

Augusta, Georgia

Financial & Compliance Audit - December 31, 2018



**MAULDIN
& JENKINS**
CERTIFIED PUBLIC ACCOUNTANTS, LLC

Presented by:
Miller Edwards

Purpose of Today's Presentation

Overview of:

- **Engagement Firm**
- **Comprehensive Annual Financial Report**
- **Audit Opinion (Financial / Compliance)**
- **Financial Statements Highlights**
- **Other Audit Communications**
- **Management Points / Recommendations**
- **Other Matters (New Standards)**



Engagement Team = Large Regional Firm

- **Founded ~ 1920 --- 300 Personnel.**
- **Top 100 Firm in USA.**
- **Based in Georgia.**
 - 1) Albany
 - 2) Atlanta
 - 3) Macon
 - 4) Savannah
 - 5) Columbia (SC)
 - 6) Chattanooga (TN)
 - 7) Birmingham (AL)
 - 8) Bradenton (FL)



2



*Financial & Compliance Audit
December 31, 2018*



Services:

Attestation & Assurance:

**Audits = Financial, Compliance,
Performance, Forensic; Reviews;
Compilations; Agreed-Upon Eng.
Tax Preparation and Consulting
Business Advisory
Litigation Support**

Outsourcing:

**Healthcare Reimbursements,
and Billing Services; Client
Accounting Services
IT Services = Security Risk
Assessments, Firewall Reviews,
Cybersecurity Assessments.**

Industries:

**Government
Financial Institutions
Non-Profit
Agricultural
Closely Held Businesses
Construction and Real Estate
Employee Benefit Plans**

**Entertainment
Healthcare
Higher Education
Individuals, Estates & Trusts
Insurance
Manufacturing, Distribution, Retail
Professional Services**



Governments Served

- **Over 100,000 hours of service annually**
(30% of Firm practice).
- **Approximately 450 state and local governments currently served, including:**
 - **120 Cities -- 55 Counties -- 55 BOE's**
 - **100 Water/Sewer -- 25 Airports.**
- **GFOA Certificate received by ~130 clients.**



Similar Governments Served

Athens-Clarke

Aiken (SC)

Albany

Alpharetta

Beaufort (SC)

Bradenton (FL)

Beaufort Co. (SC)

Chatham Co.

Clayton Co.

DeKalb Co.

Douglas Co.

Columbus-Muscogee

Bristol (TN)

Brunswick

Charleston (SC)

Dunwoody

Naples (FL)

Floyd Co.

Forsyth Co.

Greenville Co. (SC)

Gwinnett Co.

Hamilton Co. (TN)

Macon-Bibb

Pensacola (FL)

Roswell

Sandy Springs

Savannah

Tuscaloosa (AL)

Henry Co.

Orange Co. (NC)

Paulding Co.

Rockdale Co.

Spalding Co.



Audit Opinion

- **Augusta = responsible for financial statements.**
- **M&J = to express an opinion.**
- **Auditing Standards = GAS**
- **Clean Opinion =**

Financial Statements - The financial statements of Augusta, Georgia are considered to present fairly, in all material respects

Federal Pgms. of ~\$17.5M with 2 Major Programs (DOT / HUD) = ~\$9.0M - Complied, in all material respects, with requirements that could have a direct and material effect on each of Augusta's major federal programs.....

6



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Award for CAFR

- Augusta has prepared a **Comprehensive Annual Financial Report** FY's 2015, 2016, 2017 and 2018.



- Awarded **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officers Association (GFOA).



