

Ramsey County 2017 Financial Overview and Fund Balance Report Summary

Prepared for the Ramsey County
Board of Commissioners
August 13, 2018

Purpose Of The Presentation

- Provide an overview of how Ramsey County ended the year financially in 2017
- Summarize the Ramsey County 2017 Fund Balance Report
- Review rating agency risk criteria
- Discuss Vadnais Sports Center Fund
- Discuss State Board of Investment Equity Fund

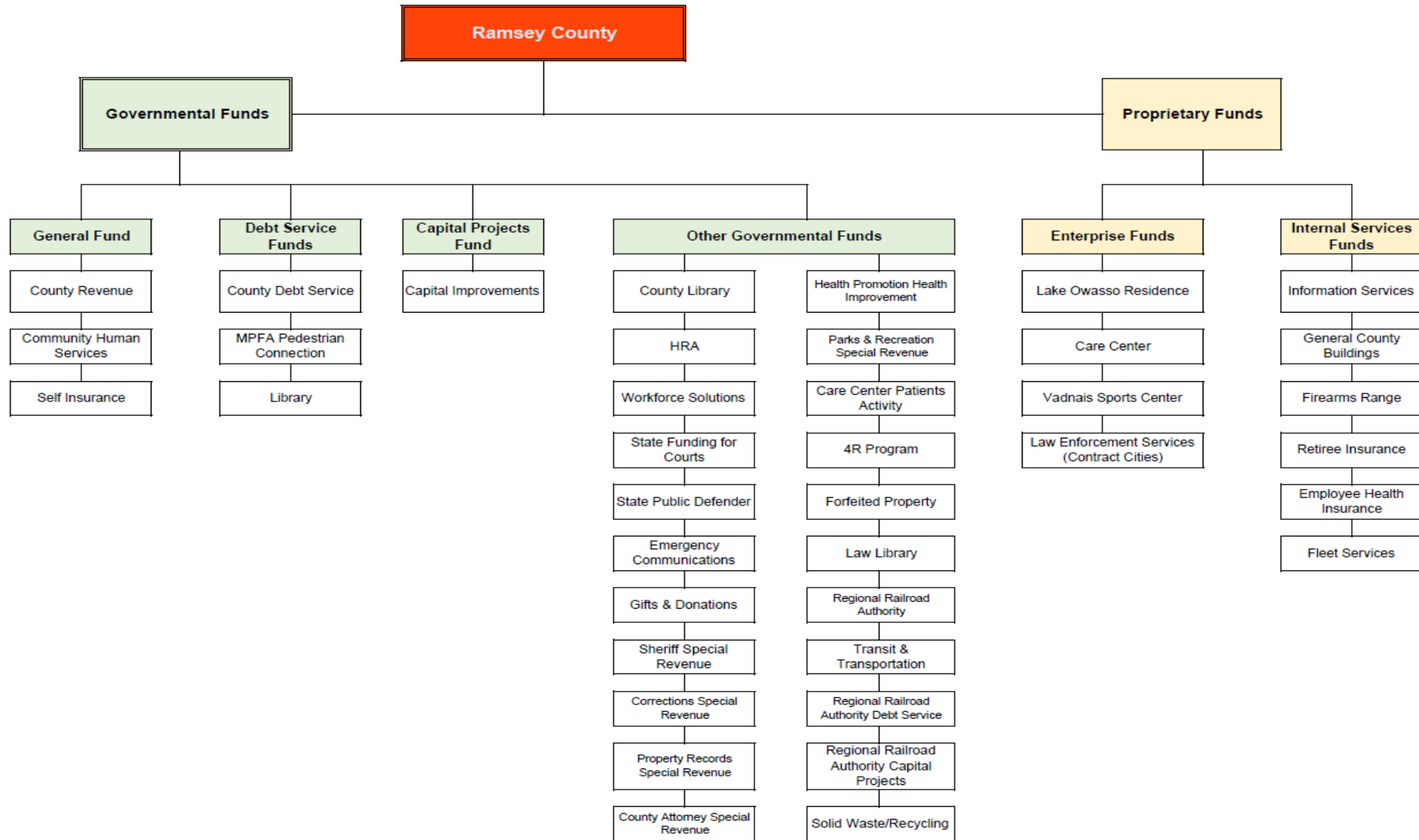
Ramsey County 2017 Comprehensive Annual Financial Report can be found [here](#)

