



City of Gainesville Agenda Item Report

File Number: 2026-571

Agenda Date: September 10, 2026

Department: Office of Management & Budget

Title: 2026-571 Tentative General Government Financial and Operating Plan Budget for Fiscal Year 2026-2027 (B)

Department: Office of Management & Budget

Description: Resolution No. 2026-571: A Resolution of the City Commission of the City of Gainesville, Florida; relating to its General Government Budget for the 2026-2027 fiscal year beginning October 1, 2026 and ending September 30, 2027; adopting the Tentative General Government Financial and Operating Plan Budget; and providing an immediate effective date.

Fiscal Note: The FY 2027 Tentative Financial and Operating Plan totals \$500,774,431 and is, as required by Florida Statutes, a balanced Budget. The FY 2027 Tentative Financial and Operating Plan includes the budgets for the General, Special Revenue, Debt Service, Capital, Proprietary, and Fiduciary funds. The authorized position level for FY 2027 is 1,479.25 FTEs across all funds.

Explanation: As outlined in the companion agenda item #2026-570 Tentative Millage Rate for Fiscal Year 2026 - 2027, 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 2026-2027 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 2026-2027 is synonymous with the referenced Proposed Financial and Operating Plan Budget for FY 2026-27 as discussed throughout this agenda item.

Fiscal Year 2027 Budget Drivers

The City of Gainesville's FY 2027 Budget Development process began in January 2026 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 2027 in July 2026 and the two statutorily required public hearings in September.

Financial and Operating Plan Budget

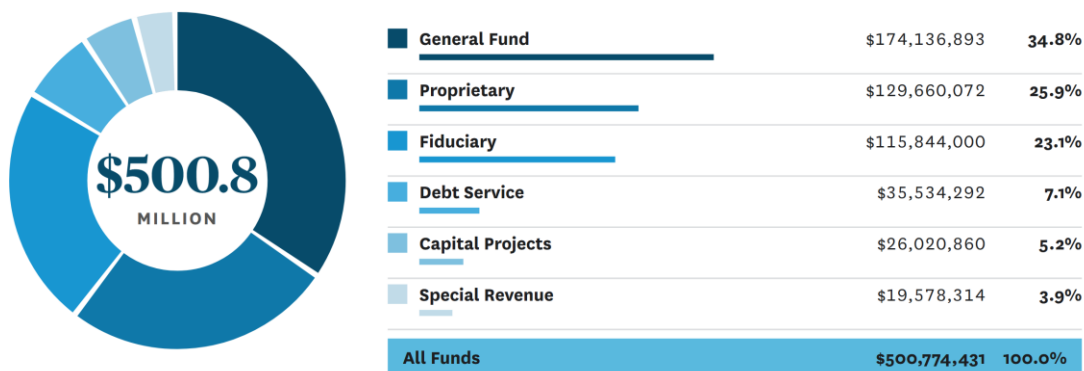
The development of the Tentative FY 2027 Financial and Operating Plan involved a thorough assessment of the City's available revenue sources and review of expenditures. The largest drivers in this budget continue to be wages and benefits, and within that the highest rate of growth is in public safety, driven by collective bargaining agreements. Beyond personnel, the pressures are insurance costs, fuel, contractual increases, and the continued build-out of the City's Technology Department. Departments were asked to develop 10% and 15% decrements, and Office of Management & Budget and City Manager's Office staff compiled those into a comprehensive budget book detailing each proposed operational reduction, ranked in order of its impact on service. That work provided the material to build this year's balancing scenarios.

The FY 2027 budget estimates were presented to the City Commission during budget workshops held in May, June and August 2026.

Proposed Tentative Financial and Operating Plan

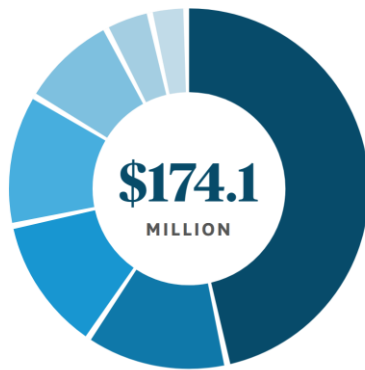
The FY 2027 Proposed Budget for All Funds is \$500,774,431, including balances and transfers, and is \$33.9 million or 7.3% higher than the FY 2026 Adopted All Funds Budget of \$466,872,174. That total is the sum of all sources: \$485,107,689 of revenue plus \$15,666,742 appropriated from fund balance. Uses comprise \$480,183,940 of departmental appropriations and \$20,590,491 added to fund balance.