Entity-Wide Financial Statements

- **\$2.0 billion = total assets**
 - **\$1.4 billion = capital assets, net of A/D**
 - **\$900 million = total liabilities**
 - **\$1.1 billion = net position *(or equity)***
-
- **\$470 million = revenues**
 - **\$433 million = expenses**
 - **\$37 million = result**



Entity-Wide Financial Statements

- **\$37 million = Difference in Revenue & Expense**

Add:

- **\$52 million = Depreciation Expense**
- **\$51 million = Change in Long-Term Debts**

Less:

- **\$108 million = Purchase of Capital Assets (\$9/Mo)**

**= \$32 million Less \$17 million of Unspent
SPLOST = \$15 million (= 3% of total revenues)**



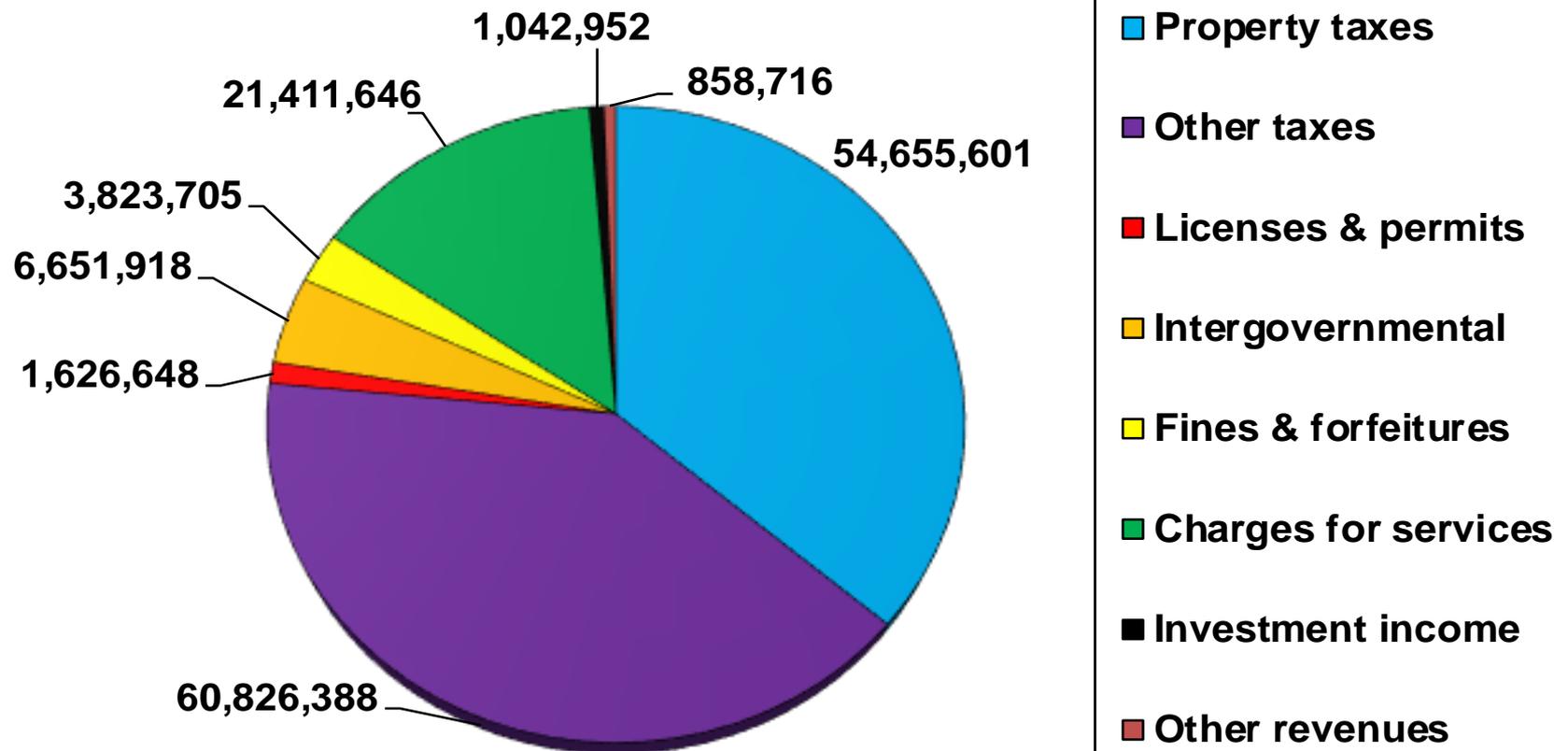
General Fund Financial Statements

- **\$49.2 million = total assets**
 - **\$13.5 million = total liabilities**
 - **\$35.7 million = fund balance** (*3.0 months = 90 days*)
 - **\$29.9 million = unassigned** (*2.5 months = 75 days*)
-
- **\$153.9 million = revenues & other sources**
 - **\$149.6 million = expenditures & other uses**
 - **\$4.3 million = net increase in fund balance**



