



Preliminary Financial Reports

(unaudited)

December 31, 2022

Dear Mayor Johnson, Members of the Commission, and Ms. Douse:

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, 2022. The General Fund and Law Enforcement Fund have been combined to more closely resemble the audited financial reports. The audit reporting combines several operating funds into the general fund as required by auditing standards.

The results presented today are preliminary and may differ from the results reported in the annual audit. The attached reports present preliminary results of the combined General and Law Enforcement funds, Urban Services fund, Fire Protection, Water and Sewerage, Garbage Collection, Augusta Regional Airport 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 2022 fiscal year, with no further accruals or adjustments, the General and Law Enforcement funds combined would show total revenue exceeding expenditures by \$4,827,576 or approximately 2.64% of the total budget of \$182,525,980. Under GAAP (General Accepted Accounting Principles), accruals for obligations for expenditures that were incurred but not expended at fiscal yearend are required. 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 normally due to the state 180 days after the close of our fiscal year – by June 30, 2023.

Revenue streams are more difficult to predict and control. Two areas, electric franchise fees and sales tax revenues combined, exceeded budget amounts in 2022. For the second year in a row electric franchise fees exceeded the prior year's amount, this year by \$534,000. This comes after several years of declining electric franchise fee revenue. 2022 was a good year for sales tax collections and concluded the year 112.9% of budget with \$4.3 million above the 2021 level for General Fund and \$662,700 for Urban Services Fund.

While the increase in the fund balance of the general fund is a positive, I would like to remind everyone these are the results of sound fiscal policies, practices, and goals. This allows Augusta to maintain the solid Aa2 bond rating. Our goal is to have a fund balance that is equal to 120 to 150 days of operations, at December 31, 2021 we had 103 days in funds balance. If there are no further adjustments, we will add approximately 10 days to our fund balance reserves. Increases to fund balance reserves demonstrate sound fiscal practices that rating agencies are looking for as they review our status. It is one of the first steps moving towards an upgrade in our ratings.

The Fire Protection Fund is currently projected to add \$2.3 million to its fund balance at the conclusion of 2022. Insurance premium tax distributed by the State of Georgia Department of Insurance Commissioner is the major source of revenue for this fund and exceeded budget projections by \$916,550. Expenditures, of which over 80% is salaries and benefits, totaled 94.9% of budget. The addition to fund balance will provide additional resources if needed for the new fire station on Gordon Highway.

The Water and Sewer fund continues to show growth in business, consumer and Fort Gordon revenues and operational results continue to be positive. The increase in fund balance will allow the system to pay for additional capital projects. However due to the age of the system and system growth we are projecting that additional bonds will need to be issued for capital projects in the fall of 2023.

The Stormwater Utility program completed its seventh year of operation in 2022. Revenues exceeded expenditures by \$324,944, which will be added to fund balance to provide resources for obligations incurred but not expended in 2022.

Rising interest rates provided additional investment income, contributing to positive year end results. While rising rates may affect upcoming bond issuances, Augusta's sound fiscal policies should provide stable bond rating in the coming year

Please remember that the statements received today are *preliminary*. Audited statements for all funds for the fiscal year ending December 31, 2022 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.

In conclusion, I would like to note that with the continued economic stability the preliminary results presented today for 2022 much like those of 2021 demonstrate that Augusta is positioning itself favorably to reabsorb operating expenditures which have been temporarily funded through the American Rescue Plan

Sincerely

Donna B. Williams, CGFM
Finance Director
Augusta Richmond County

Today's Discussion

- Good News
- Results not Final
- Individual Funds
- Sales Tax Charts
- Upcoming Events

Good News

- Funds with year end surplus:
 - General Fund \$4.8 million
 - Adds approximately 10 day of operations to fund balance
 - Fire Protection \$2.3 million
 - Adds approximately 22-25 day of operations to fund balance
 - Or provides funding for 1-2 fire machines
 - Water & Sewer \$10.2 million
 - Garbage Collection \$1.9 million
 - Augusta Regional Airport \$12.1 Million
 - Stormwater Utilities \$325,000

