



Financial Reports

(unaudited)

June 30, 2016

July 26, 2016

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 June 30, 2016. These reports are presented on a cash basis for the major operating funds. 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 half of our year 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. For this reason, we concentrate much of our analysis on the expenditure side of the budget equation where we can exert more control. Sales tax collections for the current year continue to lag behind 2015 levels. We continue to monitor collections and it may become necessary to adjust the current year's budget to reflect the decreased revenue. In early August when the 2016 tax digest is received and we begin the millage process, we will have six months' collections. At that time, we will re-evaluate our total revenue projections and make a formal recommendation.

On May 5, 2016 Resolute Forest Products, Inc. announced that it would shut down one of two paper machines. That action on May 16, 2016 resulted in the loss of 95 jobs. In addition to the loss of jobs, this will also have a direct impact on revenue received by Augusta. Resolute Forest Products is currently Georgia Power's largest customer. The reduction in production will reduce energy consumption resulting in lower payments to Georgia Power which translates to lower revenue which in turn reduces franchise fees paid to Augusta. Resolute has graciously provided some data to assist us with an estimation of the impact to Augusta. Based on that information we estimate that franchise fees may be reduced by approximately \$600,000 which will impact the 2017 budget process.

The past two weeks has brought some good news regarding Augusta's financial position. The first, FEMA has approved a majority of the expenses related to the 2014 ice storm that were under appeal. Augusta should receive additional reimbursements in the amount of \$3.3 million. The second, once again Augusta received a clean audit opinion as a result of the financial audit conducted by Mauldin & Jenkins. Also for the first time we have prepared a Comprehensive Annual Financial Report (CAFR) and have submitted our report to the Governmental Finance Officers Association for review as part of the Certificate of Achievement for excellence in Financial reporting program.

The results of 2015 operations for the General Fund (including Law Enforcement) showed an increase of \$2.675 million to fund balance. Of this amount \$1.125 million was budgeted as part of the plan to replenish our reserve funds. On March 10, 2016 Augusta received a check in the amount of \$1,464,122.95 from FEMA for previously approved reimbursement of costs incurred during the ice storm of February 2014. With that in mind, Augusta did an admirable job of meeting its budgetary goal of breaking even on operations for 2015. 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

Today's Discussion

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

Good News

- 2015 Audit Results

- General Fund (including Law Enforcement) added \$2.675 million to Fund Balance

\$1.125 - planned

1.464 – FEMA payment

\$2.589

\$86,000 difference essentially “Break even”

- FEMA Update

Amount appealed	\$ 4,430,171
Amount approved	\$ 3,533,875
FEMA/GEMA payment due	\$ 3,263,500

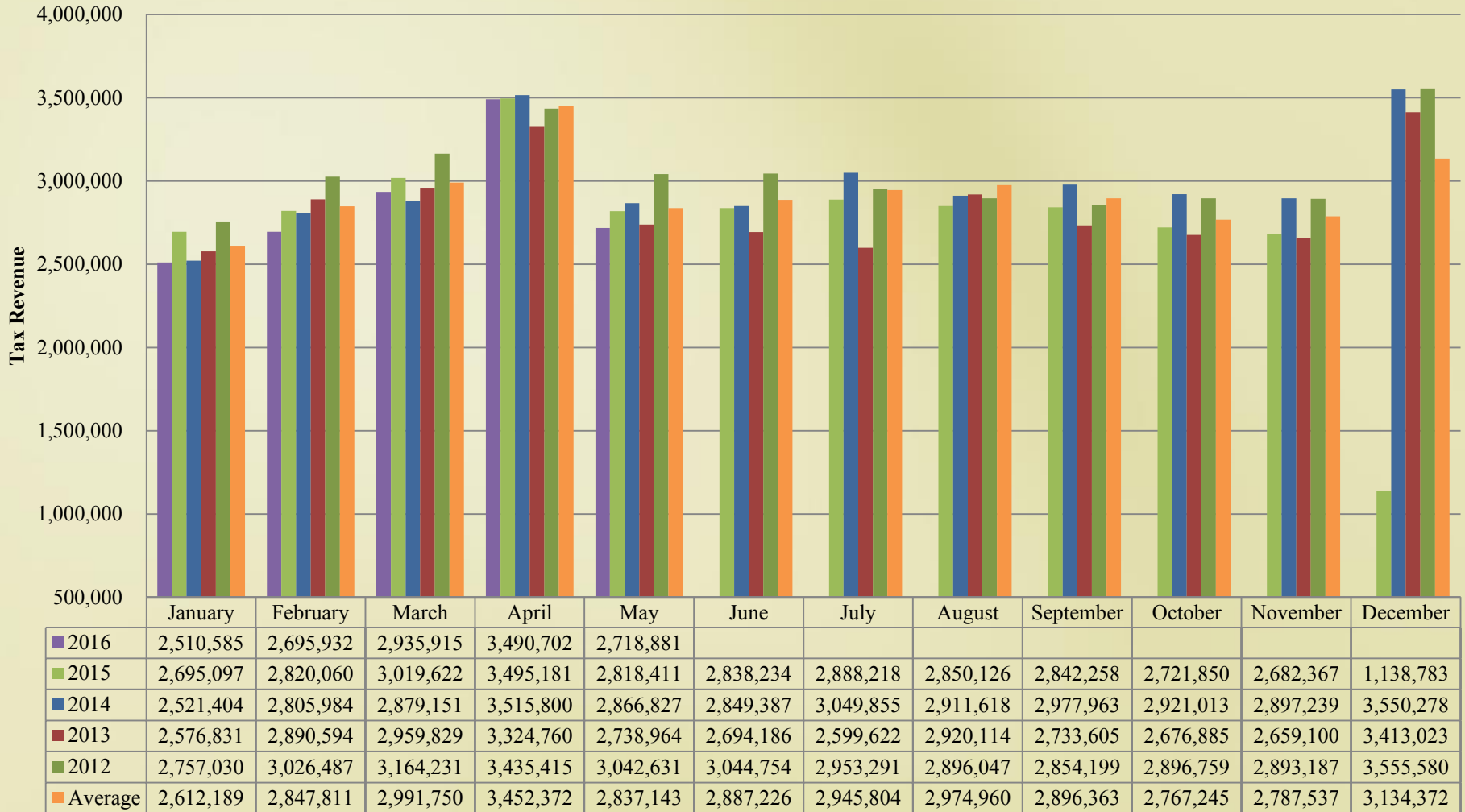
Concerns

- Sales Tax Collections (5 Months)
 - 5% below budget
 - 3.46 % below same period in 2015
- Resolute Forest Products
 - Impact to Electric Franchise Fee (Georgia Power) in 2017

Fund Reports

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

Sales Tax Collections



Upcoming Events

- 2016 Millage Process
 - Deadline September 1, 2016
- 2017 Budget Process
 - Began last week
 - Administrator presents October 18, 2016
 - Commission approves November 15, 2016

Questions / Comments