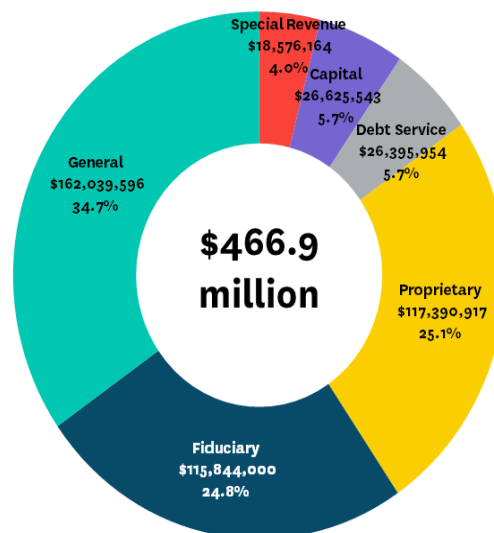
The development of the Tentative FY 2026 Financial and Operating Plan involved a thorough assessment of the City’s available revenue sources and review of expenditures. Departments were asked to develop budgets that maintained current service levels as early in the budget development process, the City projected a reduction in the Government Services Contribution received from Gainesville Regional Utilities, attributed to County Streetlights and legal expenses. This would be a reduction in General Fund revenue of \$1.35 million from prior fiscal year. Further, the City was notified by the Gainesville Regional Utilities that it would receive reduced Indirect Cost Allocation revenue in July 2024 for FY 2026. This amount is \$1.3 million or 44.4% less than the amount budgeted in FY 2025. This directly impacted the operating budgets of the following departments: City Attorney, City Auditor, City Clerk, Office of Equity & Inclusion, Department of Financial Services and Human Resources. The City Manager then reviewed all operating budget submissions and recommended that a reduction in expenditures for departments that provide services to the Gainesville Regional Utilities would be appropriate, as this was a recurring revenue reduction.

The FY 2026 budget estimates were presented to the City Commission during budget workshops held in May, June, and August 2025. A final balancing scenario was confirmed by the City Commission on August 21, 2025.

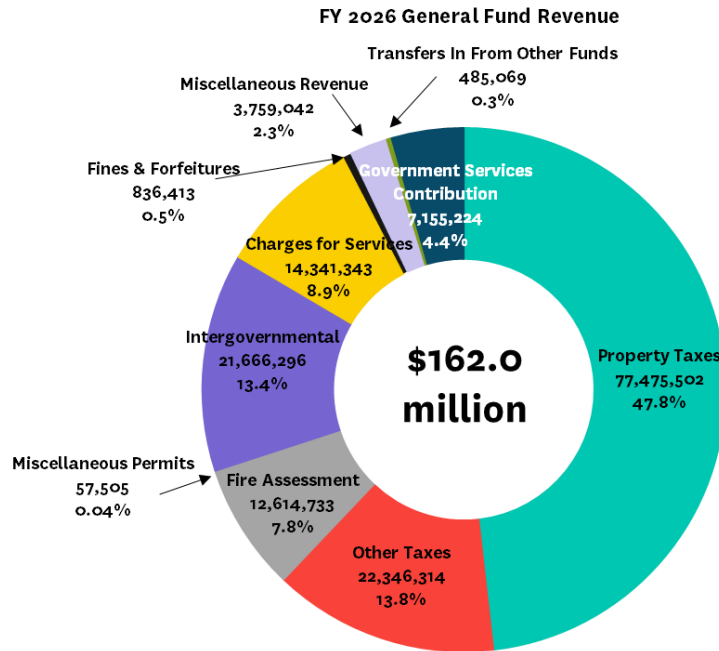
### Proposed Tentative Financial and Operating Plan

The FY 2026 Proposed Budget for All Funds is \$466,872,174, including balances and transfers and is \$8.0 million or 1.7% higher than the FY 2025 Adopted All Funds Budget of \$458,900,453.

FY 2026 All Funds Budget



The FY 2026 Proposed General Fund Budget is \$162,039,596 including balances and transfers and is \$6.7 million or 4.3% higher than the FY 2025 Adopted Budget of \$155,368,126.



