



Financial Trend Analysis Unified Government of Athens-Clarke County, GA



Why is Financial Trend Analysis Useful?

- ◆ Can lead to better financial decisions
- ◆ Which can help maintain sufficient General Fund reserve levels
- ◆ Which can maintain or lead to better bond ratings

◆ Who determines a sufficient General Fund reserve level, and why?



Who determines adequate reserve levels and why?

- ◆ **Government Finance Officers Association (“GFOA”)** – The state and local government professional organization that establishes financial Best Practices that contribute to improved government management, including Fund Balance Guidelines for the General Fund.
- ◆ **Unrestricted Fund Balance** – The term used by GFOA in its fund balance reserve Best Practice. It refers to the combined committed, assigned and un-assigned balances in a government fund balance section. It uses the total of these balances to determine a recommended minimum unrestricted fund balance for governments. **Basically, it is a key financial health indicator used by governments and bond rating agencies.**
- ◆ **Rating Agencies** - Refers to Moody’s and Standard and Poor's (“S&P”) credit rating agencies. Moody’s and S&P historically rate ACCGOV General Obligation debt; and each agency includes some form of a fund balance reserve metric in determining ACCGOV’s credit rating.
- ◆ What is the GFOA recommended Unrestricted Fund Balance?

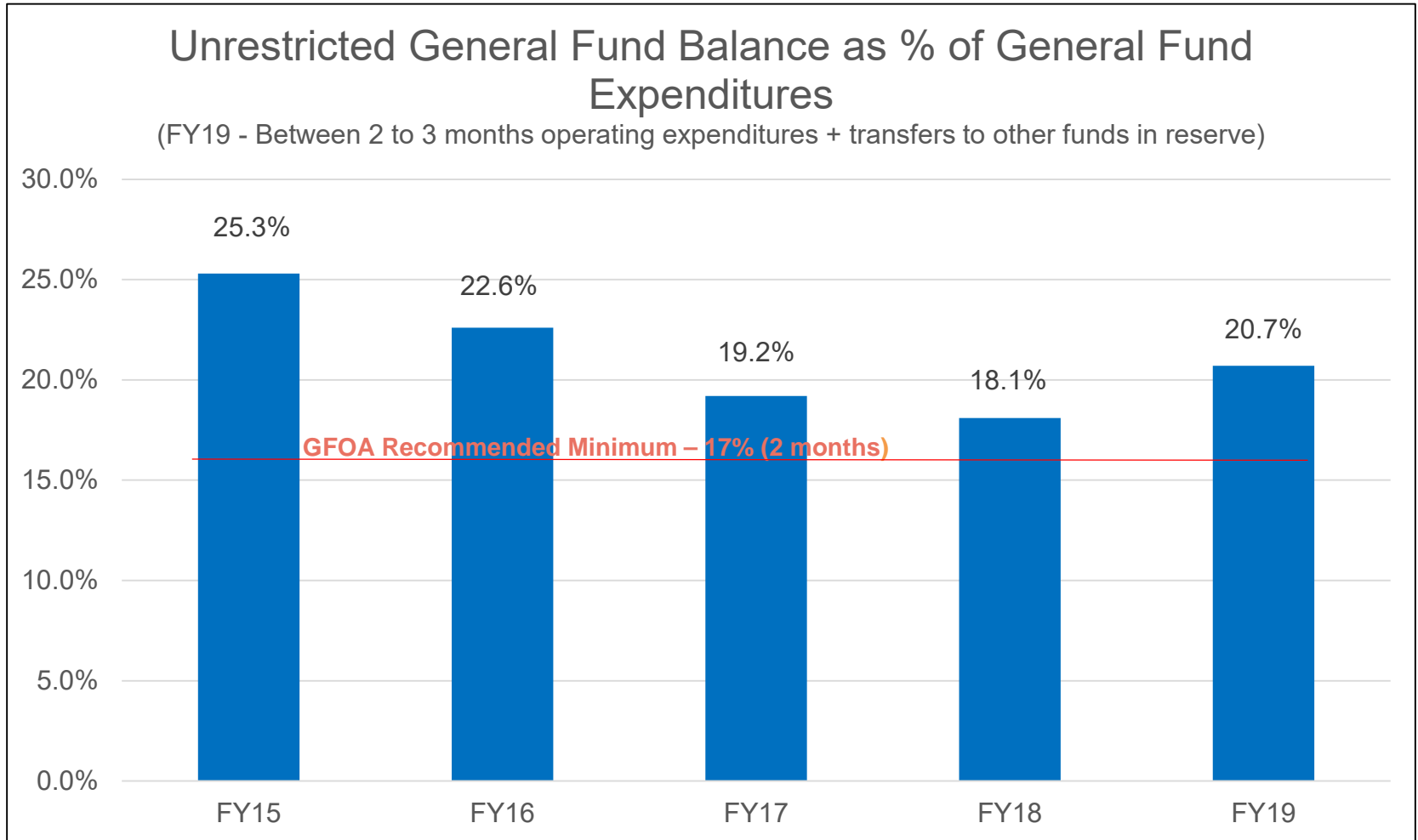


GFOA's Best Practices: Unrestricted Fund Balance

- ◆ At a minimum, maintain an unrestricted budgetary fund balance in the general fund of no less than two months (17%) of regular general fund operating revenues or regular general fund operating expenditures.
- ◆ In establishing this policy, a government should consider a variety of factors, including: predictability of its revenues and the volatility of its expenditures; exposure to significant one-time outlays; potential drain upon general fund resources from other funds, as well as, the availability of resources in other funds; potential impact on bond ratings and the corresponding increased interest cost; and commitments and assignments.



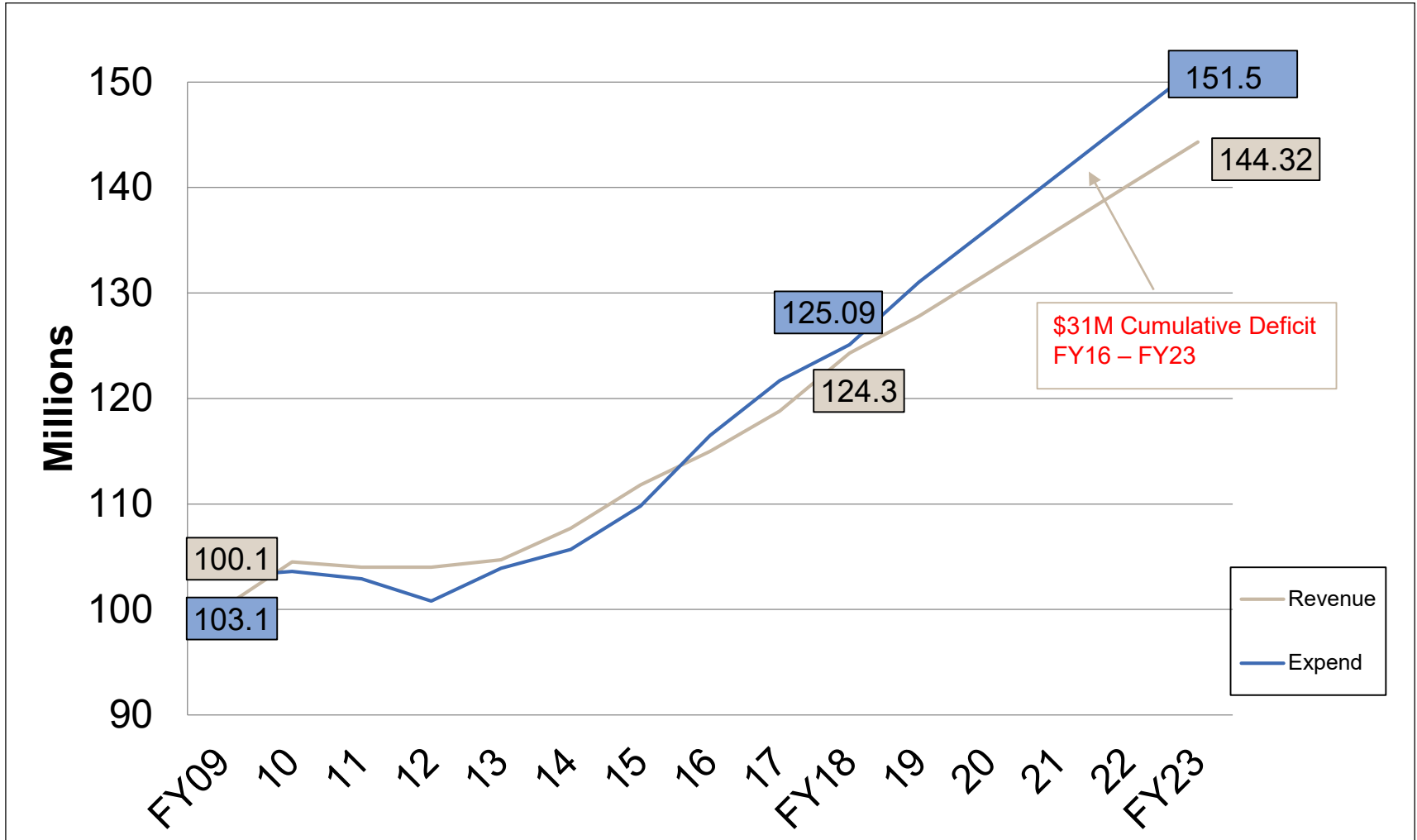
ACCGOV Unrestricted General Fund Reserve Balance History (FY19 - preliminary as of 12.5.2019)





