



Ramsey County Budget and Financial Overview

August 20, 2013

Prepared for the Ramsey County Board of Commissioners
by the Ramsey County Finance Department



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Part I: Historical Budgeting & Financial Trends

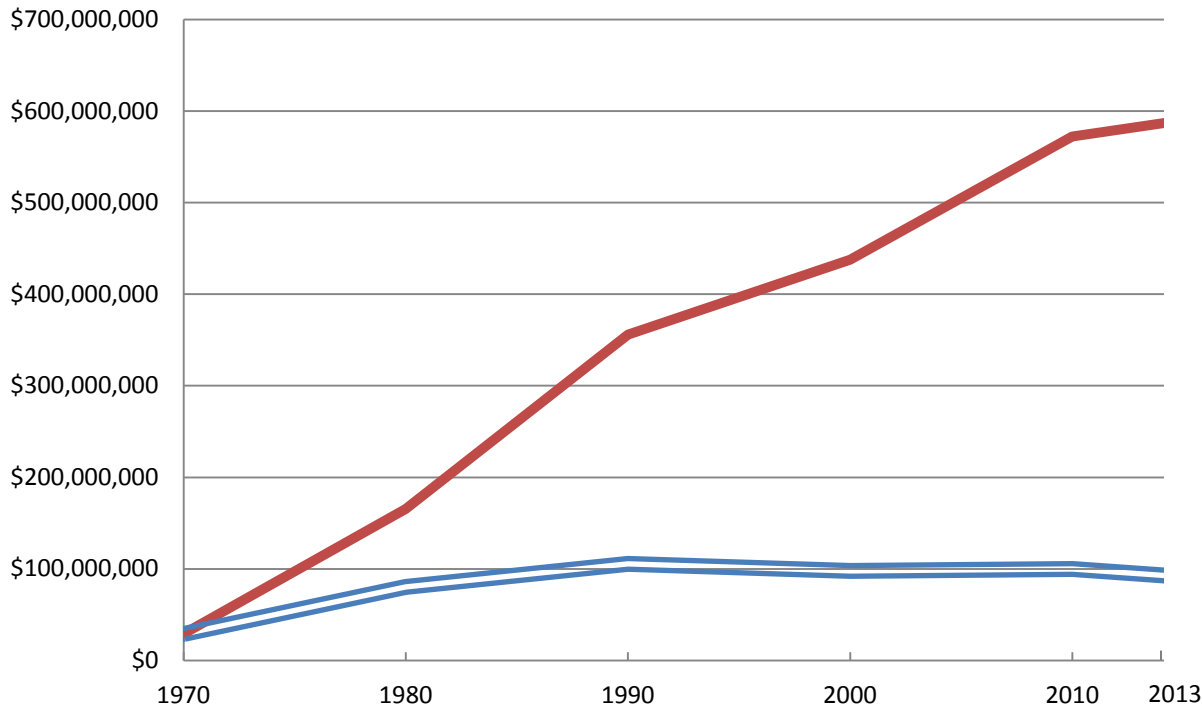
What will be covered:

- Budget Trends
- Revenue Trends
- Comparative Data From Selected Jurisdictions
- Debt Profile
- Financial Achievements and Awards



Budget Trends

(Total Budget From All Sources,
In Actual and 1970 Inflation-Adjusted Dollars)
Ramsey County, 1970 to 2013