TIA

- TSPLOST (TIA) Phase I
 - Collections began 1-1-2013
 - Collections ended 12-31-2022

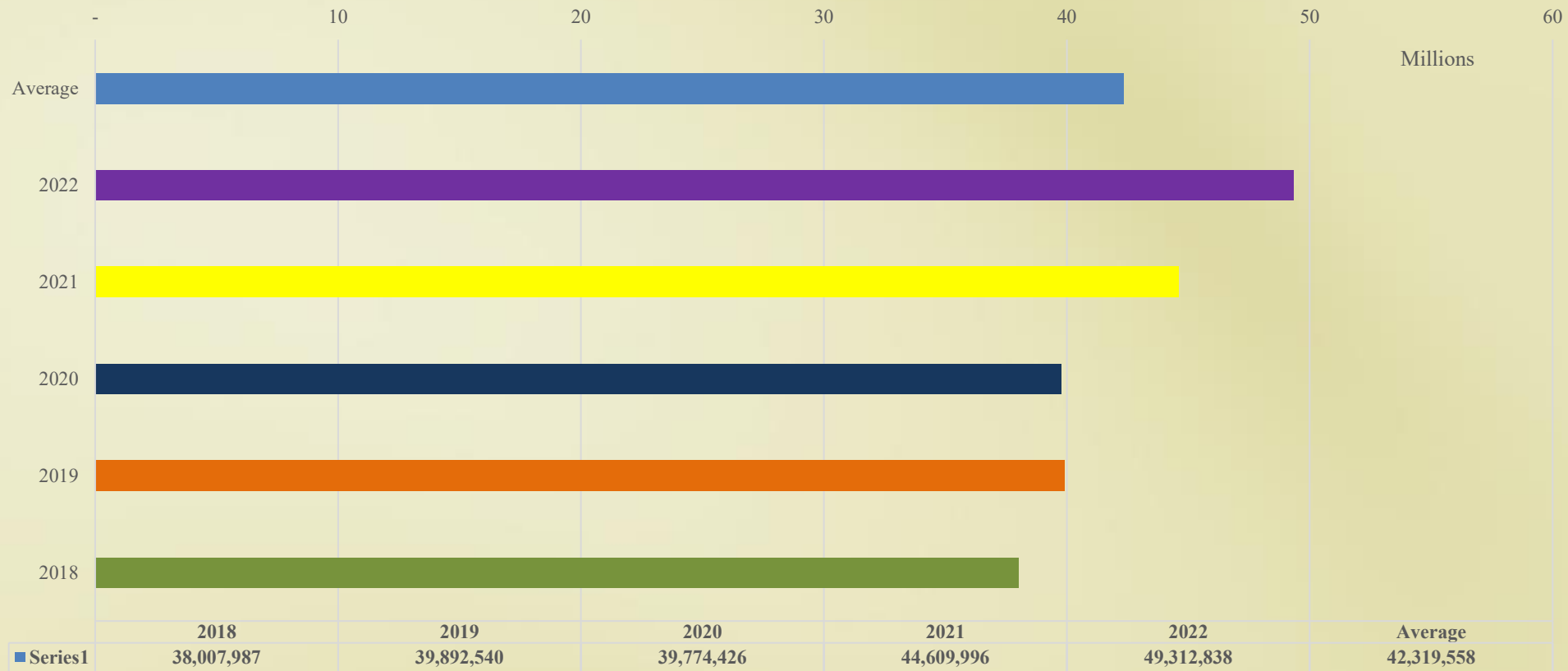
	<u>2011 Budget</u>	<u>Actual</u>
Total CSRA Region Revenue	<u>\$ 742,484,304</u>	<u>\$ 746,821,743</u>
ARC Collections	\$ 378,295,753	\$ 363,385,284
% of Total	50.95%	48.66%
ARC Allocation		
Projects	\$ 245,200,999	TBD
Discretionary	\$ 37,495,457	\$ 37,884,484

- TSPLOST (TIA) Phase II
 - Collections began 1-1-2023.

