



**A Report to the  
City Commission**

**Mayor**  
Ed Braddy

**Mayor Pro-Tem**  
Craig E. Carter

**Commission Members**

Harvey M. Budd

Helen K. Warren

Charles E. Goston

Todd N. Chase

Randolf M. Wells

City of  
Gainesville Office  
of the City  
Auditor

Carlos L. Holt – City Auditor

General Fund Revenue Estimates  
Included in the Proposed Budget for  
Fiscal Year 2015-16

(An Attestation Engagement)

January 26, 2016

## EXECUTIVE SUMMARY

January 26, 2016



### Why We Did This Engagement

The engagement is required annually by City Commission Resolution 987187. It is important for the City to have reasonable assurance that projected revenues were forecast using proven methodologies.

### What We Recommended

The Budget Office continues to:

- Monitor revenues and report changes regularly to the Audit and Finance Committee
- Take action to request realignment of expenditures when forecasted revenue is materially below estimates.

# LEGISTAR #150685 General Fund Revenue Estimates Included in the Proposed Budget for Fiscal Year 2015-16

## BACKGROUND

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The City Manager must present a balanced budget for City Commission consideration. In preparing the budget, the City Manager is responsible for preparing revenue estimates and developing methodologies and assumptions, such as analytical and historical trends, to support those methodologies. City Commission Resolution No. 987187 directs the City Auditor to review the revenue estimates included in the City Manager's proposed budget to determine they were prepared using data and methods that provide reasonable assurance the revenues will be realized. Note: Neither City management nor the City Auditor guarantees the achievement of the FY2015-16 revenue estimates.

## OBJECTIVE AND SCOPE

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The objective of the engagement was to assess the reasonableness of the preparation of the General Fund revenue estimates included in the proposed budget for the Fiscal Year Ending September 30, 2016.

## WHAT WE FOUND

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We found the projected Fiscal Year 2015-2016 General Fund Revenues and Other Sources of Funds in the total amount of \$108,599,293 as adopted by the City Commission on September 17, 2015, were prepared using data and methods to provide reasonable assurance the revenues will be realized. Concerned parties can place reasonable reliance on revenues contained in the General Government Financial and Operating Plan.

We noted the status of one revenue source (leasing agreement) is currently at \$247,000 of unrecognized income. Management is aware and currently renegotiating terms with the tenant and seeking another tenant to share space. This item would not be material to the overall revenue estimates of the City (0.2%).

## GOVERNANCE

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The City of Gainesville employs a two-year budget cycle. The two-year financial plan consists of a proposed annual budget and a second-year budget plan developed at the direction of the City Manager. The City Manager is required to present a balanced budget for City Commission consideration. Finance and Budget staff conduct analysis and prepare the budget documents. Oversight is provided by the Administrative Services Director who reports to the City Manager.

The budget is reviewed and approved by the City Commission before the first year of the budget cycle. Minor adjustments are made to the second-year budget plan before it is adopted by the City Commission as the annual budget for the second year of the cycle. The City Commission adopts a budget each year which reflects assumptions based on the city's five-Year Financial Forecast Planning Tool and incorporates elements of the city's five-year Capital Improvement Plan based on available funds.

## METHODOLOGY

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To accomplish our examination objectives, we:

- Designed and performed analytical procedures
- Interviewed key personnel
- Evaluated relevant and reliable evidence

## RELATED FACTS AND FIGURES - TABLE 1

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General Fund Revenue Estimates for the Fiscal Year 2015-16 Proposed Financial and Operating Plan

Revenue Sources	Forecast Per Budget Ordinance
Taxes	\$ 41,439,156
Licenses and Permits	6,349,087
Intergovernmental Revenues	12,575,385
Charges for Services	9,526,109
Fines and Forfeitures	1,459,451
Miscellaneous Revenues	1,432,074
Transfers from Other Funds	<u>35,818,031</u>
Total Revenues FY 2015-16 Proposed Budget	\$ <u>108,599,293</u>

## CONCLUSION

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As a result of our examination, we have concluded that the Fiscal Year 2015-2016 General Fund Revenues and Other Sources of Funds in the total amount of \$108,599,293 as adopted by the City Commission on September 17, 2015, were prepared using data and methods to provide reasonable assurance the revenues will be realized.

## GOVERNMENT AUDITING STANDARDS COMPLIANCE

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We conducted this attestation examination engagement in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

based on our objectives. We believe that the evidence obtained provides a reasonable basis for our conclusion.

## **AUDIT TEAM**

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Eileen Marzak, CPA, CFE, Assistant City Auditor

Brecka Anderson, CIA, CGAP, Senior Auditor