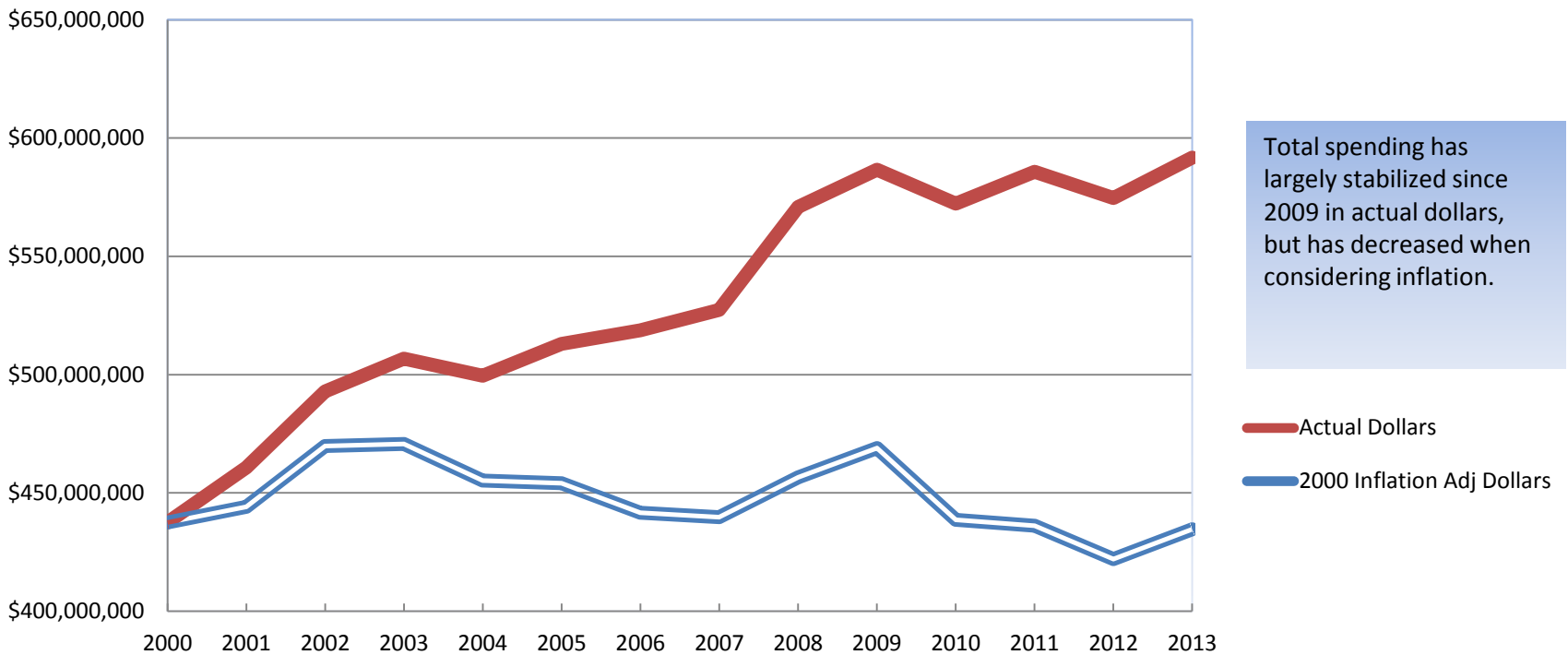
In actual dollars, total spending increased from 1970 - 2009 but has stabilized or decreased since 2009. When considering inflation, total spending has been flat or declining since 1990.