As shown in the following table, the FY 2026 Proposed Budget reflects negative adjustments in several revenue categories, with the most significant related to Gainesville Regional Utilities relating to the Government Services Contribution reduction of \$1.35 million and the Indirect Cost Allocation study revenue reduction accounted for in Charges for Services of \$1.3 million, totaling \$2.6 million. There is an increase in the Property Tax revenue projection of \$9.4 million as this accounts for growth on the roll (\$5,966,255 in additional property tax revenue) and an increase in the millage rate of 0.3000 mills (\$3,453,742 in additional property tax revenue). The millage rate increase was driven by a need to address the significant revenue shortfall the City has faced relating to the multi-year Government Services Contribution reductions.

Revenues	FY24 Actual	FY25 Budget	% of FY25 Budget	FY26 Proposed	% of FY26 Budget	\$ Change vs. FY25	% Change vs. FY25
Property Taxes	62,780,983	68,055,505	43.8%	77,475,502	47.8%	9,419,997	13.8%
Other Taxes	21,943,288	22,215,071	14.3%	22,346,314	13.8%	131,243	0.6%
Fire Assessment	11,807,694	12,297,476	7.9%	12,614,733	7.8%	317,257	2.6%
Miscellaneous Permits	53,946	111,661	0.1%	57,505	0.0%	(54,156)	(48.5%)
Intergovernmental	20,432,080	22,238,108	14.3%	21,666,296	13.4%	(571,812)	(2.6%)
Charges for Services	17,067,379	16,129,097	10.4%	14,341,343	8.9%	(1,787,754)	(11.1%)
Fines & Forfeitures	1,096,844	836,889	0.5%	836,413	0.5%	(476)	(0.1%)
Miscellaneous Revenue	6,463,564	3,795,897	2.4%	3,759,042	2.3%	(36,855)	(1.0%)
Transfers In From Other Funds	12,015,030	1,183,198	0.8%	485,069	0.3%	(698,129)	(59.0%)
Government Services Contribution	15,305,225	8,505,224	5.5%	7,155,224	4.4%	(1,350,000)	(15.9%)
Fund Balance	0	0	0.0%	1,302,155	0.8%	1,302,155	N/A
<b>Total General Fund Revenue</b>	<b>168,966,032</b>	<b>155,368,126</b>		<b>162,039,596</b>		<b>6,671,470</b>	<b>4.3%</b>

The following table presents the FY 2026 Proposed General Fund Expenditure Budget, which is \$162.0 million, \$6.7 million or 4.3% higher than the FY 2025 Adopted Budget.

Department	FY24 Actual	FY25 Adopted	FY25 Am ended	FY26 Proposed	\$ Change vs. FY25 Adopted	% Change vs. FY25 Adopted
City Attorney	1,601,731	1,676,569	1,676,569	1,569,461	(107,108)	(6.4%)
City Auditor	826,017	888,640	888,640	740,849	(147,791)	(16.6%)
City Clerk	1,024,558	1,225,739	1,425,739	1,301,272	75,533	6.2%
City Commission	573,159	579,098	579,098	601,195	22,097	3.8%
City Manager's Office	1,439,542	1,641,448	1,641,448	1,778,069	136,621	8.3%
Communications & Marketing	916,968	1,043,980	1,043,980	1,080,527	36,547	3.5%
Equity & Inclusion	1,327,789	1,447,750	1,529,936	1,103,703	(344,047)	(23.8%)
Financial Services	2,891,136	3,071,629	3,111,629	3,021,649	(49,980)	(1.6%)
Fire Rescue	27,487,467	27,757,792	27,757,792	29,518,613	1,760,821	6.3%
Housing and Community Development	431,120	490,215	521,222	531,281	41,066	8.4%
Human Resources	2,262,067	2,340,383	2,340,383	2,286,884	(53,499)	(2.3%)
Management & Budget	781,177	910,072	973,909	1,044,806	134,734	14.8%
Non-Departmental	38,873,299	29,309,964	33,676,387	30,013,481	703,517	2.4%
Parks, Recreation and Cultural Affairs	11,538,636	11,825,090	11,835,155	12,366,846	541,756	4.6%
Police	39,240,592	41,701,243	41,794,721	44,916,361	3,215,118	7.7%
Procurement and Contracts Management	909,751	745,279	745,279	883,676	138,398	18.6%
Public Works	16,288,837	15,918,893	17,587,327	15,992,402	73,509	0.5%
Risk Management	271,014	154,000	154,000	185,200	31,200	20.3%
Sustainable Development	3,051,524	3,197,394	3,316,798	3,293,808	96,414	3.0%
Technology	11,371,110	8,085,985	8,918,254	8,404,948	318,963	3.9%
Transportation	1,438,002	1,345,975	1,857,139	1,393,577	47,602	3.5%
Wild Spaces Public Places	3,500	10,988	10,988	10,988	0	0.0%
<b>Total</b>	<b>164,548,996</b>	<b>155,368,126</b>	<b>163,386,392</b>	<b>162,039,596</b>	<b>6,671,470</b>	<b>4.3%</b>