Projection of 5 Year GF Revenues Compared to Expenditures

Trended using FY15 – FY18 Actual Results



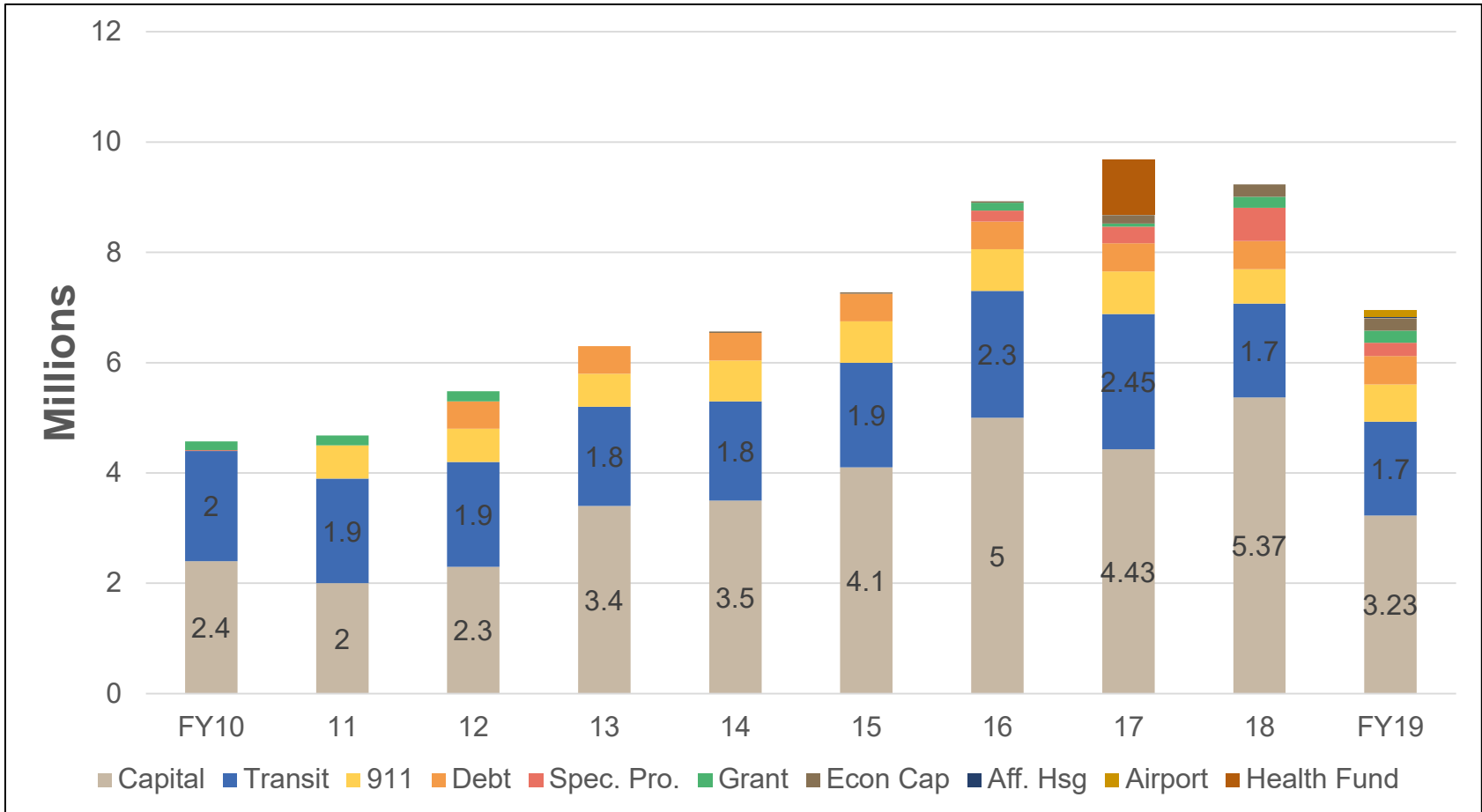


What changed in FY19?

- ◆ \$1.6 million of eligible FY19 General Fund capital expenses were transferred to the SPLOST 2011 and TSPLOST programs. This was in response to the financial trend analysis presented to M&C early in the FY19 budget process.



Transfers of General Fund Resources to Other Funds





Projection of 5 Year GF Revenues Compared to Expenditures Trended using FY15 – FY19 Actual Results