— Actual Dollars
— 1970 Inflation Adj Dollars



Budget Trends

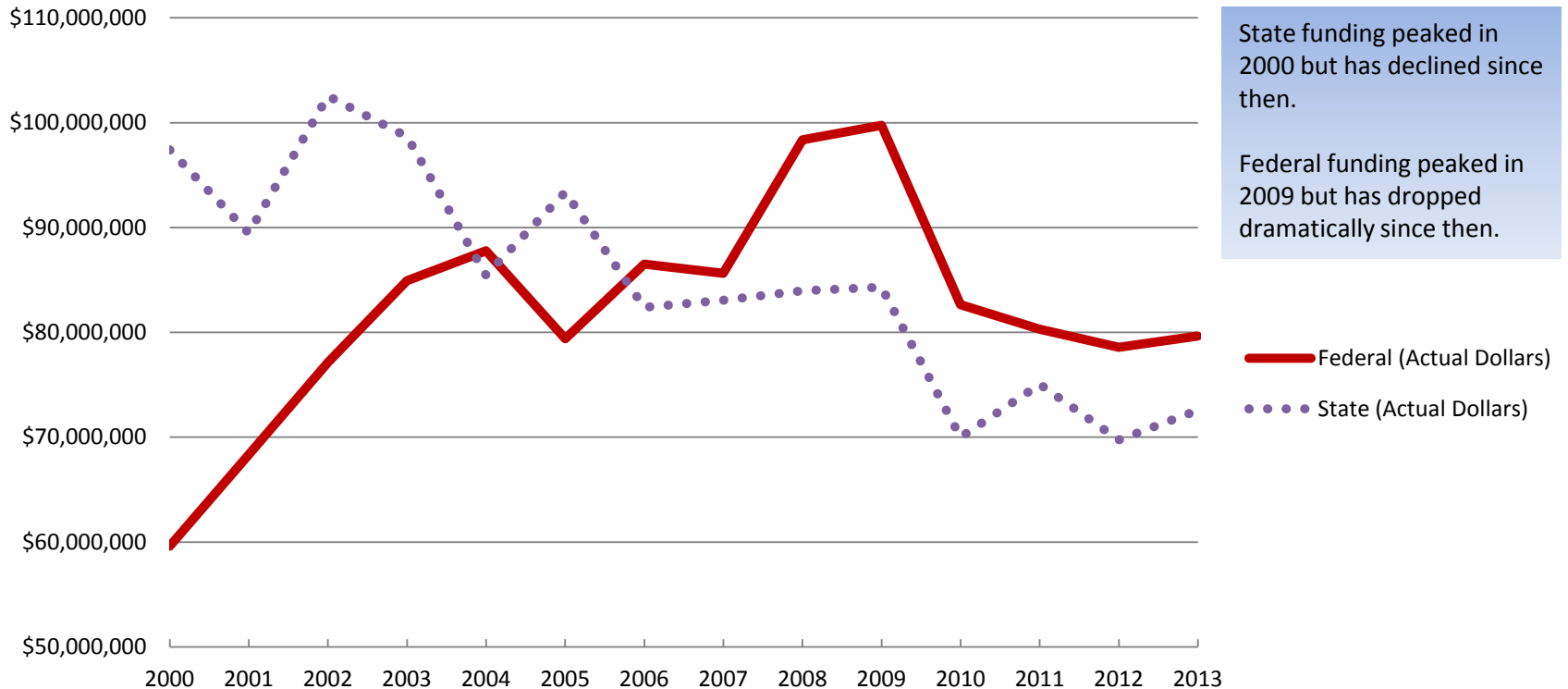
(Total Budget From All Sources,
In Actual and 2000 Inflation-Adjusted Dollars)
Ramsey County, 2000 to 2013





Intergovernmental Revenues

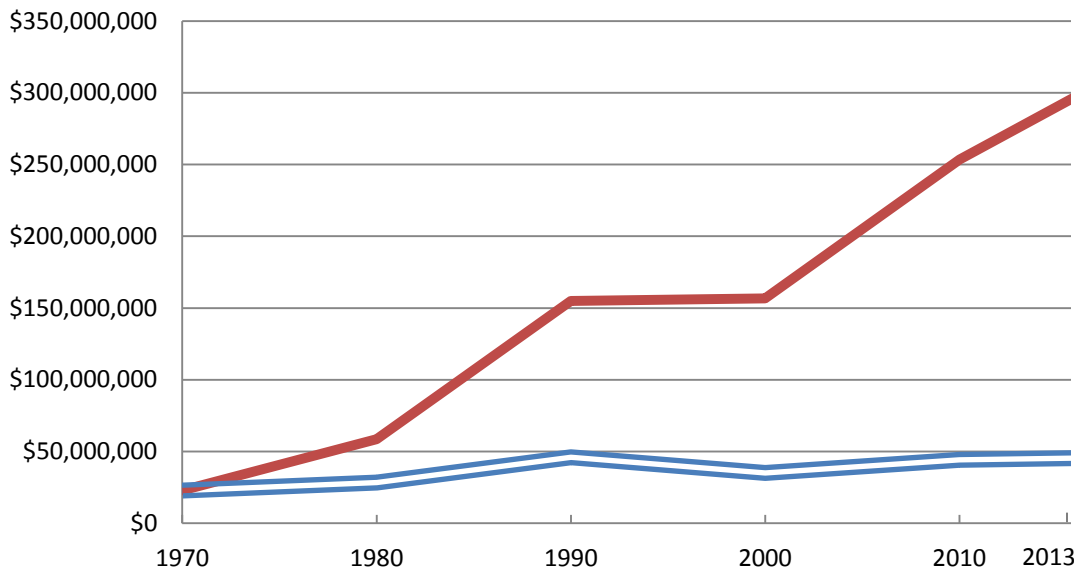
(In Actual and 2000 Inflation-Adjusted Dollars)
Ramsey County, 2000 to 2013





