



Financial Reports

(unaudited)

March 31, 2017

April 25, 2017

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 March 31, 2017. 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. Consequently, there are only two months of revenue recorded for sales tax.

Total revenues during the first quarter 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. 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 where we can exert more control.

Electric franchise fees are a revenue stream received in total in the first quarter. Unfortunately, this year's revenue is down significantly from the prior year and is below budgeted projections. While this is not the type of financial news we would have chosen to report, it is a concern – not a catastrophe. There will be other fluctuations, both positive and negative, on revenues and expenditures for the remainder of the fiscal year. It is our goal to manage those over which we have control so that at the end of the year we can share with you a similar result to what was shared two weeks ago in the preliminary 2016 yearend report.

The other revenue source that has a major impact on both Augusta's operations and capital expenditures is sales tax. Decreased collections affect operations and capital differently. Slower collection rates for SPLOST simply delay the rate of expenditures since we have a guaranteed amount of total collections. Decreased collections for LOST impact the total amount of revenue available to support General Fund, Law Enforcement Fund, and Urban Service Fund operations. Local option sales tax revenue as a percent of total budgeted revenue for those funds is 7.44%, 38.00%, and 51.49% respectively.

On a positive note, the real property portion of the digest is showing a preliminary growth rate of 2%. The Board of Assessors will finalize these numbers in the upcoming months. The impact of digest growth, the previously mentioned revenue concerns, along with any other fluctuations in revenue and expenditures should be addressed during the mill rate process.