FY 2027 All Funds Budget



The FY 2027 Proposed General Fund Budget is \$174,136,893, including balances and transfers, and is \$12.1 million or 7.5% higher than the FY 2026 Adopted Budget of \$162,039,596.

FY 2027 General Fund Revenue



Property Taxes	\$81,566,380	46.8%
Other Taxes	\$22,401,794	12.9%
Intergovernmental	\$21,291,099	12.2%
Fire Assessment	\$20,701,715	11.9%
Charges for Services	\$15,329,695	8.8%
Government Services Contribution	\$7,155,224	4.1%
All Other Revenue	\$5,690,986	3.3%
Total General Fund	\$174,136,893	100.0%

As shown in the following table, the most significant revenue change in the FY 2027 Proposed Budget is an increase of \$8.1 million in Permits, Fees & Assessments, reflecting the City Commission's decision to recover a larger portion of the assessable fire services budget through the fire services assessment. Property tax revenue increased \$4.1 million based on growth in the tax roll with the millage rate held flat. Intergovernmental revenue declined by \$375,197 driven by lower state shared revenue estimates.

Revenue Category	FY 2026 Adopted	FY 2027 Proposed	\$ Change	% Change
Taxes	\$99,821,816	\$103,968,173	\$4,146,357	4.2%
Permits, Fees & Assessments	\$12,672,238	\$20,759,220	\$8,086,982	63.8%
Intergovernmental	\$21,666,296	\$21,291,099	\$(375,197)	(1.7%)
Charges for Services	\$14,341,343	\$15,329,695	\$988,352	6.9%
Fines & Forfeitures	\$836,413	\$1,329,370	\$492,957	58.9%
Miscellaneous Revenue	\$3,759,042	\$3,819,042	\$60,000	1.6%
Transfers In From Other Funds	\$7,640,293	\$7,640,293	\$0	0.0%
Other Financing Sources: Fund Balance	\$1,302,155	\$0	\$(1,302,155)	(100.0%)
Total Sources of Funds	\$162,039,596	\$174,136,893	\$12,097,297	7.5%

The following table presents the FY 2027 Proposed General Fund Expenditure Budget, which is \$174.1 million, \$12.1 million or 7.5% higher than the FY 2026 Adopted Budget.

Department	FY 2026 Adopted	FY 2027 Proposed	\$ Change	% Change
City Attorney	\$1,569,461	\$1,657,631	\$88,170	5.6%
City Auditor	\$740,849	\$809,464	\$68,615	9.3%
City Manager	\$1,778,069	\$1,950,244	\$172,175	9.7%
City Clerk	\$1,301,272	\$1,433,578	\$132,306	10.2%
City Commission	\$601,195	\$687,685	\$86,490	14.4%