Ramsey County's Financial Position Remained Strong in 2017

- Total General Fund Balance increased \$8,958,648 or 3.8% (from \$238,685,382 in 2016 to \$247,644,030 in 2017)
- Unassigned General Fund Balance decreased by \$6,483,655 or (3.4%) (from \$189,192,643 in 2016 to \$182,708,988 in 2017)
- Total Outstanding Debt decreased \$34,289,461 or (14.3%) due to annual debt payments, repayment of the \$20 million Regional Rail loan, with no new bonds issued in 2017
- Net Position increased \$44.7 million or 5.7% to \$830.3 million
- Total Taxable Market Value increased \$3.7 billion or 8.3% (from \$44.3 billion in 2016 to \$48 billion in 2017)

2017 Financial Achievements

- AAA bond rating received from both rating agencies (each year since 2001). In the top 2.1% of U.S. counties (one of only 65 of 3,144 U.S. counties)
- Ramsey County Debt per Capita, Debt Service as a percent of the Budget, and Debt as a percent of Market Value were all in the low range of rating agency benchmarks
- Received all three GFOA awards (Comprehensive Annual Report CAFR, Budget Presentation, and Popular Annual Financial Report PAFR)
- Unmodified (clean) audit opinion for 2017 from the State Auditor



General Fund Balance Policy

- Adopted November, 2013
- Consistent with State Auditor guidelines, Rating Agency metrics, and Government Finance Officers Association recommendations
- Maintain an unrestricted General Fund balance of no more than 50% of current year revenues, current year expenditures or the subsequent year's operating budget
 - Any unrestricted General Fund balance in excess of the 50% threshold is transferred to the Capital Projects Fund
 - No year-end excess in 2017 (unrestricted GF balance = 47.1% GF expenditures)
 - Last transfer to the Capital Projects Fund was 2015
 - Growth in unrestricted fund balance has leveled as a percentage of budget
- Maintain an unassigned General Fund balance of no less than two months of the subsequent year's budget (2017 unassigned balance provides for 4 months)

More information on the County's Fund Balance Policy can be found on pages 53-55 of [Ramsey County's 2017 Comprehensive Annual Financial Report](#)

Highlights: Enterprise and Revenue Funds

- Lake Owasso Residence received \$1,316,959 of levy support in 2017 but finished with a (\$676,953) reduction in year-end fund balance due to an occupancy increase, increased operating expenses and PERA pension obligations
- Ramsey County Care Center received \$1,309,568 in General Fund balance transfer in 2017 but finished with a (\$1,050,970) reduction in year-end fund balance due to decreased occupancy rate, reduction in reimbursement revenues, increased operating costs and PERA pension obligations
- Workforce Solutions finished with a (\$5,134,346) reduction in year-end fund balance due to a timing delay in state reimbursements – this deficit will self-correct in 2018 (fund will be balanced in 2018)

Rating Agency Risk Criteria – Emerging Issues Nationally

- Local government ratings are based on economy and tax base, finances, management and institutional framework, and debt

Moody's Concerns:

- Public pension liabilities nationwide

Standard & Poor's Concerns:

- Economic growth now in “mature phase of cycle”
- Tariff and trade instability
- Cybersecurity breaches and cyberattacks
 - Data breaches and data theft
 - Infections from malicious software
 - Ransomware
 - Foreign policy/espionage
 - Loss of data integrity, loss of confidence, punitive damages

Vadnais Sports Center (VSC) Fund

- Established as a separate enterprise fund in 2014 to provide transparency in VSC income and expenses
- Goal was for the VSC to be self-sustaining, with a positive cash flow and to repay the facility acquisition loan
- Mission accomplished: operations have been fully self-supporting in each of the four years of the fund (current fund balance = \$725,247)

Recommendation:

- Treat VSC the same as other Ramsey County ice arenas
- Roll operations and finances into the General Fund (along with the other ice arenas in the Parks and Recreation operating budget)
- Financial reports can be prepared real-time to monitor revenues and expenditures (we don't need year-end financial reports to monitor financial performance)

Access Now Provided to State Board of Investment (SBI) Equity Fund

- M.S. 118A.09 amended in 2017
- AAA-rated cities and counties can invest up to 15% of their long-term investment assets with the SBI Equity Fund
- Goal is higher investment return over a long-term investment horizon. SBI Equity Fund rate of return = 11.7% (10 years) and 14.6% (5 years). Ramsey County fixed income rate = 1.73% (10 years)
- Similar to OPEB investment approach
- Contributions would be invested over time (invested quarterly over 2-3 years)
- Requires Board approval (RBA needed)

- Questions?
- Links

Ramsey County's 2017 Comprehensive Annual Financial Report can be found [here](#)

Ramsey County's Finance Department Webpage can be found [here](#)