Property Tax Levies

(In Actual and 1970 Inflation-Adjusted Dollars)
Ramsey County, 1970 to 2013



Property tax levies have increased since 1970 in actual dollars, but have increased at a much slower rate when considering inflation. Levy increases reflect stagnant or reduced intergovernmental aids, increased service demands from the public, increased cost of mandated services, and general inflation.

— Actual Dollars
— 1970 Inflation Adj dollars

Average Annual Levy Increase (1970 - 2013) = 6.02 % in actual dollars

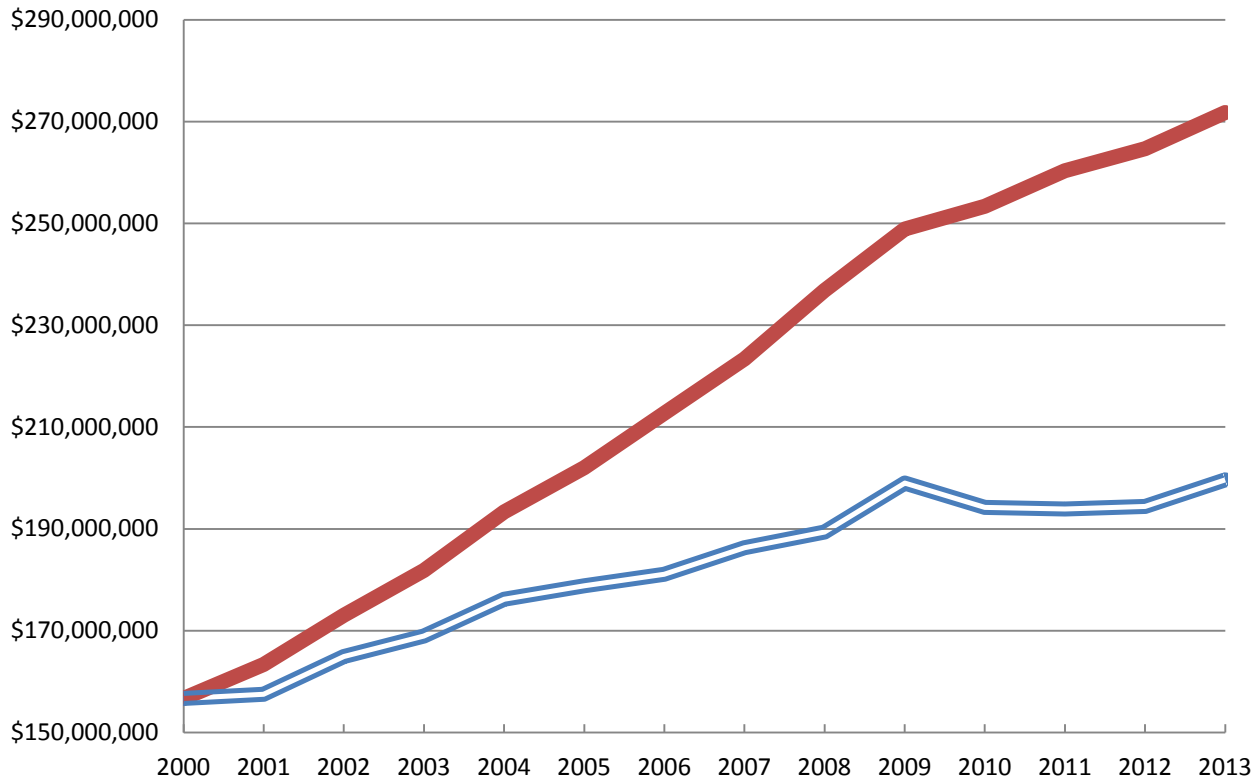
Lower Average Annual Levy Increases since 2008: 4.8% 2008; 4.5% 2009; 2.7% 2010 and 2011; 1.7% 2012 and 2013