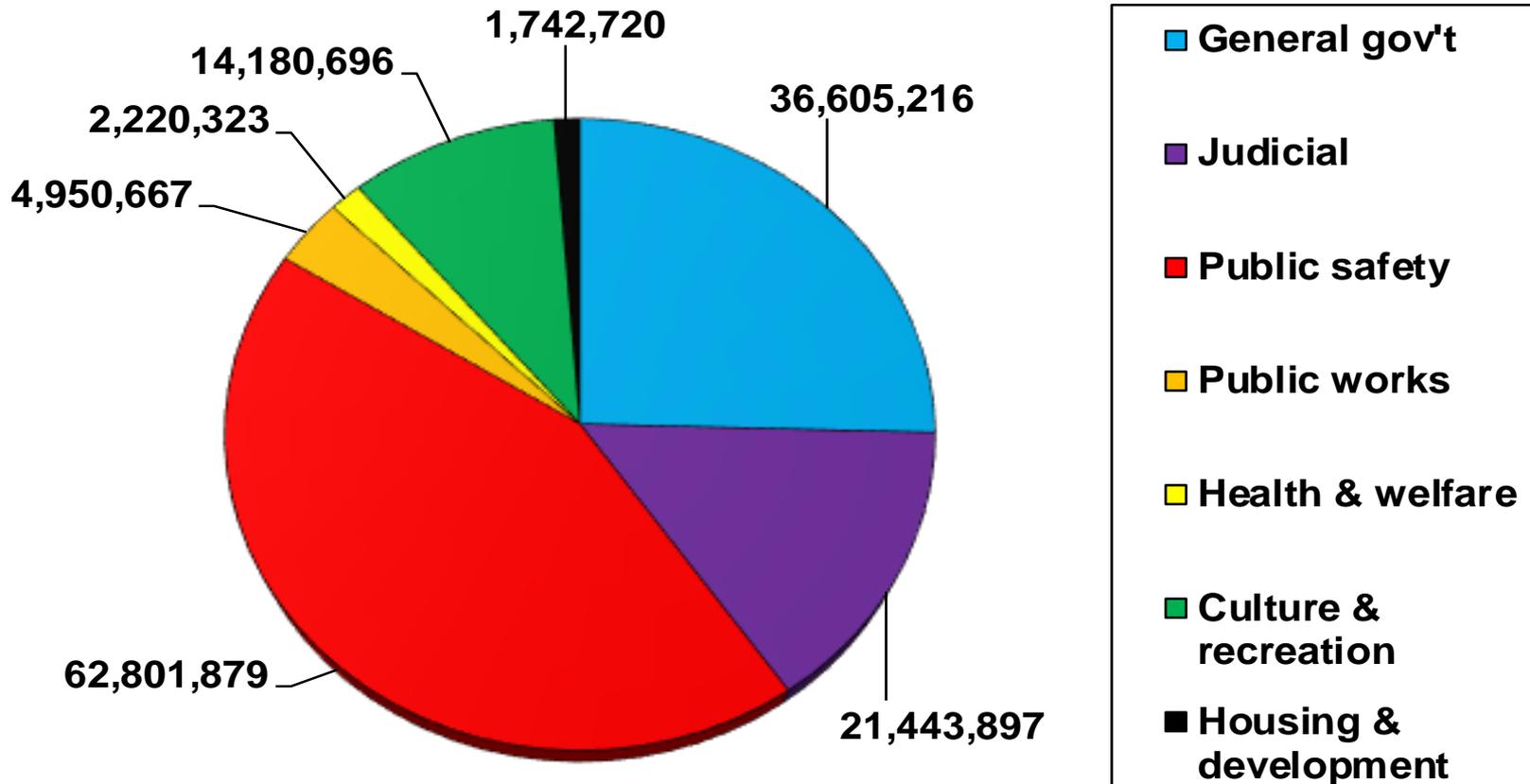
General Fund Revenues

General Fund Revenues - Year Ended December 31, 2018

