



Financial Reports

(unaudited)

March 31, 2018

May 8, 2018

The Honorable Hardie Davis, Mayor
Members of the Augusta Georgia Commission
Janice Allen Jackson, Administrator
535 Telfair Street
Augusta GA 30901

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

This afternoon we are presenting for your information the financial reports of several major operational funds for the period ended March 31, 2018. These reports are presented on a cash basis for the major operating funds. Since the funds Garbage Collection and Augusta Regional Airport are classified as Major Funds for CAFR reporting purposes, they have been included in these reports for consistency. Additionally, information on Local Sales Tax (LOST) collections and Special Purpose Local Sales Tax (SPLOST) collections and projects are included.

Total revenues during the first quarter are not accurate indicators of Augusta's financial position. This is particularly true in the category for Taxes. The primary reason is that ad valorem tax revenue is not booked until third quarter and other types of revenue also follow cyclical patterns. Other categories such as Licenses, Charges for Service and Fines are less seasonal. For this reason, we concentrate much of our analysis on the expenditure side of the budget equation which occurs at a more even pace.

Electric franchise fees are a revenue stream received as a single payment in the first quarter. For the third consecutive year, revenue from Georgia Power franchise fees have decreased. For the second year, the decrease exceeded \$1 million. The amount received, \$11.2 million is now at its lowest level since 2006. The shortfall represents .77% of the General Fund/Law Enforcement budget. There will be other fluctuations, both positive and negative, in revenues and expenditures for the remainder of the fiscal year. It is our goal to manage those over which we have control so that year end results are as expected.

The 2018 budget included a 1.5% COLA for all employees effective on the first check of the year. On March 16, all employees affected by the approved salary compensation study received the adjustments to their rates of pay. On March 29, employees at pay grades 14 and under, with 10 or more years of service received longevity pay adjustments.

Sales tax is a revenue source that has a major impact on both Augusta's operations and capital expenditures. Each month in 2018 showed collections higher than the same month in 2017. January and February were marginally higher while March had an increase similar to those normally seen in April and December. An inquiry to the Department of Revenue yielded the explanation that this was a "correction to February." The passage of Senate Bill 371, effective July 1, 2018, will allow us to request a listing of vendors currently filing sales tax returns for our county. We will be unable to determine how much sales tax a particular vendor remitted, but are pleased that some information will be available.

I hope this information along with the reports and narrative that follow are helpful. I will be happy to answer any questions that you might have.
Sincerely

Donna B. Williams, CGFM
Finance Director
Augusta Richmond County

Change to Report Format

- Funds added to be consistent with those reported as major funds on CAFR
 - Garbage Collection
 - Augusta Regional Airport

Information Included

- General Fund
- Law Enforcement Fund
- Urban Services Fund
- Fire Protection Fund
- Water and Sewerage Fund
- Stormwater Utility
- Garbage Collection
- Airport
- Sales Tax (LOST and SPLOST)

Effect of Ad Valorem Tax Billing

- The percentage of **total** revenue in those funds having ad valorem tax revenue is not the most accurate indication of the actual performance of the government because revenue percentages tend to be skewed due to the billing of property taxes during the third quarter. As a result expenditure levels against budget are used as key indicators to monitor financial position.

Impact of Electric Franchise Fee

- Received as a single payment in first quarter
- Franchise fee from Georgia Power has decreased for 3rd consecutive year
- Lowest amount since 2006
- Shortfall represents .77% of total General Fund/Law Enforcement budget

COLA and Compensation Study

- 1.5% Across the board COLA for all employees effective on first check in 2018
- Salary compensation study implemented on March 16 paycheck
- Longevity increases (pay grade 14 and under) for employees with 10 or more years of service implemented March 29 paycheck

Local Option Sales Tax

- Currently .25% behind budget but 9.5% ahead of 1st quarter 2017 collections
- Each month in 2018 has higher collections than same month in 2017
- Unusual spike in March collections, normally only seen in April and December

