



Financial Reports

(unaudited)

June 30, 2019

August 13, 2019

The Honorable Hardie Davis Jr., Mayor
Members of the Augusta Georgia Commission
Jarvis Sims, Interim Administrator
535 Telfair Street
Augusta GA 30901

Dear Mayor Davis, Members of the Commission, and Mr. Sims:

This afternoon we are presenting for your information the financial reports of several major operational funds for the period ended June 30, 2019. The quarterly reports are presented on a cash basis of accounting, which differs from the basis used for the annual CAFR. Additionally, information on Local Sales Option Tax (LOST) collections and Special Purpose Local Sales Tax (SPLOST) collections and projects are included.

Ad Valorem tax revenue is not booked until the third quarter. Therefore, total revenues during the first two quarters of the year are not accurate indicators of Augusta's financial position. 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.

As we reported last month, our audit firm Mauldin & Jenkins issued a clean audit report and had no findings. In an organization our size, three years with no findings is a testament to the professionalism and dedication of Augusta's management. Also reported was an increase to the General Fund fund balance of \$4.3 million, which increases the fund balance to \$35.7 million. Of that, \$29.9 million is unassigned and represents 75 days of operations. This is good progress toward the goal of an unassigned fund balance that is equal to 90 days of operations.

Two significant sources of revenues are showing increases this year, Electric Franchise fees increased \$500,000 over the previous year and sales tax collections for the first six months of 2019 are 7% higher than the same period last year. While this is positive news for us, there are also some revenues that have not increased and are not at budgeted levels. Revenue from State and Superior Courts are lagging behind last year's collections by 31.5% and are 30% of budget. We also continue to monitor the actions by the Federal Reserve Board. Their action to reduce the Fed funds rate by 25 basis points will affect the rate of return we will receive on our investments.

As we look forward to the remainder of the year, there are several significant decisions to be made: the first is adjusting the fees for streetlights, the second, the adoption of the 2019 millage rate and saving the best for last the adoption of the 2020 Budget.

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

Information Included

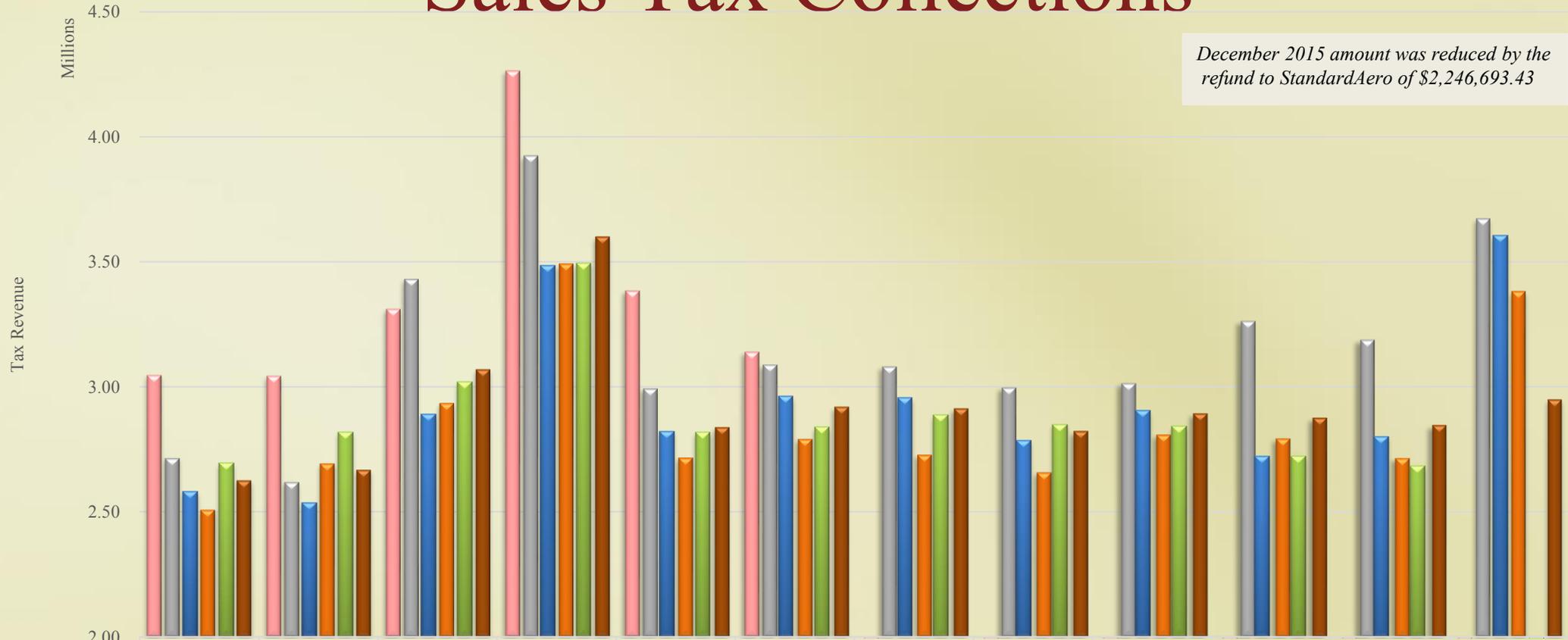
- General Fund
- Urban Services Fund
- Law Enforcement Fund
- Fire Protection Fund
- Water and Sewerage Fund
- Garbage Collection
- Augusta Regional Airport
- Stormwater Utility
- Sales Tax (LOST and SPLOST)