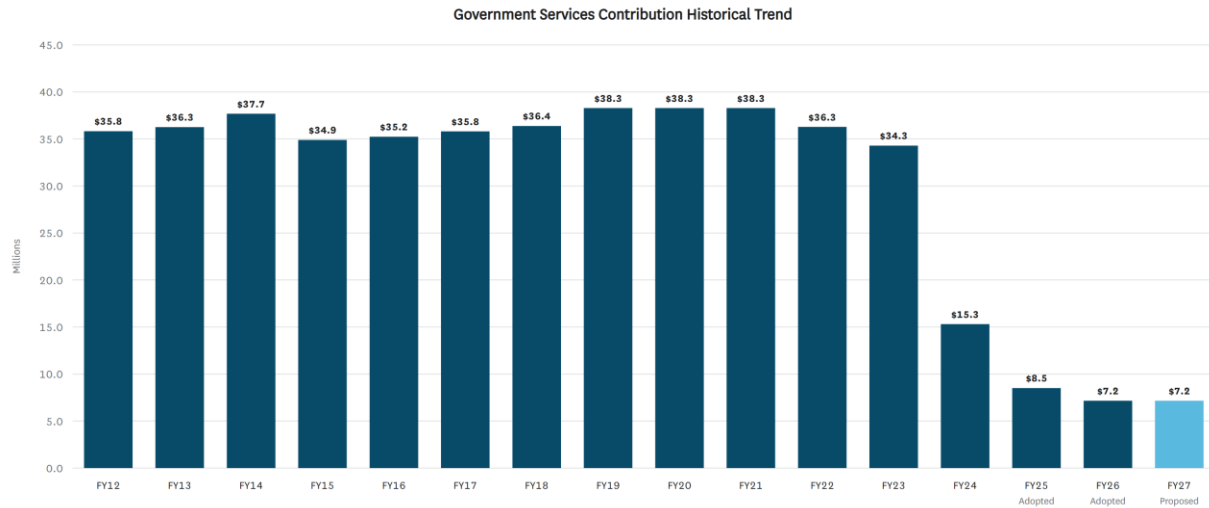
Communications & Marketing	\$1,080,527	\$1,036,203	\$(44,324)	(4.1%)
Equal Opportunity	\$1,103,703	\$1,355,885	\$252,182	22.8%
Financial Services	\$3,021,649	\$3,033,628	\$11,979	0.4%
Fire Rescue	\$29,518,613	\$31,813,880	\$2,295,267	7.8%
Housing & Community Development	\$531,281	\$571,874	\$40,593	7.6%
Human Resources	\$2,286,884	\$2,393,685	\$106,801	4.7%
Management & Budget	\$1,044,806	\$1,010,909	\$(33,897)	(3.2%)
Non-Departmental	\$30,013,481	\$31,712,688	\$1,699,207	5.7%
Parks, Recreation and Cultural Affairs	\$12,366,846	\$12,979,288	\$612,442	5.0%
Police	\$44,916,361	\$47,961,851	\$3,045,490	6.8%
Procurement & Contracts Management	\$883,676	\$874,506	\$(9,170)	(1.0%)
Public Works	\$15,992,402	\$16,603,364	\$610,962	3.8%
Risk Management	\$185,200	\$151,200	\$(34,000)	(18.4%)
Sustainable Development	\$3,293,808	\$3,286,516	\$(7,292)	(0.2%)
Technology	\$8,404,948	\$11,101,291	\$2,696,343	32.1%
Transportation	\$1,393,577	\$1,705,736	\$312,159	22.4%
Wild Spaces Public Places	\$10,988	\$5,787	\$(5,201)	(47.3%)
Total General Fund	\$162,039,596	\$174,136,893	\$12,097,297	7.5%

Government Services Contribution

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. 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. That change reduced the General Fund Transfer from \$34.3 million in FY 2023 to \$15.3 million in FY 2024, \$8.5 million in FY 2025 and to \$7.2 million in FY 2026; this revenue category went from being the second largest revenue source for General Government to being among the smallest.

The Government Services Contribution remains intact at \$7,155,224 for FY 2027 and is held flat across the five-year forecast period. The uncertainty around it has not resolved. Legal fees continue, streetlight costs are expected to rise, and there is still no agreement in place covering shared services or the contribution itself.

As shown in the following table, the Government Services Contribution remains at the lowest level in the City's history.