Results not final

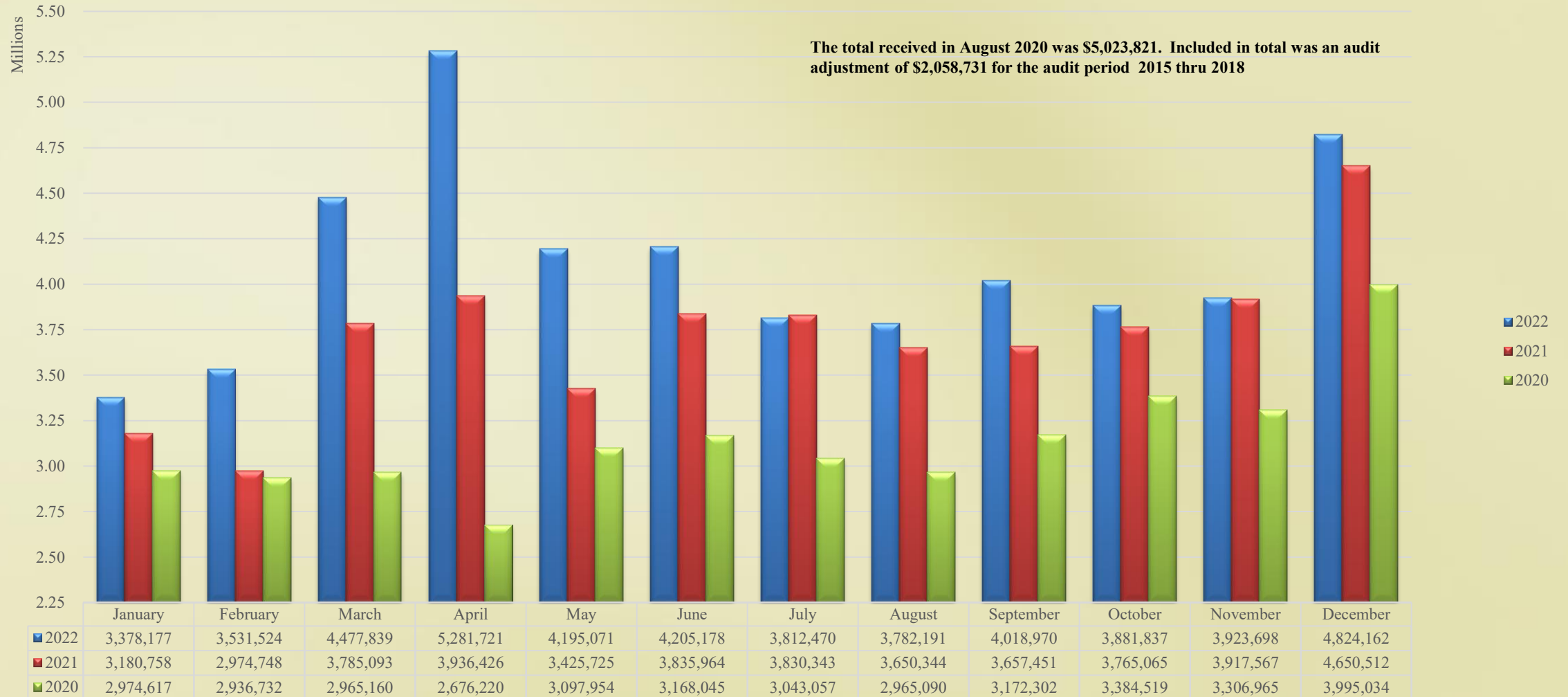
- These reports contain unaudited financial information and will be subject to adjustments proposed during the 2022 audit process.
- Final audited reports are targeted for completion by June 30, 2023