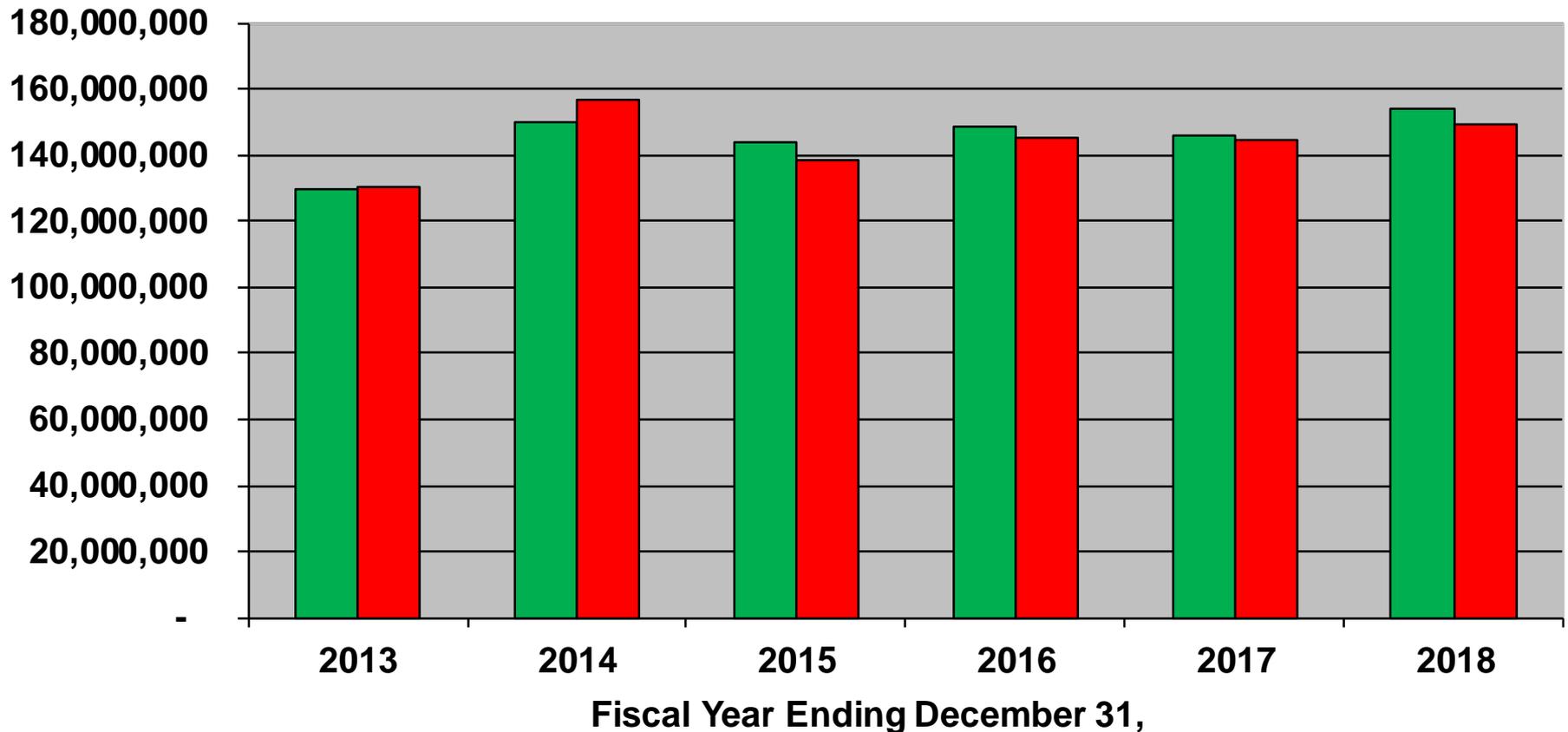


General Fund Expenditures

General Fund Expenditures - Year Ended December 31, 2018