The good and the not so good

- The Good
 - Sales tax is trending up
 - TAVT collections are trending up
 - Electric Franchise Fees are higher than last year
- The not so good
 - Superior Court and State Court fines are well below budgeted levels
 - The Fed lowered interest rates at their last meeting. Good news for borrowing, not so good news for interest earnings.

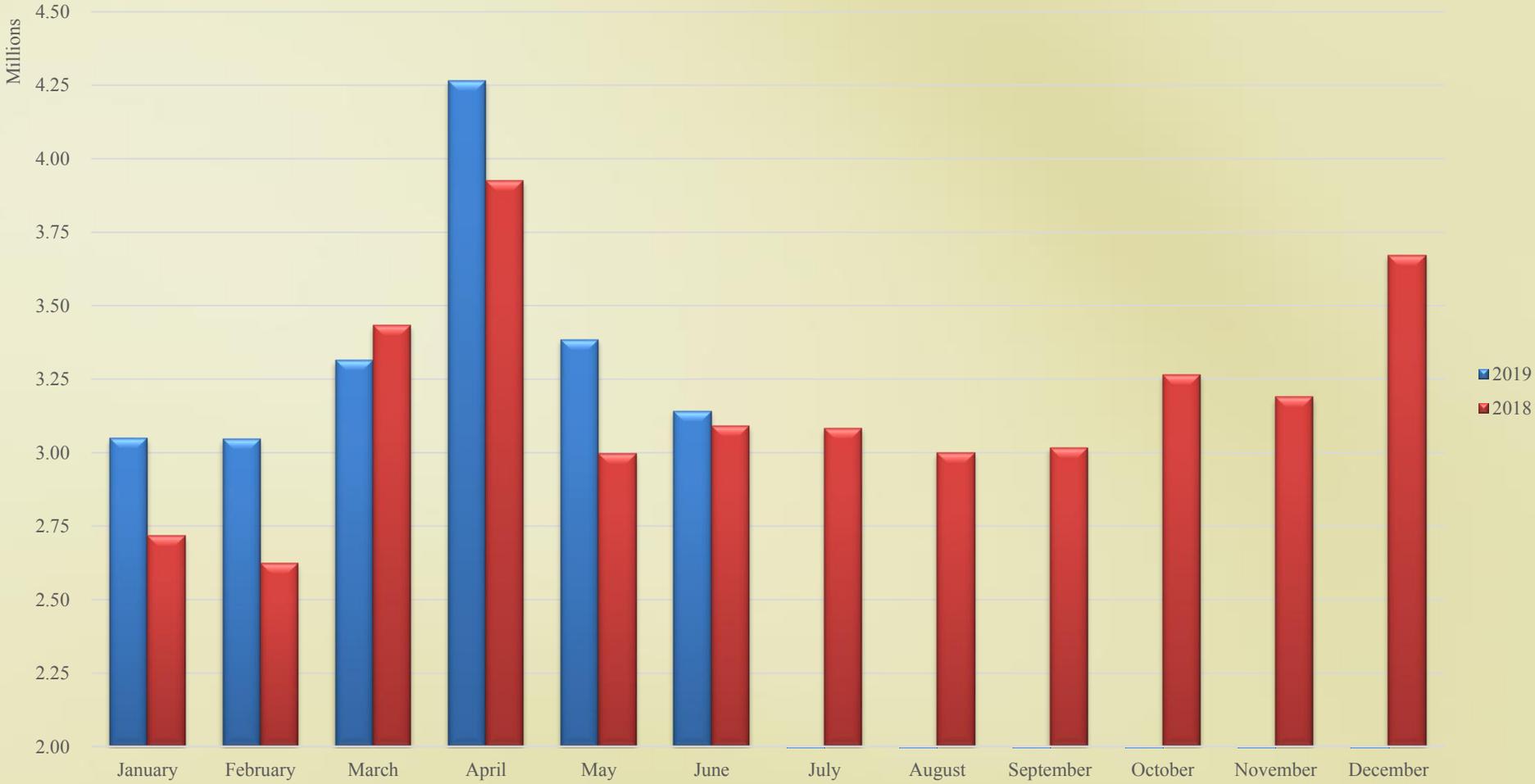
Sales Tax Collections

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

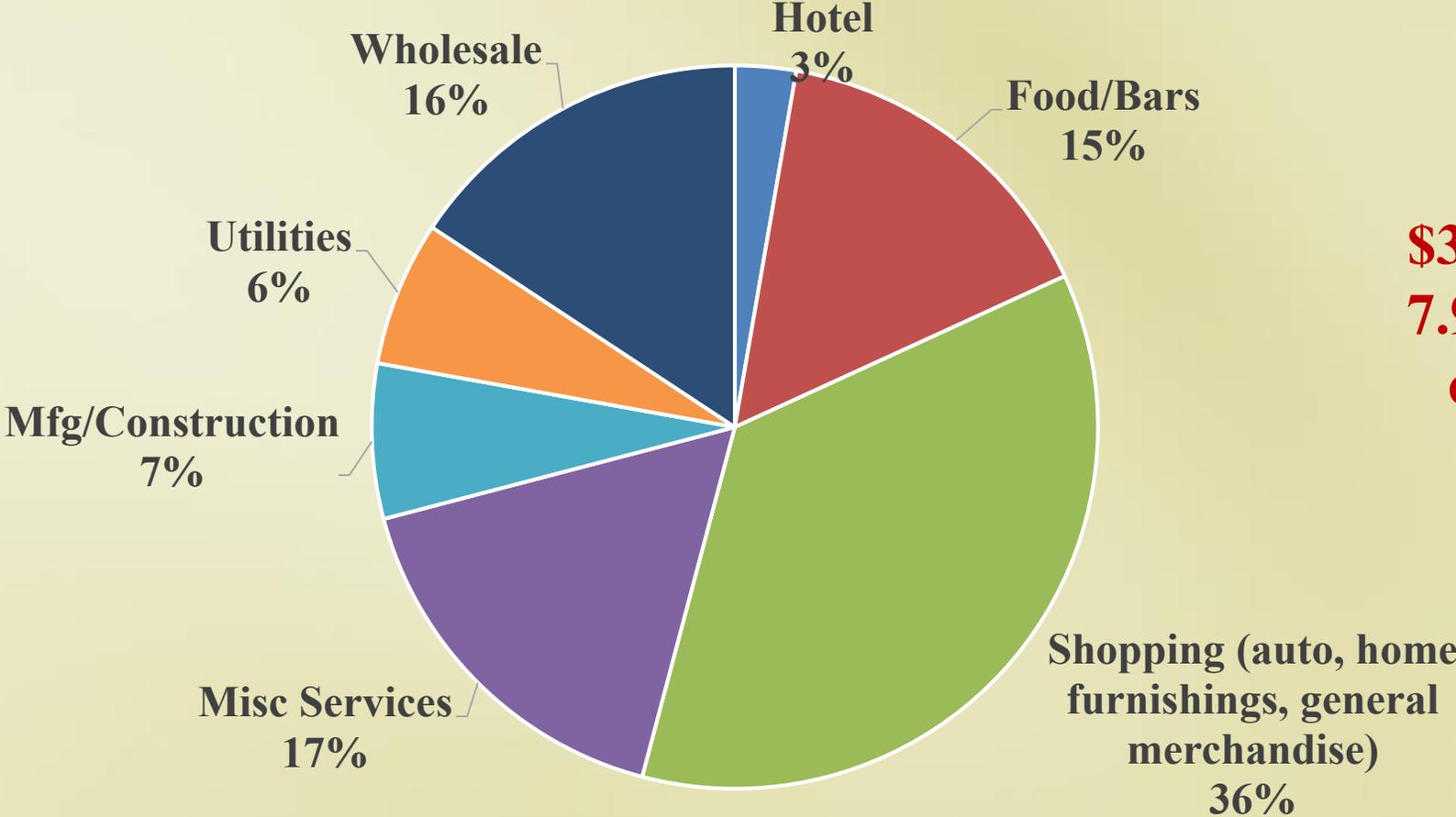


| | January | February | March | April | May | June | July | August | September | October | November | December |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2019 | 3,048,326 | 3,045,332 | 3,312,990 | 4,263,741 | 3,385,280 | 3,141,754 | - | - | - | - | - | - |