Annual Sales Tax Collections (LOST) 2018 to 2022

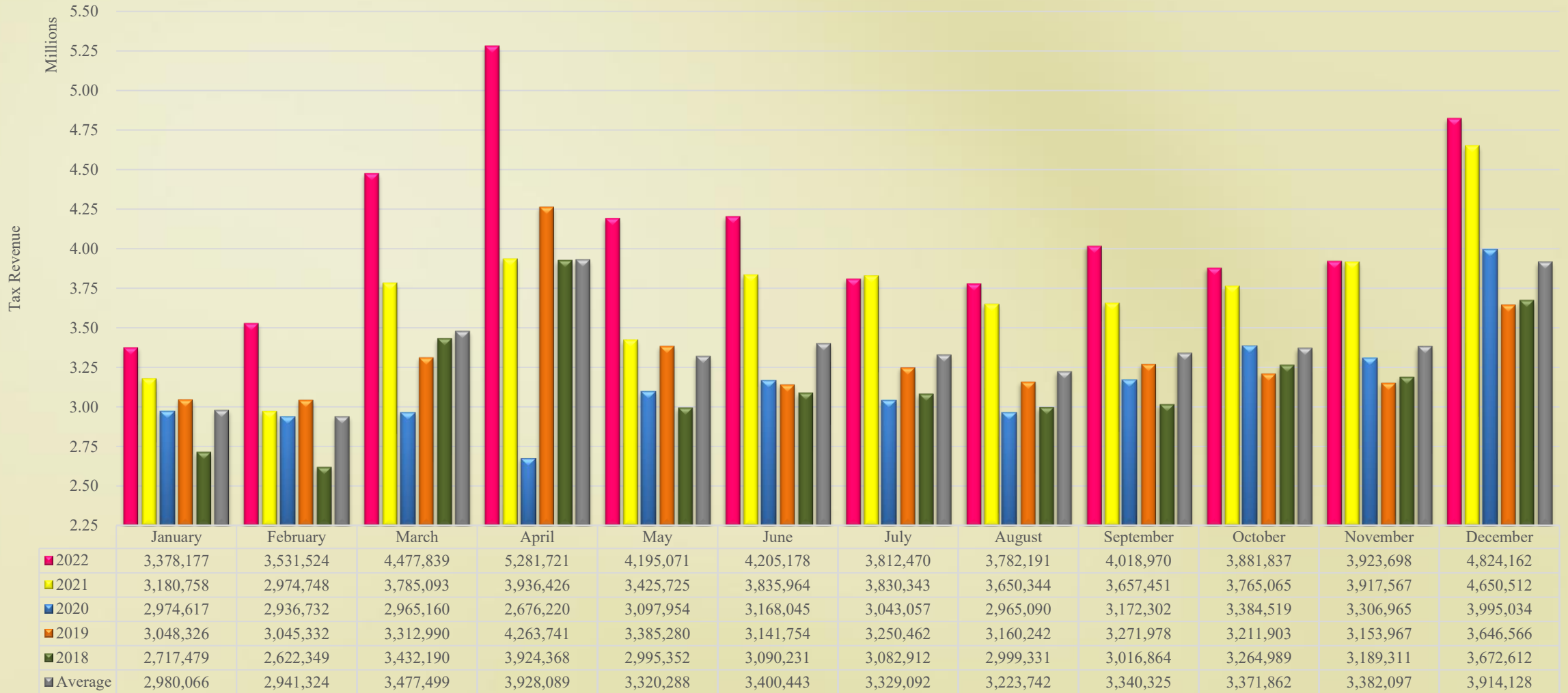


The total received in August 2020 was \$5,023,821. Included in total was an audit adjustment of \$2,058,731 for the audit period 2015 thru 2018

Sales Tax Collections (LOST) 2020 to 2022



Sales Tax Collections (LOST) 2018 to 2022 by month



Upcoming Events

- 1st Quarter 2023 results
 - May 9, 2023
- SPLOST 8 Bond Project Discussion - TBD
- 2022 Audit Results
- 2023 Millage Rate Process
- 2024 Budget Process

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Questions / Comments