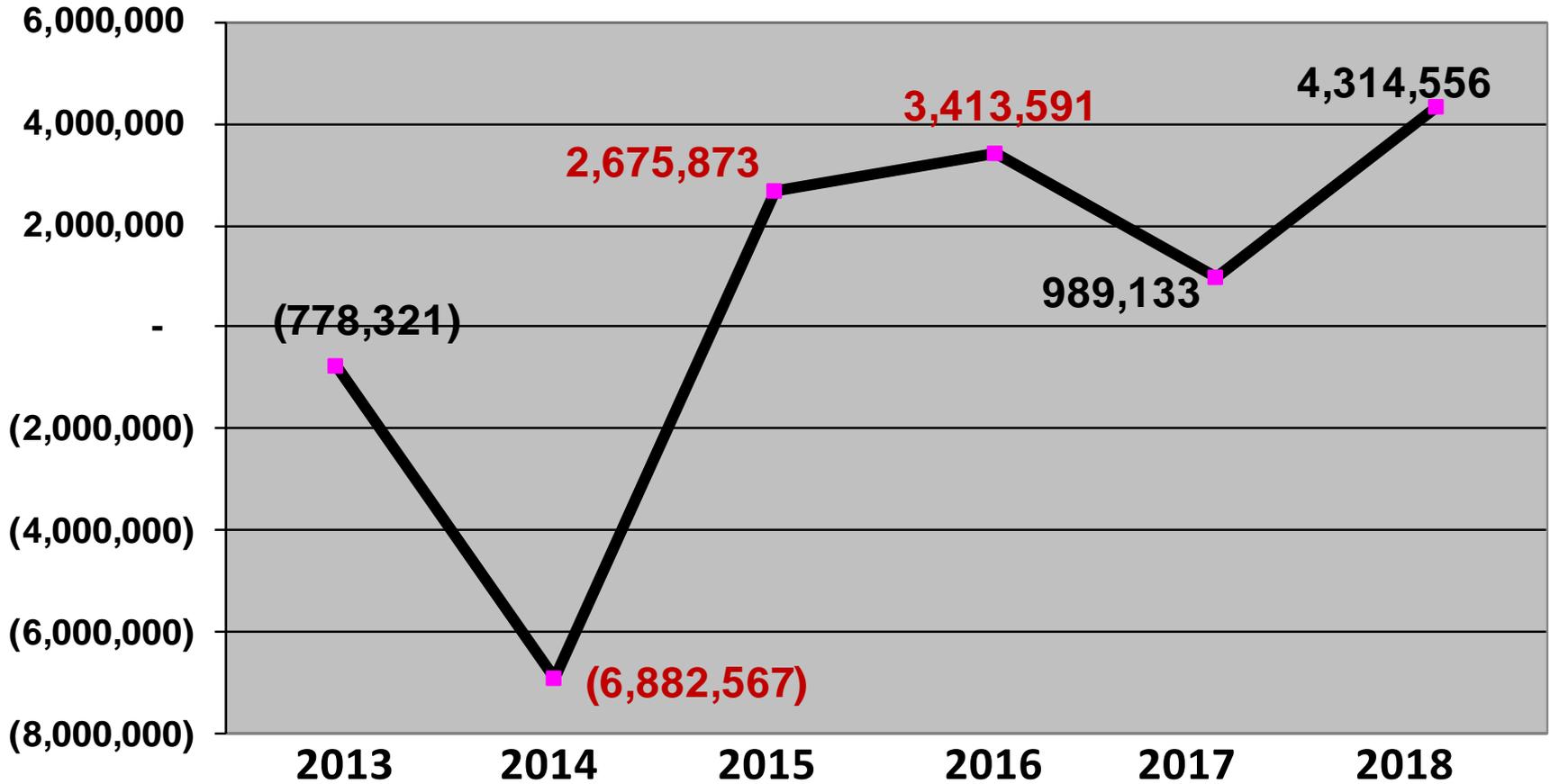


General Fund Revenues and Expenditures & Transfers

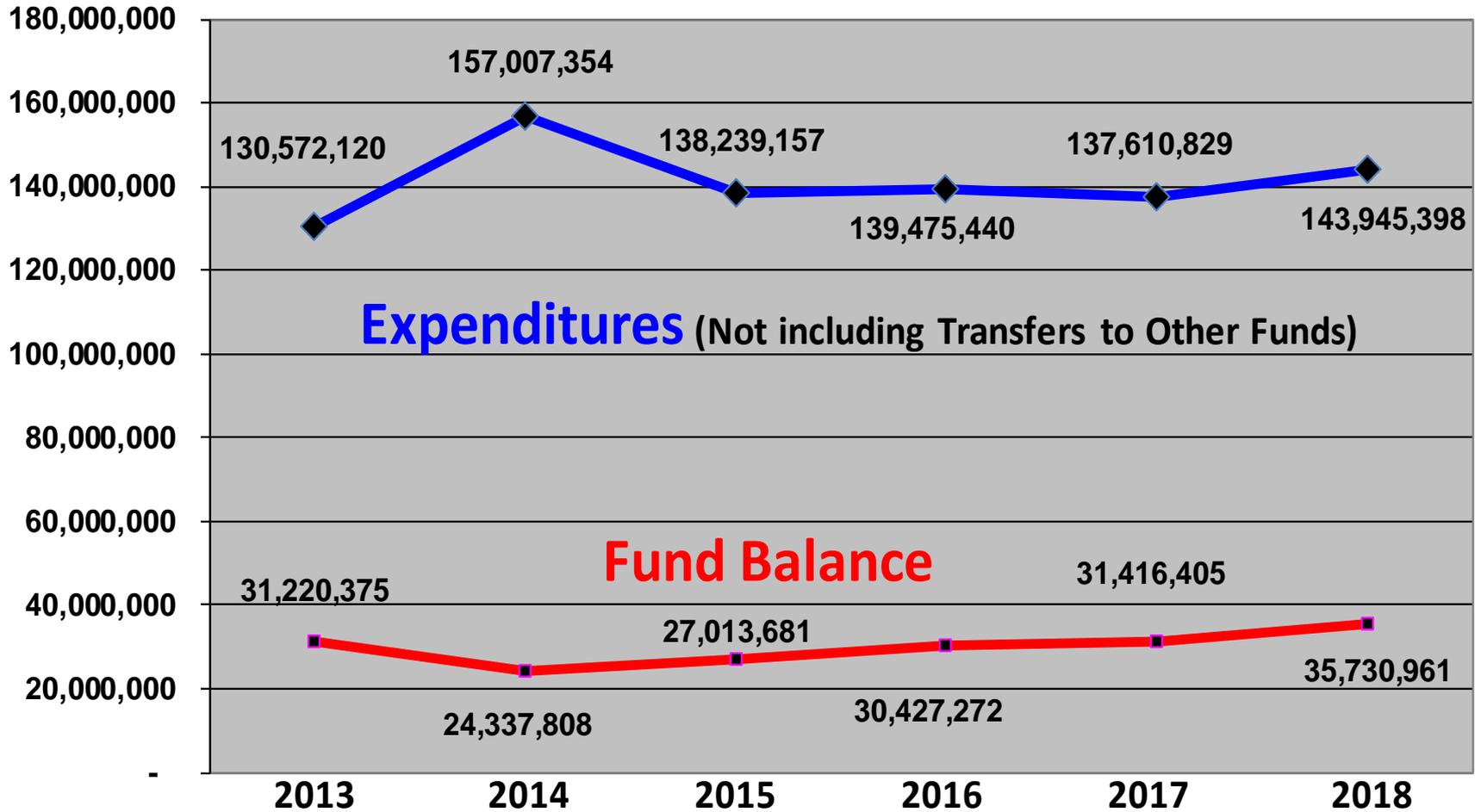


■ Revenues and Other Financing Sources ■ Expenditures and Other Financing Uses

Net Change in Fund Balance (FY 2013 Thru FY 2018)