| 2018 | 2,717,479 | 2,622,349 | 3,432,190 | 3,924,368 | 2,995,352 | 3,090,231 | 3,082,912 | 2,999,331 | 3,016,864 | 3,264,989 | 3,189,311 | 3,672,612 |
| 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 | 2,626,050 | 2,668,901 | 3,069,862 | 3,599,077 | 2,838,748 | 2,920,574 | 2,914,182 | 2,823,567 | 2,893,475 | 2,876,073 | 2,847,473 | 2,949,529 |

Sales Tax Collections: 2019 vs. 2018



2018 Local Option Sales Tax by Commodity



2018:
\$39.2 million
7.9% growth
over 2017

Local Option Sales Tax – Peer Group Comparison

Richmond County had
highest growth rate from
2017 to 2018



Chatham County is seeing
significant growth in 2019



| \$000 millions | Richmond | Columbia | Muscogee | Bibb | Clark | Chatham |
|-------------------|-------------|----------|----------|--------|--------|--------------|
| Full Year 2017 | \$36.3 | \$20.0 | \$33.5 | \$29.6 | \$23.2 | \$71.0 |
| Full Year 2018 | \$39.2 | \$21.5 | \$35.2 | \$31.7 | \$23.9 | \$75.9 |
| Growth/(Decrease) | 7.9% | 7.3% | 4.8% | 7.3% | 3.1% | 6.8% |
| Jan-Jun 2018 | \$19.8 | \$10.5 | \$17.4 | \$15.9 | \$11.9 | \$36.9 |
| Jan-Jun 2019 | \$21.5 | \$11.4 | \$18.6 | \$17.0 | \$12.3 | \$41.2 |
| Growth/(Decrease) | 8.7% | 8.9% | 6.7% | 7.1% | 3.8% | 11.8% |

Upcoming discussions

- *Millage Rates*
- *2020 Budget Process*

Questions / Comments