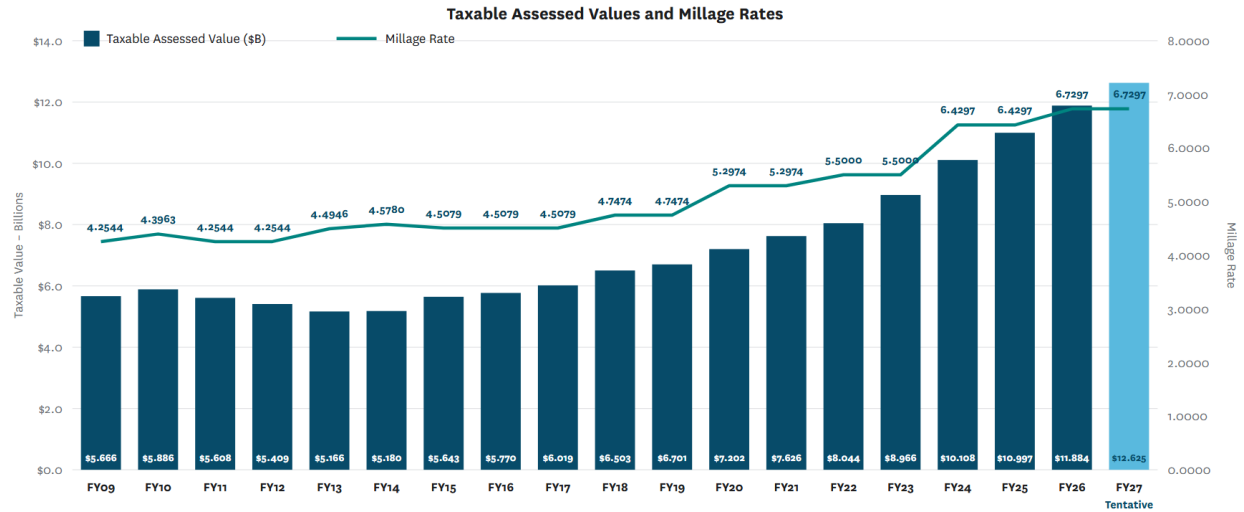


Property Tax Values

On July 1, 2026, the City received the Certification of Taxable Value from the Alachua County Property Appraiser indicating that the overall taxable value for the City of Gainesville is \$12,625,373,917 for Tax Year 2026, including \$97,737,164 of new construction. This represents a \$741.5 million or 6.24% increase over the final Tax Year 2025 taxable value of \$11,883,898,077. It is important to note that the Tax Year 2025 value was adjusted after the FY 2026 Budget was adopted: the July 1, 2025 Certification of Taxable Value was \$11,992,161,336, and the final Tax Year 2025 value was set at \$11,883,898,077 on October 1, 2025, a reduction of \$108.3 million or 0.9%. That final value sets the base for Tax Year 2026 growth and drives the rolled-back rate calculation.

Millage Rate

The FY 2027 Tentative Financial and Operating Plan Budget holds the millage rate at 6.7297 mills, the same millage rate as FY 2026. Growth in property values at the unchanged rate is projected to generate an estimated \$81.6 million in property tax revenue based on a 96% collection rate for the General Fund; \$4.1 million or 5.3% higher than the Fiscal Year 2026 budgeted property tax revenue of \$77.5 million. Property tax revenue represents 46.8% of General Fund revenues. The following table provides a historical overview of property tax valuations and corresponding millage rates for the City.



Fire Assessment

The FY 2027 Proposed Budget maintains the fire assessment methodology based on historical demand approved by the City Commission on June 15, 2023. The City Commission approved an increase to the fire services assessment so that a larger portion of the assessable fire services budget is recovered through the non-ad valorem assessment rather than absorbed by the General Fund.

The FY 2027 Proposed Budget recoups 85% of the assessable Fire services budget. The Fire Assessment is estimated to generate \$20,701,715 in revenue, \$8,086,982 more than the FY 2026 Adopted Budget of \$12,614,733. The 85% recovery level is the preliminary maximum the City Commission set on June 18, 2026. The rate may be lowered at this public hearing; it may not be raised.

The following table presents the fire services assessment rate per square foot by property use category at the FY 2026 recovery level of 53% and at the FY 2027 Proposed level of 85%.

Property Use Category	FY 2026 (53%)	FY 2027 (85%)	Increase
Single Family Residential	\$0.0900	\$0.1444	\$0.0544
Multi-Family Residential	\$0.0892	\$0.1430	\$0.0538
Commercial	\$0.1185	\$0.1901	\$0.0716
Industrial / Warehouse	\$0.0884	\$0.1418	\$0.0534
Institutional	\$0.2267	\$0.3635	\$0.1368

At the 85% recovery level the assessment generates estimated gross revenue of \$24,837,929, of which \$4,136,214 is bought down for government, charitable and religious, and hardship exemptions, for estimated certified revenue of \$20,701,715.

Position Levels

The FY 2027 Proposed Budget for All Funds authorizes a position level of 1,479.25 FTEs, a decrease of 16.00 FTEs compared to the FY 2026 All Funds Amended Budget of 1,495.25 FTEs and an increase of 13.50 FTEs over the FY 2026 Adopted Budget of 1,465.75 FTEs. Of the FY 2027 total, 986.77 FTEs are budgeted in the General Fund. The following tables provide a walk through of the authorized position level from FY 2026 Adopted through FY 2027 Proposed, and then list the eliminated, added and deleted positions by Department in FY 2027.

Authorized Position Levels	All Funds	General Fund	Other Funds
FY 2026 Adopted Budget	1465.75	981.91	483.84
Budget amendments during FY 2026	+29.50	+26.50	+3.00
FY 2026 Amended Budget	1495.25	1008.41	486.84
Memo — previously frozen positions unfrozen and funded during FY 2026	+9.75	+8.75	+1.00
FY 2027 Proposed changes			
Positions eliminated	(11.50)	(4.50)	(7.00)
Positions added	+16.50	+4.83	+11.67
Frozen and unfunded positions deleted	(21.00)	(18.00)	(3.00)
Positions reallocated between funds	0.00	(3.64)	+3.64
Fund reallocation not itemized in the change register	0.00	(0.33)	0.33
Net FY 2027 change	(16.00)	(21.64)	+5.64
FY 2027 Proposed Budget	1479.25	986.77	492.48
FY 2027 Proposed vs FY 2026 Adopted	+13.50	+4.86	+8.64
FY 2027 Proposed vs FY 2026 Amended	(16.00)	(21.64)	+5.64