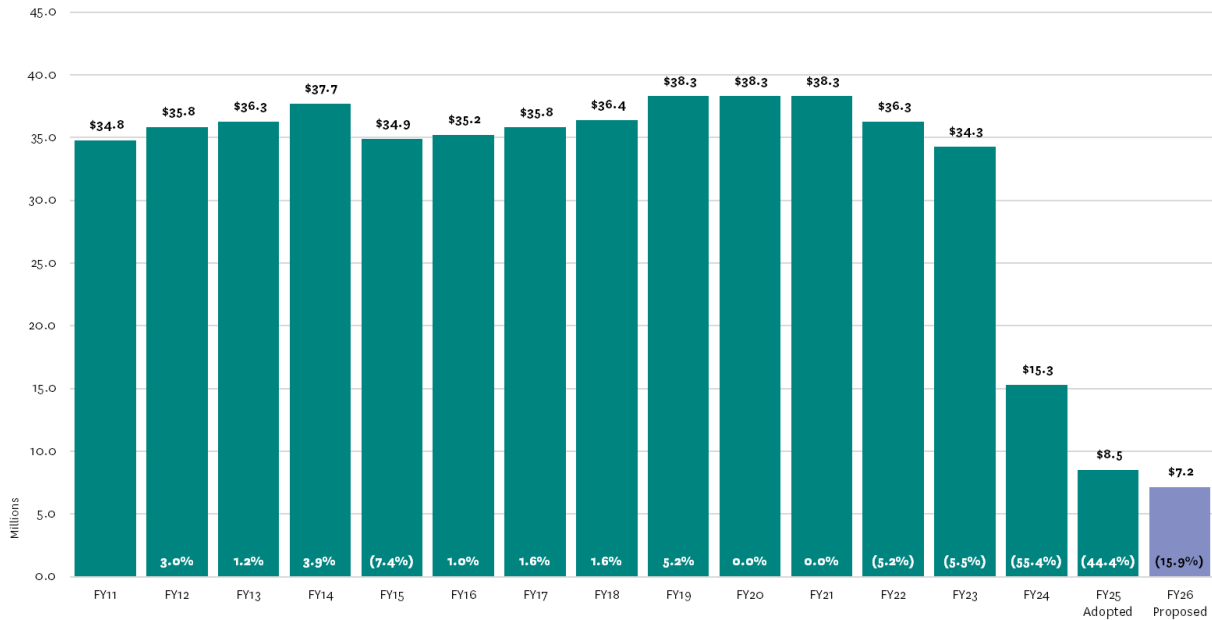
### Government Services Contribution (formerly General Fund Transfer)

In FY 2022, in response to concerns about the level of the General Fund Transfer from Gainesville Regional Utilities to General Government, the City Commission approved the first of a multi-year reduction in the transfer amount. The General Fund Transfer for FY 2022 was budgeted at \$36,283,000 and was forecasted to be reduced by \$2 million every fiscal year through FY 2027. In response to requests from the State of Florida Joint Legislative Auditing Committee, the City Commission approved a formula based Government Services Contribution in April 2023. The new Government Services Contribution reduced the General Fund Transfer from \$34.3 million in FY 2023 to \$15.3 million in FY 2024 to \$8.5 million in FY 2025; this revenue category went from being the second largest revenue source for General Government to being the sixth largest. This change represents a 15.9% decrease in revenue year over year and is a \$31.1 million or 81.3% reduction since FY 2019.

Although the Government Services Contribution is budgeted at \$8.5 million in FY 2025, during the fiscal year, the Gainesville Regional Utilities has reduced the transfer for County Streetlights (\$1.3 million) and legal expenses related to HB 1645 (\$265,153) during FY 2025. This reduction is expected to continue in FY 2026.

