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11/13/2001	1	City Commission	Approved as Recommended	Pass
10/29/2001	0	Audit and Finance Committee	Recommended for Approval	

Review of General Fund Forecasted Revenues and Other Sources of Funds for the Fiscal Year Ending September 30, 2002 (B)

In accordance with Section 12(a), Budget Reviews, of Commission Resolution 970187 and our Annual Audit Plan, we have completed our review of General Fund revenue estimates as presented by the City Manager in the proposed General Government Budget for the fiscal year ending September 30, 2002 (the forecast).

We reviewed the forecasted General Fund Revenues and Other Sources of Funds set forth in the Fiscal Year 2001-2002 Final General Operating and Financial Plan Budget adopted by the City Commission on September 24, 2001. Our objective was to determine whether data, methods and assumptions used by the City Manager in preparing projected General Fund Revenues and Other Sources of Funds in the amount of \$69,167,897 provide a reasonable basis for the forecast. Our review was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and included procedures we considered necessary in the circumstances to evaluate the assumptions used by management in preparing and presenting the forecast.

CONCLUSION

Based on our review, we believe that management's assumptions provide a reasonable basis for presenting projected 2001-2002 General Fund Revenues and Other Sources of Funds in the amount of \$69,167,897. However, the severity of the economic downturn experienced in recent months, in part due to the September 11, 2001 terrorist attacks, has resulted in the State of Florida recently revising revenue forecasts in two sales tax dependent sources of the City of Gainesville. Also, in September 2001, GRU experienced a significant acceleration of water and wastewater connection fee pre-payments for construction in the unincorporated area, which will lead to lower surcharge revenues than originally projected.

Based on our review, we have projected amounts for these and several other revenue sources at a level lower than the approved General Fund budget. The total estimated reduction is approximately \$850,000 or 1.2% less than originally budgeted. The differences are reflected in the attached schedule of General Fund Forecasted Revenues

and Other Sources of Funds for Fiscal Year Ending September 30, 2002 and an accompanying Explanation of Differences. It should be noted that these projections are primarily based on historical data analysis, which may not be as effective for predicting economic activity as in previous years. As a result, it is especially important this fiscal year that management closely and continually monitor the City's financial position and make adjustments as necessary throughout the year as fluctuations are detected.

The Audit and Finance Committee recommends that the City Commission accept the City Auditor's report.