Historical Amount of Fund Balance
(FY 2013 Thru FY 2018)



Special Sales Tax Phase 7 Fin. Stmts

- **\$47.1 million = total assets**
 - **\$1.3 million = total liabilities**
 - **\$45.8 million = fund balance**
-
- **\$39.9 million = revenues & other sources**
 - **\$21.6 million = expenditures & transfers**
 - **\$17.3 million = increase in fund balance**



Fire Protection Financial Statements

- **\$20.3 million = total assets**
 - **\$1.9 million = total liabilities & def. inflows**
 - **\$18.4 million = fund balance**
-
- **\$28.8 million = revenues & other sources**
 - **\$27.9 million = expenditures**
 - **\$900 thousand = increase in fund balance**



Water / Sewer Utilities Financial Statements

- **\$668 million = total assets**
 - **\$569 million = capital assets, net of A/D**
 - **\$493 million = total liabilities**
 - **\$175 million = net position (or equity)**
-
- **\$92 million = total revenues & other sources**
 - **\$88 million = total expenses & other uses**
 - **\$4 million = increase in net position**



Regional Airport Financial Statements

- **\$117 million = total assets**
 - **\$85 million = capital assets, net of A/D**
 - **\$21 million = total liabilities**
 - **\$96 million = net position (or equity)**
-
- **\$28 million = total revenues (w/ \$12 M contributions)**
 - **\$18 million = total expenses & other uses**
 - **\$10 million = increase in net position**



Garbage Collection Financial Statements

- **\$22.1 million = total assets**
 - **\$4.7 million = capital assets, net of A/D**
 - **\$1.6 million = total liabilities**
 - **\$20.5 million = net position (or equity)**
-
- **\$20.7 million = total revenues & other sources**
 - **\$20.2 million = total expenses & other uses**
 - **\$500 thousand = increase in net position**



Stormwater Financial Statements

- **\$17.9 million = total assets**
 - **\$13.1 million = capital assets, net of A/D**
 - **\$2.9 million = total liabilities**
 - **\$15.0 million = net position (or equity)**
-
- **\$25.3 million = total revenues (w/ \$11.5M contribution)**
 - **\$14.7 million = total expenses & other uses**
 - **\$10.6 million = increase in net position**



Other Communications

- **We are required to present information relative to the audit process and its results.**
- **Significant areas addressed in our reports:**
 - **Judgments & estimates;**
 - **Audit adjustments;**
 - **Independence;**
 - **Other.**



Management Points / Recommendations

- 1) **Old outstanding checks at Sheriff's Office.**
 - *Potentially unclaimed property to be remitted to the State of Georgia.*

- 2) **Excess funds in the Magistrate / Civil Court and Probate Court.**
 - *Excess funds of approximately \$95,000.*
 - *Unresolved ? Consult legal counsel.*



Management Points / Recommendations

3) Deficit Fund Balances at Special Revenue Funds

- ***Special Assessment Fund (Streetlights)***
2018 Loss = \$400,000. Deficit at \$1,580,000.
We recommend a revised fee structure to cover costs.

4) Maintaining Capital Assets

- ***Tremendous amount of activity that needs attention with interim accounting and adjustments to provide for a more timely close.***



Other Matters

New Financial Reporting GASB Standards

- **#83 - Asset Retirement Obligations (2019)**
- **#84 - Fiduciary Activities (2019)**

- **#87 - Lease Accounting (2020)**
- **#89 - Accounting for Construction Period Interest (2020)**

- **#91 - Accounting for Conduit Debt (2021)**



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Presented by:
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July 17, 2019