As shown in the following table, the FY 2026 Government Services Contribution is the lowest it has been in more than a decade, and this is at the lowest level in the City's history.

Government Services Contribution Historical Trend



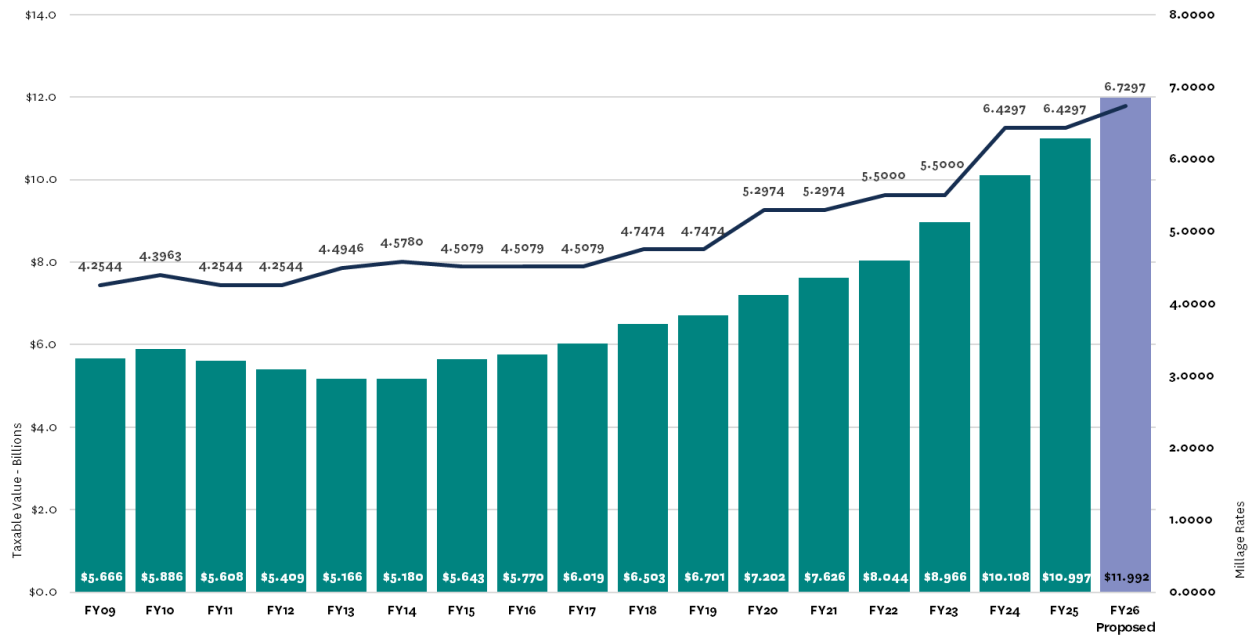
**Property Tax Values**

The taxable valuation for the City of Gainesville for tax year 2025 (as of July 1<sup>st</sup>), for which the proposed FY 2026 budget is based on, is \$11,992,161,336 and represents a 9.1% increase over the tax year 2024 final valuation of \$10,996,518,624. This is the thirteenth year in a row where the City has experienced growth in its taxable value. New construction assessed value for the tax year 2025 totaled \$197,146,694, a decrease in the new construction value of compared to tax year 2024 when new construction was valued at \$272,957,098.

**Millage Rate**

The FY 2026 Tentative Financial and Operating Plan Budget increases the millage rate by 0.3000 mills to 6.7297 from the FY 2025 Millage Rate of 6.4297. The increase in property values and proposed millage rate increase is projected to generate an estimated \$77.5 million in property tax revenue based on a 96% collection rate for the General Fund; \$9.4 million or 13.8% higher than the Fiscal Year 2025 budgeted property tax revenue of \$68.1 million. Property tax revenue represents 47.8% of the General Fund revenues. The following table provides a historical overview of property tax valuations and corresponding millage rates for the City. After years of declining property valuations, FY 2015 reversed the trend and property tax values have grown by \$6.3 billion or 112.5% since.

### Taxable Assessed Values and Millage Rates



### Fire Assessment

The FY 2026 Proposed Budget maintains the fire assessment methodology based on historical demand approved by the City Commission on June 15, 2023. The FY 2026 Proposed Budget recoups 53% of the assessable Fire services budget. The Fire Assessment is estimated to generate \$12.6 million in revenue, \$317,257 more than the FY 2025 Adopted Budget.