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

Director of Finance

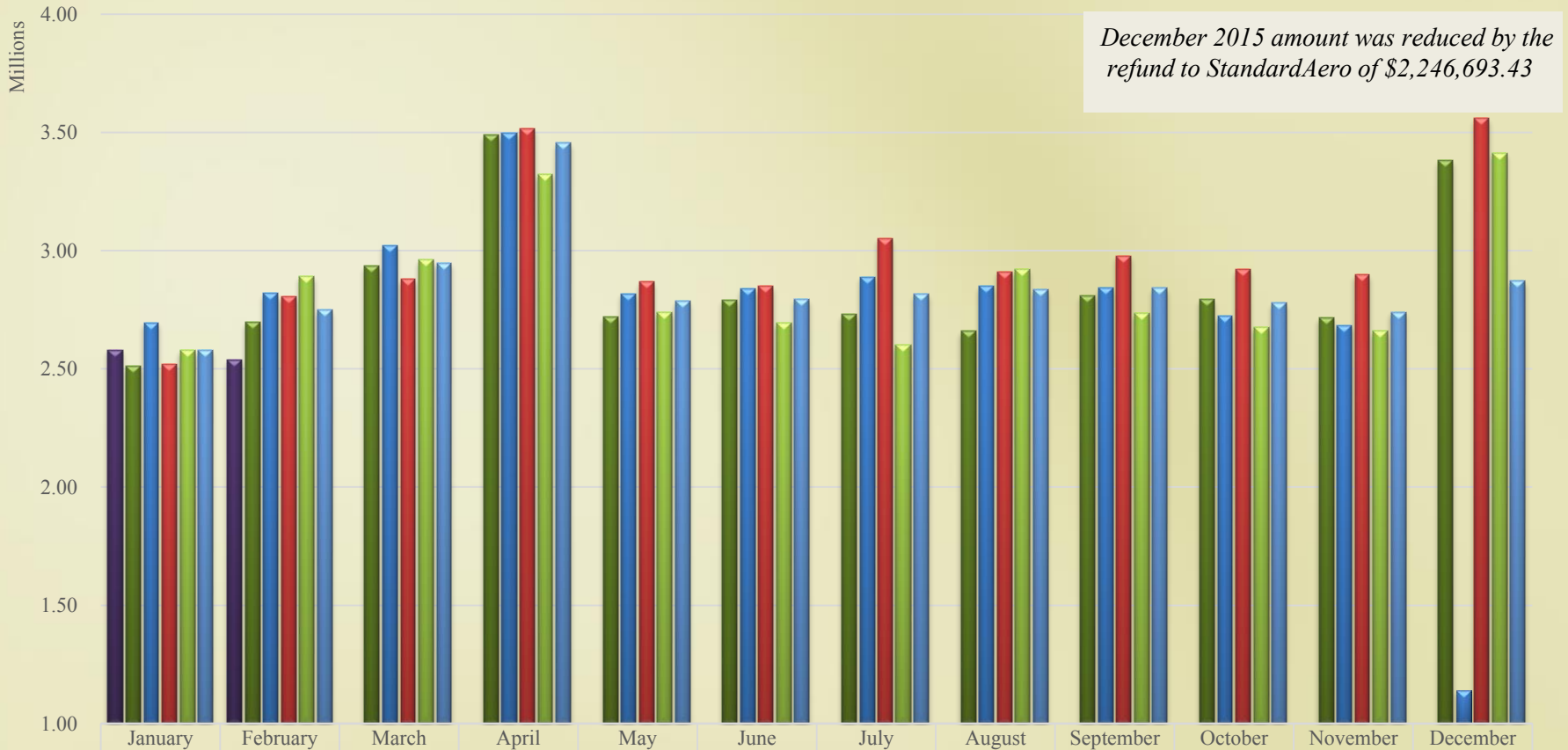
Today's Discussion

- General Fund
- Law Enforcement Fund
- Urban Services Fund
- Fire Protection Fund
- Water and Sewerage Fund
- Stormwater Utility
- Other

First Quarter Indicators

- The first quarter report is not the most accurate indication of the actual performance of the government because revenue percentages tend to be skewed due to the billing of property taxes during the third quarter. As a result expenditure levels against budget are used as key indicators to monitor financial position.

Sales Tax Collections



| | January | February | March | April | May | June | July | August | September | October | November | December |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| ■ 2017 | 2,581,039 | 2,537,261 | | | | | | | | | | |
| ■ 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 |
| ■ 2014 | 2,521,405 | 2,805,985 | 2,879,152 | 3,515,801 | 2,866,827 | 2,849,388 | 3,049,855 | 2,911,618 | 2,977,964 | 2,921,014 | 2,897,239 | 3,558,597 |
| ■ 2013 | 2,576,832 | 2,890,594 | 2,959,830 | 3,324,761 | 2,738,965 | 2,694,187 | 2,599,622 | 2,920,114 | 2,733,605 | 2,676,885 | 2,659,101 | 3,413,024 |
| ■ Average | 2,576,992 | 2,749,967 | 2,948,630 | 3,456,611 | 2,785,772 | 2,793,538 | 2,816,996 | 2,835,354 | 2,841,054 | 2,778,585 | 2,738,962 | 2,872,803 |

Annual Sales Tax Comparison

| <u>Year</u> | <u>Total</u> | <u>Increase / (Decrease)</u> |
|-------------|--------------|------------------------------|
| 2013 | 34,187,518 | |
| 2014 | 35,754,844 | 1,567,326 |
| 2015 | 35,056,908 * | (697,936) |
| 2016 | 34,237,131 | (819,778) |
| 2017 | 5,118,300 | |

* 2015 total is prior to refund to Standard Aero of \$2,246,693.43

Year to date as of 2/28/17

| | | |
|------|-----------|----------|
| 2016 | 5,206,518 | |
| 2017 | 5,118,300 | (88,218) |

2017 Budget

| | <u>Local Option Sales Tax</u> | <u>Total Revenue</u> | <u>% Sales Tax to Total</u> |
|-----------------|-------------------------------|----------------------|-----------------------------|
| General Fund | 6,981,050 | 93,842,730 | 7.44% |
| Law Enforcement | 22,729,000 | 59,816,460 | 38.00% |
| Urban Services | 4,921,000 | 9,556,680 | 51.49% |
| Totals | <u>34,631,050</u> | <u>163,215,870</u> | <u>21.22%</u> |

First Quarter Concerns

- *Franchise Fees from Electricity:*
 - 7.7 % lower than budgeted, \$1.1 Million lower than 2016
- *Sales Tax Receipts*
 - 11.39 % lower than budgeted, \$88,000 lower than 2016

Upcoming discussions

- *Health Care Costs and Benefits*
 - Amount of employee contributions

- *Street light fee rate structure*

Questions / Comments