



**Financial Reports**  
(unaudited)  
**December 31, 2017**

Dear Mayor Davis, Members of the Commission, and Ms. Jackson:

Consistent with the practice of keeping the Mayor and Commission apprised of the financial condition of the government, we present the preliminary financial reports of several major operational funds for the year ended December 31, 2017. This presentation differs slightly from that of the quarterly financial reports, which is a cash basis report with the focus on several major funds. The General Fund and Law Enforcement Fund have been combined. This format more closely resembles that of the yearend financial audit.

The results presented today are preliminary and will differ from the results reported in the annual audit. The audit reporting combines several operating funds into the general fund as required by auditing standards. The attached reports present preliminary results of the combined General and Law Enforcement funds, Urban Services fund, Fire Protection, Water and Sewerage and Stormwater Funds on an operational basis. Reports for Sales Tax collections are also included since these revenues have a major impact on the level of our governmental operations.

For the 2017 fiscal year, with no further accruals or adjustments, the General and Law Enforcement funds combined would show total revenue exceeding expenditures by \$1,057,091, or slightly more than .69% of the total budget of \$152,573,650. Under GAAP (General Accepted Accounting Principles), we are required to make accruals for obligations for expenditures that were incurred but not expended at fiscal yearend. Adjustments for the timing of revenue collections such as ad valorem taxes are also required. These adjustments will be prepared both by staff and by external auditors over the next several months. The final audited statements are due to the state 180 days after the close of our fiscal year – by June 30, 2018.

Historically we have held expenditures unrelated to catastrophic weather occurrences within budgeted levels. In 2017, actual expenditures were 95.49% of budgeted levels. Revenue streams are more difficult to control. During presentations of quarterly reports for the first three quarters of the year, we have made the governing body aware of concerns. Two of those areas, electric franchise fees and state court revenues combined, resulted in a revenue shortfall of \$2.3 million. Expectations for both were lowered in the 2018 budget process. Sales tax collections proved less volatile and concluded the year 101% of budget and \$715,000 above the 2016 level for General Fund and \$112,500 for Urban Services Fund.

The fourth planned installment, in the amount of \$1,125,000, to replace reserves used in the ice storm of 2014 was included in the 2017 budget. In a perfect scenario, the amount of excess revenue over expenditures for General and Law Enforcement funds would be exactly that amount. These preliminary statements show that we finished short of that goal by \$32,091. Augusta continues to await a decision from FEMA regarding the appeal for our claim of reimbursement for ice storm related expenditures. The total amount under appeal and amounts previously approved but held as retainage is \$3.5 million.

The Fire Protection Fund will add \$1.5 million to its fund balance at the conclusion of 2017. Insurance premium tax distributed from the State of Georgia Department of Insurance Commissioner exceeded budget projections by \$558,000. Expenditures, which for this fund over 80% is salaries and benefits, totaled 95% of budget. This category benefited from decreased expenditures of 20% in the category of overtime, primarily due to fewer vacant positions.

The Water and Sewer fund continues to show growth in business, consumer and Fort Gordon revenues and operational results continue to be positive. The planned and sustained growth in revenues was one reason; interest rates were very favorable when bonds were refinanced in 2017. The ultimate goal of the system is to eliminate the need for funding capital projects by issuing bonds and pay for capital project using funded generated by operations.

The Stormwater Utility program completed its second year of operation in 2017. Revenues exceeded expenditures by \$463,000, which will be added to fund balance for use in future years.

On November 15, 2016, the 2017 budget was adopted as a financial blueprint for that fiscal year. Today, some sixteen months later, we have a measurement of our execution of that annual plan. Like most plans, some changes and adjustments were required during the process. Some were planned enhancements. Some were reactions to factors beyond our control. Yet at the end of this process, Augusta's financial position has shown improvement due to those sometimes-difficult decisions.

Please remember that the statements received today are *preliminary*. Audited statements for all funds for the fiscal year ending December 31, 2017 will be presented to the Commission in late June or early July depending on the timing of the completion of the reports and scheduled commission meetings.

# Today's Discussion

- Good News
- Concerns
- Individual Funds
- Sales Tax Charts
- Upcoming Events

# Good News

- Funds with year end surplus:
  - General Fund (including Law Enforcement) added \$1.05 million to Fund Balance
  - Fire Protection added \$1.5 million to fund balance
  - Stormwater Utilities added \$493,000 to fund balance
- Sales Tax Revenues are trending up

# Concerns

- Electric Franchise Fees
- State Court Fines
- Probation Services
- Street Lights

# Fund Reports

- General Fund / Law Enforcement
- Urban Service District
- Fire Protection
- Water & Sewerage
- Stormwater Utilities

# Sales Tax Collections



	January	February	March	April	May	June	July	August	September	October	November	December
■ 2017	2,581,039	2,537,261	2,891,721	3,486,056	2,822,346	2,961,488	2,955,309	2,785,253	2,904,388	2,722,862	2,801,072	3,605,914
■ 2016	2,510,586	2,695,933	2,935,915	3,490,702	2,718,885	2,792,342	2,730,288	2,659,557	2,810,389	2,794,589	2,717,142	3,380,807
■ 2015	2,695,098	2,820,061	3,019,623	3,495,182	2,818,411	2,838,234	2,888,218	2,850,127	2,842,259	2,721,851	2,682,368	1,138,784
■ Average	2,576,992	2,749,967	2,937,248	3,462,500	2,793,087	2,827,128	2,844,658	2,825,334	2,853,721	2,767,440	2,751,384	3,019,425

# Upcoming Events

- 1<sup>st</sup> Quarter 2018 results
  - May 8, 2018
- 2017 Audit Results
- 2018 Millage Rate Process
- 2019 Budget Process

# Questions / Comments