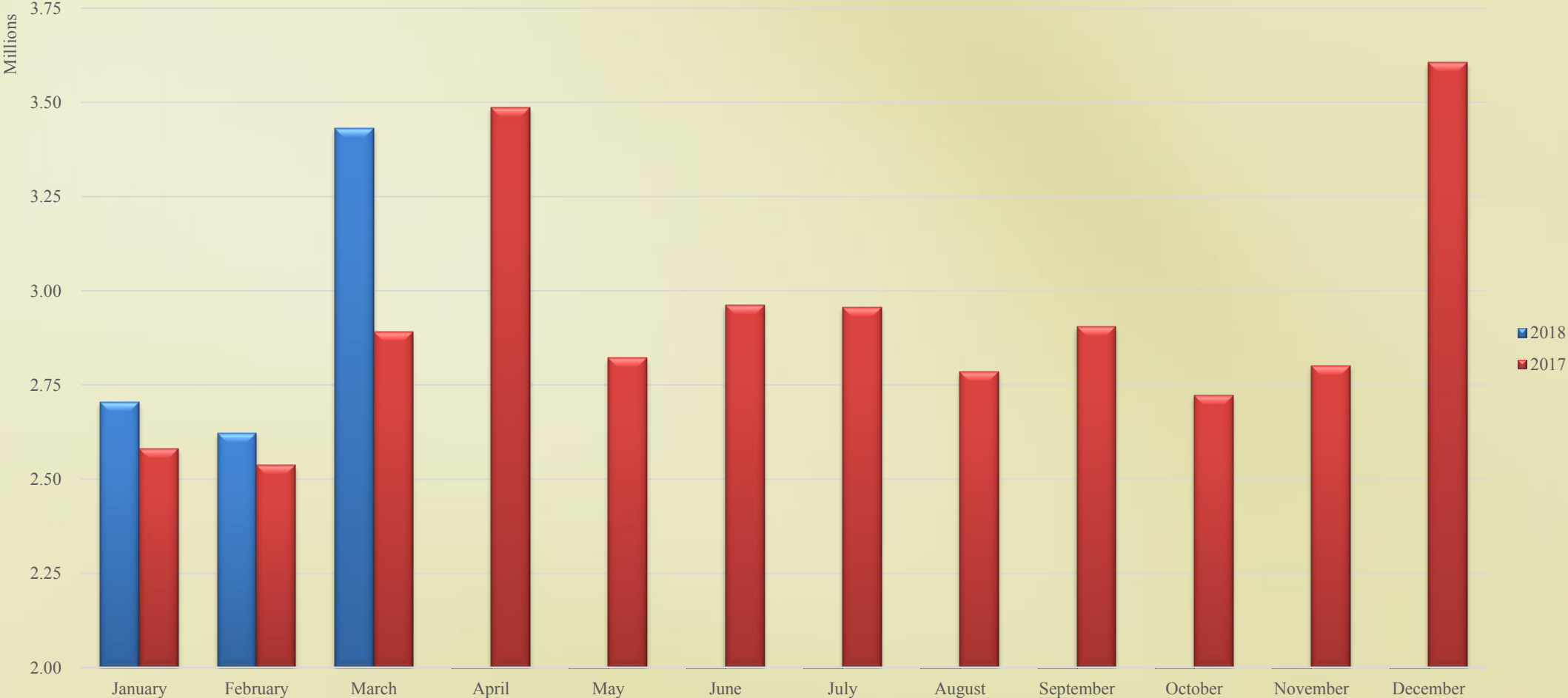
Sales Tax Collections

December 2015 amount was reduced by the refund to StandardAero of \$2,246,693.43



	January	February	March	April	May	June	July	August	September	October	November	December
2018	2,704,399	2,622,349	3,432,190	-	-	-	-	-	-	-	-	-
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	2,598,226	2,728,697	3,019,738	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

Sales Tax Collections: 2018 vs. 2017



Concerns

- *Franchise Fees from Electricity:*
 - Lowest amount since 2006, will decline continue?
- *State Court Revenue and Probation*
- *General Fund Departments unable to function at budgeted level*

Positive News

- Sales Tax Revenue appears to be trending upward
- Other revenue sources except those concerns noted are in normal range
- All expenditures are within normal parameters for 1st Quarter

Upcoming discussions

- *General Fund Department budget adjustments*
- *Street light fee rate structure*
- *2017 Audit Results*
- *2018 Millage rate*
- *2019 Budget Process*

Questions / Comments