

Financial Reports



(unaudited)

September 30, 2016

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

This afternoon as our nation goes to the polls for the 58th time to elect the President of the United States, we present for your information the financial reports of several major operational funds for the period ended September 30, 2016. These reports are presented on a cash basis for the major operating funds. Additionally, information on Local Option Sales Tax (LOST) collections and Special Purpose Local Sales Tax (SPLOST) collections and projects are included.

Total revenues booked at the end of the third quarter received a boost from Ad Valorem property taxes billed in September. Amounts billed are 3.5%-4% above the amounts budgeted as revenue from Ad Valorem property taxes. The corresponding increased revenue amounts for the General Fund/Law Enforcement, Urban Services, and Fire Protection Funds are \$1.4 million, \$110,000 and \$325,000 respectively. Year-end totals will be adjusted for timing and actual collections and will be booked 60 days after fiscal year end.

We continue to monitor sales tax collections after expressing our concerns during the second quarter. Sales tax collections for the current year lag behind 2015 levels by 3.64%. July collections held steady while August amounts dipped, possibly due to the annual sales tax holiday. September 2016 collections recovered, coming in at 98.8% of the September 2015 amount, the smallest monthly differential since April. At the current rate of collection, 2016 totals are projected to be 6.8% below the budget, with potential impact to the General Fund in the amount of approximately \$2 million. Increased collections for the fourth quarter could decrease the amount of shortfall.

Various economic forecasts predict increases during the fourth quarter and solid holiday sales. The October 14, 2016 Kiplinger report⁽¹⁾ notes that "Retail sales bounced back in September, a positive end to a lackluster third quarter...Retailers are in for a slightly better holiday season compared to 2015." The National Retail Federation announced last month that it expects sales in November and December to increase by 3.6%. It also expects online sales to increase between 6-8% to \$105 billion for the holiday season. There is no reliable method to correlate an increase in sales tax revenue to the increased projection of online sales.

The adopted budget is a planned course of action. The current fiscal year budget was adopted on November 17, 2015- almost 12 months ago. We are currently in the latter stages of adopting a budget for the next fiscal year. As circumstances have arisen during the year, the plan has been amended on numerous occasions by the governing body. We also attempt to forecast trends, gauge the effect of current circumstances, and provide recommendations relevant to maintaining the fiscal health of Augusta, Georgia. This and other periodic reports and discussions are intended to help measure the actual financial events that have occurred to date against that plan.

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

Ad Valorem Revenue Update

- Billed 3rd Quarter
 - Changes in digest resulted in billings 3.5 to 4% above budget
 - Increases shown in
 - General Fund/ Law Enforcement – \$1.4 Million
 - Urban Services District - \$110,000
 - Fire Protection - \$325,000

Sales Tax Revenue Update

- Sales Tax Collections (9 Months)

- 6.8% below budget
- 3.64 % below same period in 2015

❖ National Retail Federation is expecting November & December sales to increase by 3.6%

❖ Kiplinger Report predicts increase in 4th quarter and solid Holiday sales

Effects of Ad Valorem Taxes and Sales Taxes on 2016 Budget

	Property Taxes	Sales Taxes	Net	Total Budget	% of Total Budget
General Fund	\$ 400,000	\$ (500,000)	\$ (100,000)	\$ 93,851,880	-0.11%
Law Enforcement	\$ 1,000,000	\$ (1,600,000)	\$ (600,000)	\$ 59,959,900	-1.00%
Urban Services	\$ 110,000	\$ (350,000)	\$ (240,000)	\$ 9,951,110	-2.41%

Questions / Comments