

FINAL REPORT



Verification of General Fund Revenue Estimates in Fiscal Year 2020 Budget

(An Attestation Engagement)

**A Report to the
City Commission**

Mayor
Lauren Poe

Mayor Pro-Tem
Harvey Ward

Commission Members

David Arreola

Adrian Hayes-Santos

Gail Johnson

Gigi Simmons

Helen K. Warren

September 5, 2019

City of Gainesville
Office of the City
Auditor

Qian Yuan – Interim City Auditor

EXECUTIVE SUMMARY

September 5, 2019



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 a realignment of the expenditures when forecast revenue is materially below estimates.

Verification of General Fund Revenue Estimates in Fiscal Year 2020 Budget

BACKGROUND

The City Manager must present a balanced budget for City Commission's consideration. In preparing the budget, the City Manager is responsible for forecasting estimated revenue using consistent methodologies and assumptions, such as analytical and historical trends. City Commission Resolution 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 that the projected amount of revenue will be realized".

On July 18th, the City Commission adopted Resolution 190137 approving to adopt the presented tentative General Government Financial and Operating Plan for Fiscal Year 2020 for further consideration before final approval.

Note: Neither City management nor the City Auditor guarantees the complete realization of the revenue estimated for Fiscal Year 2020.

OBJECTIVE AND SCOPE

The objective of the engagement was to assess the reasonableness of the projected revenues proposed in the budget for the Fiscal Year ending September 30, 2020.

WHAT WE FOUND

The total projected revenues for fiscal year 2020 presented to the City Commission in the amount of \$132,749,632 is reasonable.

Management has a process in place to actively monitor 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 that was developed at the direction of the City Manager. The City Manager is required to present a balanced budget for City Commission's approval. The Finance Director, under the City Manager, oversees Finance and Budget staff who conducts analysis and prepares the budget documents. The budget uses 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. The City Commission reviews and approves the budget before the fiscal year begins.

METHODOLOGY

To accomplish our examination objectives, we:

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

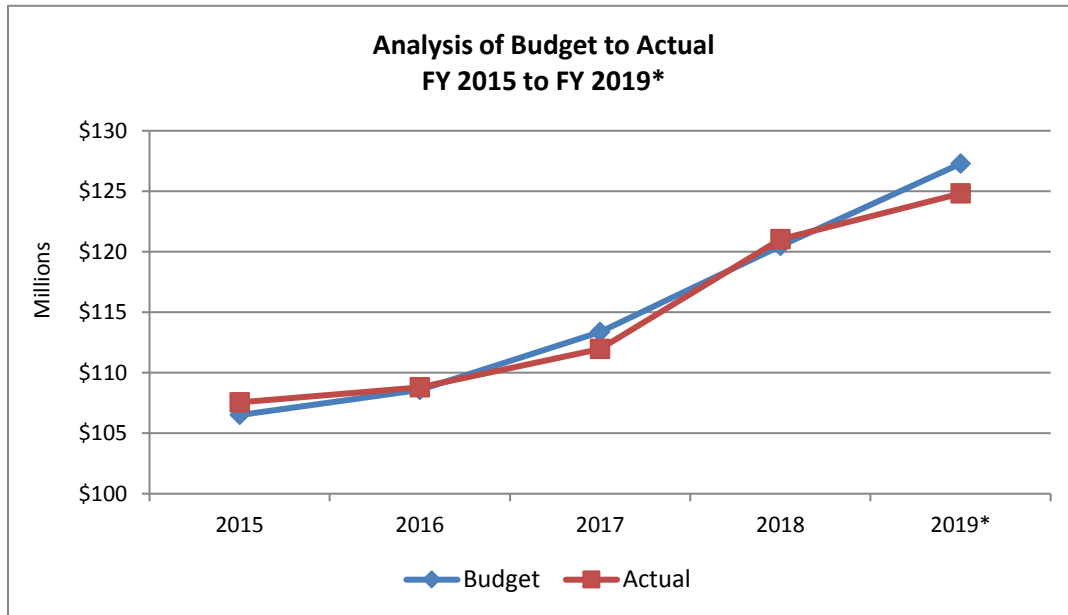
RELATED FACTS AND FIGURES

During the City Commission meeting on July 18th, 2019, the City Manager's Budget Office provided a presentation on the highlights of the proposed budget. They recommended that the City Commission to adopt the attached proposed FY20 budget, namely City Manager's Proposed Budget in Brief (190137A). The revenue number presented in the Budget in Brief is \$131,952,894. The presentation also included adjustments from June 20th, 2019. The adjustment in addition to the Budget in Brief brings the projected total revenue to \$132,749,632. This engagement is performed to verify that the projected revenue amount \$132,749,632 is reasonable.

HISTORICAL ANALYSIS BUDGET TO ACTUAL

Previous forecasted amounts since 2015 have been reasonably accurate when compared to actual results. The following table provides comparisons of the Adopted Budget to Year-End Actuals from FY 2015-2019.

Table 1: Comparison of Historical Results of Budget Projection



*FY 2019 actual is based on estimate provided by Budget and Finance.

CONCLUSION

The City Auditor's Office tested 12 revenue sources, or approximately 88.6 percent of the total revenue estimated for the General Fund. As a result of our examination, we have concluded that the projected revenues, presented to the City Commission on July 18th, in the total amount of \$132,749,632, were prepared using data and methods to provide reasonable assurance the revenues will be realized.

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 preparation of the General Fund revenue estimates for the fiscal year ending September 30, 2020.

AUDIT TEAM

Qian Yuan, CIA, CISA, ACDA, Interim City Auditor

Emily Bowie, CPA, Senior Auditor

Eileen Marzak, CPA, CFE, Contractor/Former Assistant City Auditor