### Position Levels

The FY 2026 Proposed Budget for All Funds authorizes a position level of 1,465.75 FTEs, a decrease of 4.0 FTEs compared to the FY 2025 All Funds Amended Budget. The following table provides the list of eliminated, reclassified, frozen and new positions by Department in FY 2026.

Positions by Department	FY24 Actual	FY25 Adopted	FY25 Amended	FY26 Proposed	# Change vs. FY25 Adopted	% Change vs. FY25 Adopted
City Attorney	14.00	14.00	14.00	13.00	(1.00)	(7.1%)
City Auditor	6.00	6.00	6.00	6.00	0.00	0.0%
City Clerk	10.00	9.00	9.00	9.00	0.00	0.0%
City Commission	7.00	7.00	7.00	7.00	0.00	0.0%
City Manager	10.00	10.00	10.00	10.00	0.00	0.0%
Communications & Marketing	9.50	9.00	9.00	9.00	0.00	0.0%
Equity & Inclusion	12.00	12.00	12.00	9.00	(3.00)	(25.0%)
Financial Services	35.50	35.50	35.50	32.50	(3.00)	(8.5%)
Fire Rescue	211.00	213.50	213.50	214.50	1.00	0.5%
Gainesville Community Reinvestment Act	9.00	10.00	10.00	10.00	0.00	0.0%
Housing and Community Development	11.00	11.00	11.00	11.00	0.00	0.0%
Human Resources	23.00	21.00	21.00	19.00	(2.00)	(9.5%)
Management & Budget	7.00	6.00	6.00	6.00	0.00	0.0%
Non-Departmental	0.00	0.00	0.00	0.00	0.00	N/A
Parks, Recreation and Cultural Affairs	114.50	114.50	114.50	114.50	0.00	0.0%
Police	386.25	381.75	382.75	381.75	0.00	0.0%
Procurement & Contracts Management	10.00	10.00	10.00	10.00	0.00	0.0%
Public Works	210.50	208.50	208.50	211.50	3.00	1.4%
Risk Management	16.00	17.00	17.00	17.00	0.00	0.0%
Sustainable Development	71.00	70.00	70.00	70.00	0.00	0.0%
Technology	10.00	9.00	16.00	16.00	7.00	77.8%
Transportation	308.50	282.00	282.00	284.00	2.00	0.7%
Wild Spaces Public Places	5.00	5.00	5.00	5.00	0.00	0.0%
<b>Total</b>	<b>1,496.75</b>	<b>1,461.75</b>	<b>1,469.75</b>	<b>1,465.75</b>	<b>4.00</b>	<b>0.3%</b>

The following factors drove position changes in FY 2026:

- Gainesville Regional Utilities Indirect Cost Allocation Reduction: In July 2024, the Gainesville Regional Utilities informed the City that it would pay \$1.3 million less for shared services. As a result, the City Manager recommended that those impacted departments reduce expenditures to account for the loss in revenue. As a result, 8.0 FTEs were eliminated across four departments: City Attorney (1.0 FTE), Office of Equity & Inclusion (2.0 FTE), Financial Services (3.0 FTEs), Human Resources (2.0 FTEs). In the City Auditor's Office, a vacant position (1.0 FTE) was frozen and unbudgeted. This reduced personnel expenditures by \$885,841.
- In efforts to address growing expenditure levels in the General Fund, vacant positions were frozen across five departments: Equity & Inclusion (3.0 FTEs), Financial Services (1.0 FTEs), Management & Budget (1.0 FTE), Parks, Recreation and Cultural Affairs (3.75 FTEs), Police (12.0 FTEs, including five Police Officer positions). This reduced personnel expenditures by \$2.2 million.
- The Transportation Department reclassified Transit Operator positions to Paratransit Operator positions for RTS for 18.0 FTEs. There was no additional FTE or budget impact from this change.
- The Transportation Department eliminated a vacant Vehicle Service Attendant (1.0 FTE) in the Fleet Management – Services and the funds were transferred to their operating budget to fund two interns.
- The Transportation Department has added three new positions in the Regional Transit System Fund for the in-house ADA services (3.0 FTE). The cost of the three positions is \$239,558.
- In efforts to provide for flexibility if there are changes to the University of Florida service agreement in the coming months, the Transportation Department has frozen four vacant positions (4.0 FTEs). The savings of freezing the positions is \$260,740.
- The Public Works Department has added three new positions to be funded by the Tree Mitigation Fund for the Urban Forestry Program (3.0 FTEs). The cost of the three positions is \$173,498.
- The Gainesville Fire Rescue Department has restructured their Executive Command Team. This includes the reclassification of two Fire Chief Assistant positions (2.0 FTEs), a Fire Chief Deputy position (1.0 FTE), a Fire Training Captain position (1.0 FTE) and a new Account Clerk I position (1.0 FTE).