Department	FTE
Positions Eliminated	
Fire Rescue	3.50
Gainesville Community Reinvestment Area	3.00
Sustainable Development	1.00
Transportation	4.00
Total — General Fund 4.50, Other Funds 7.00	11.50
Positions Added	
Police	3.50
Sustainable Development	2.00
Transportation	11.00
Total — General Fund 4.83, Other Funds 11.67	16.50

Frozen and Unfunded Positions Deleted	
City Auditor	1.00
Equal Opportunity	1.00
Financial Services	1.00
Management & Budget	1.00
Parks, Recreation and Cultural Affairs	3.00
Police (five Police Officer positions)	5.00
Public Works	6.00
Transportation	3.00
Total — General Fund 18.00, Other Funds 3.00	21.00
FY 2026 Positions Unfrozen and Funded	
Equal Opportunity	1.00
Parks, Recreation and Cultural Affairs	0.75
Police	7.00
Transportation	1.00
Total — General Fund 8.75, Other Funds 1.00	9.75
Net Position Change, FY 2027	(16.00)

The following factors drove position changes in FY 2027:

- 11.50 FTEs were eliminated, 4.50 in the General Fund and 7.00 in other funds; every General Fund elimination is a transfer or conversion rather than a loss of service, with the B.O.L.D. program (3.50 FTE) moving to Police and the Chief Resiliency Officer converting to a Planner IV. 16.50 new positions were added, 4.83 in the General Fund and 11.67 in other funds, chiefly the Regional Transit System paratransit build-out (11.00 FTE) and the B.O.L.D. positions arriving at Police. 21.00 frozen and unfunded positions were deleted, 18.00 in the General Fund and 3.00 in other funds, including five Police Officer positions; these positions were already frozen and carried no incumbent and no budgeted salary in FY 2026, and FY 2027 removes the authorization. A further 3.64 FTEs were reallocated off the General Fund onto grants and other funds, with no change to the citywide count. Separately, 9.75 positions that had been frozen were unfrozen and funded during FY 2026; those are already reflected in the FY 2026 Amended Budget and are not part of the FY 2027 change.

In total, the net position change in FY 2027 is a reduction of 16.00 FTEs against the FY 2026 Amended Budget, and an increase of 13.50 FTEs against the FY 2026 Adopted Budget. The net fiscal impact is \$(184,650), of which \$(125,772) falls in the General Fund and \$(58,879) in other funds. The frozen and unfunded positions carry no fiscal impact: they were defunded during FY 2026, so FY 2027 removes the authorization rather than the money. The General Fund reduction is driven mainly by moving the funding for 3.64 FTEs onto grants and other funds; the department-to-department transfers and the Chief Resiliency Officer conversion wash within the fund, and the only genuinely new General Fund cost is a 0.33 FTE Permit Expeditor.

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, 2025 (Fiscal Year 2025), the City has \$49,949,644 in unassigned fund balance, which meets and exceeds the maximum Fund Balance Policy reserve requirement of three months of operating expenditures. This is \$6,415,421 above the maximum requirement of \$43,534,223. 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

Fund Balance Analysis · Fiscal Year 2027	
Taxable Assessed Value (TAV), July 1, 2026	\$12,625,373,917
Expenditures (FY 2027 Proposed)	\$174,136,893
Unassigned Fund Balance (FY 2025 audit)	\$49,949,644
Emergency Fund Level	\$1,893,806
Emergency Fund Level Met?	Yes
Minimum Fund Balance Requirement	\$29,080,861
Minimum Fund Balance Requirement Met?	Yes
Maximum Fund Balance Requirement	\$43,534,223
Maximum Fund Balance Requirement Exceeded?	Yes
Available to Appropriate	\$6,415,421

To date, the following expenditures have been approved by the City Commission from the excess fund balance of \$6,415,421: the Technology Department build-out, \$2,265,000; the Parks, Recreation and Cultural Affairs Master Plan, \$250,000; and a forgivable loan to Heartwood Soundstage, \$45,000. These allocations total \$2,560,000.

This leaves an estimated remaining excess fund balance of \$3,855,421.

Compliance with Florida Statutes

In accordance with Florida Statutes, the FY 2027 Tentative Financial and Operating Plan is a balanced budget where projected revenues equal estimated expenditures.

The FY 2027 Tentative Financial and Operating Plan is hereby presented to City Commission at the first public hearing on September 10, 2026.

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 2027 Financial and Operating Plan Budget and 2) adopt the proposed resolution.