



**A Report to the
City Commission**

Mayor
Lauren Poe

Mayor Pro-Tem
Harvey M. Budd

Commission Members

David Arreola

Charles E. Goston

Adrian Hayes-Santos

Harvey Ward Jr.

Helen K. Warren

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 2018**

(An Attestation Engagement)

September 7, 2017

EXECUTIVE SUMMARY

September 7, 2017



Why We Did This Engagement

The engagement is required annually by City Commission Resolution 150127. It is important for the City to have reasonable assurance that projected revenues were forecast using proven methodologies.

What We Recommend

The Budget Office should continue efforts 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.

General Fund Revenue Estimates Included in the Proposed Budget for Fiscal Year 2018

BACKGROUND

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. 150127 directs the City Auditor to review the revenue estimates included in the City Manager's proposed budget to determine whether 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 Fiscal Year 2018 revenue estimates.

OBJECTIVE AND SCOPE

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, 2018.

WHAT WE FOUND

We found the projected Fiscal Year 2018 General Fund Revenues and Other Sources of Funds in the total amount of \$120,589,078 to be adopted by final resolution by the City Commission on September 21, 2017, 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. Minor differences noted in our analysis were considered to not be significant. Management actively monitors the City's financial position throughout the year and provides monitoring reports to the Audit and Finance Committee.

GOVERNANCE

The City of Gainesville's financial plan consists of a proposed budget 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 conducts analysis and prepare the budget documents. Oversight is provided by the Finance Director who reports to the City Manager.

The budget is reviewed and approved by the City Commission before the budget cycle begins. 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

To accomplish our examination objectives, we:

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

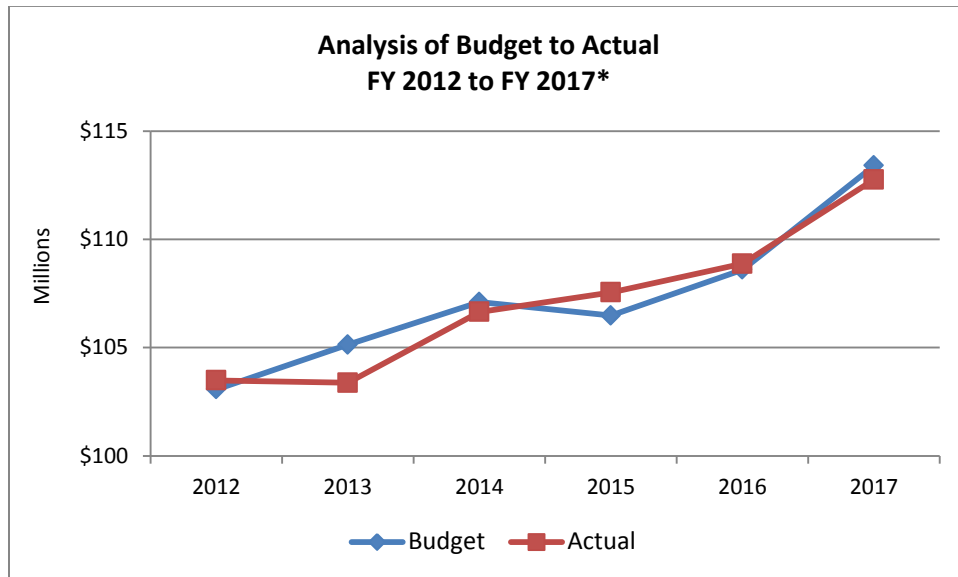
RELATED FACTS AND FIGURES - TABLE 1

General Fund Revenue Estimates for the Fiscal Year 2018 Proposed Financial and Operating Plan:

| Revenue Sources | City Manager's Forecast | Percent of Budget |
|--|-------------------------|-------------------|
| Taxes | \$46,951,564 | 39 |
| Licenses and Permits | 7,565,071 | 6 |
| Intergovernmental Revenues | 14,653,400 | 12 |
| Charges for Services | 12,059,958 | 10 |
| Fines and Forfeitures | 1,115,493 | 1 |
| Miscellaneous Revenues | 1,278,598 | 1 |
| Transfers from Other Funds | <u>36,964,994</u> | <u>31</u> |
| Total Revenues FY 2018 Proposed Budget | <u>\$120,589,078</u> | <u>100</u> |

HISTORICAL ANALYSIS BUDGET TO ACTUAL - TABLE 2

The table provides comparisons of the Adopted Budget to Year End Actuals from FY2012-2017



*FY 2017 actual is based on estimate provided by Budget and Finance

CONCLUSION

The City Auditor's Office reviewed 14 revenue sources, or approximately 89.6 percent of the proposed revenue estimates for the General Fund. As a result of our examination, we have concluded that the Forecasted Fiscal Year 2018 General Fund Revenues and Other Sources of Funds in the total amount of \$120,589,078 to be adopted as a final resolution by the City Commission on September 21, 2017, were prepared using data and methods to provide reasonable assurance the revenues will be realized. Previous forecasted amounts since 2012 have been reasonably accurate when compared to actual results.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this attestation examination engagement in accordance with generally accepted government auditing standards. Those standards require that we plan and perform procedures necessary to achieve the examination engagement objectives. We believe that our procedures provide a reasonable basis for assessing the reliability of the data and methods used in the preparing General Fund revenues for the Fiscal Year Ending September 30, 2018.

AUDIT TEAM

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