In total, 9.8 FTEs were eliminated in the General Fund (\$870,911) and 1.20 FTEs in Other Funds (\$77,654). An additional 26.75 FTEs were frozen in the General Fund (\$2.3 million) and 4.0 FTEs were frozen in Other Funds (\$260,740); a total cost reduction of \$3.5 million in FY 2026. Once reclassified and new positions are factored in, the net impact of all position changes in FY 2026 is \$3.0 million.

### **Fund Balance**

The fund balance in the General Fund provides a measure of the financial resources available for future spending or appropriation. These funds should be adequate to support potential unanticipated costs, like natural disasters, pandemics and emergency repairs to City infrastructure. Additionally, a Fund Balance Policy provides for a stable financial environment that allows the City to provide quality services to its neighbors in a fiscally responsible manner.

Based on the most recent completed annual audit for the period ended September 30, 2024 (Fiscal Year 2024), the City has \$58.5 million in unassigned fund balance which meets and exceeds the maximum Fund Balance Policy reserve requirement of three months of operating expenditures. This is \$17,993,307 above the maximum requirement of \$40.5 million. The excess fund balance can be allocated for one-time expenditures by the City Commission.

Requirements		
Emergency Fund Level	0.015%	of TAV (per Fund Balance Policy adopted Sept. 2021)
Minimum Fund Balance	16.7%	of following fiscal year's operating expenditures
Maximum Fund Balance	25.0%	of following fiscal year's operating expenditures

Fiscal Year	Taxable Assessed Value (TAV) - July 1, 2025	Expenditures (FY26 Estimate)	Unassigned Fund Balance	Emergency Fund Level	Emergency Fund Level Met?	Minimum Fund Balance Requirement	Minimum Fund Balance Requirement Met?	Maximum Fund Balance Requirement	Maximum Fund Balance Requirement Exceeded?	Available to Appropriate
2026	\$11,992,161,336	\$162,039,596	\$58,503,206	\$1,798,824	Yes	\$27,060,613	Yes	\$40,509,899	Yes	\$17,993,307
Amount over the maximum requirement:								\$17,993,307		

To date, the following expenditures have been approved by the City Commission from Excess Fund Balance of \$17,993,307:

1. Funding allocated June 5, 2025 ([Agenda #2025-436](#)) for critical life/safety projects: \$4,043,500
2. Funding allocated June 5, 2025 ([Agenda #2025-466](#)) for Workday Procurement Modules: \$722,410
3. Funding request to be reviewed by the Finance Committee on September 2, 2025 ([Agenda #2025-690](#)) for new Technology Department: \$2.0 million
4. Funding request to be reviewed by the Finance Committee on September 2, 2025 ([Agenda #2025-690](#)) for radio replacement in Police and Gainesville Fire Rescue departments: \$965,848
5. Funding allocated to balance the FY 2026 Budget: \$1,302,155

This leaves an estimated remaining Excess Fund Balance of \$8,959,395. Staff has recommended these funds be transferred to a Budget Stabilization Fund for future needs.

### **Compliance with Florida Statutes**

In accordance with Florida Statutes, the FY 2026 Tentative Financial and Operating Plan is a balanced budget where projected revenues equal estimated expenditures.

The FY 2026 Tentative Financial and Operating Plan is hereby presented to City Commission at the first public hearing on September 10, 2025.

### **Strategic Connection:**

- Goal 1: Equitable Community
- Goal 2: More Sustainable Community
- Goal 3: A Great Place to Live and Experience

- ☒ Goal 4: Resilient Local Economy
- ☒ Goal 5: “Best in Class” Neighbor Services

**Recommendation:** The City Commission 1) adopt the FY 2026 Financial and Operating Plan Budget; and 2) adopt the proposed resolution.