Average Annual Levy Increase (1970 - 2013) = 1.60 % in inflation adjusted dollars



Property Tax Levies

Ramsey County, 2000 to 2013



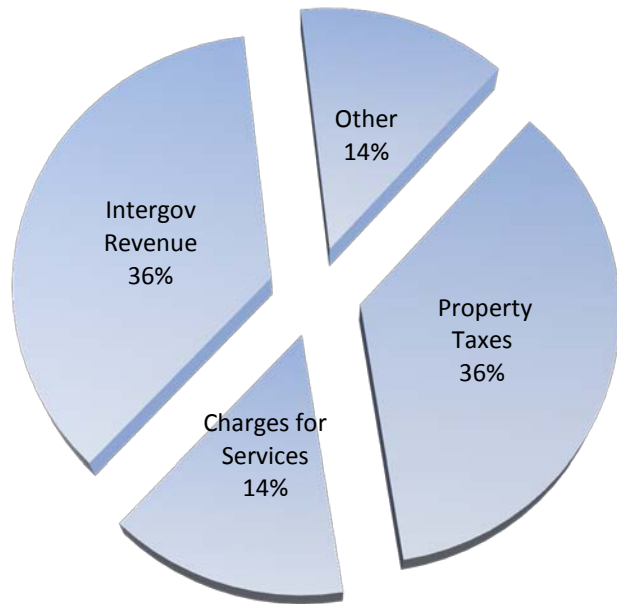
Property tax levies have increased since 2000 in actual dollars, but at a much slower rate when considering inflation. Levy increases reflect stagnant or reduced intergovernmental aids, increased service demands from the public, increased cost of mandated services, and general inflation.

— Actual Dollars
— 2000 Inflation Adj Dollars

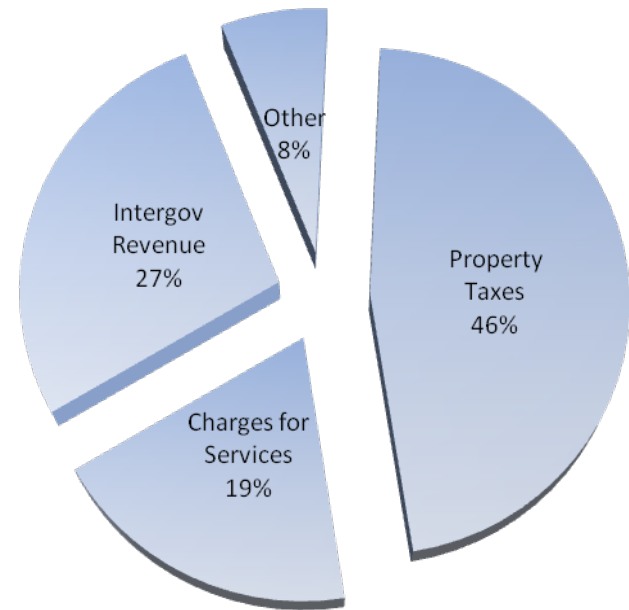


Revenue Sources as a % of Budget

2000



2013





Statewide Property Tax Levy Comparisons for Taxes Payable 2000 and 2013

2000		
Rank	County	Property Tax Levy Per Capita
1 (highest)	Cook	\$740
12	Hennepin	\$386
16	Carver	\$367
32	Ramsey	\$319
40	Scott	\$303
72	Washington	\$245
74	Dakota	\$238
81	Anoka	\$212
87 (lowest)	Roseau	\$179

2013		
Rank	County	Property Tax Levy Per Capita
1 (highest)	Traverse	\$1,324
39	Hennepin	\$ 580
52	Ramsey	\$ 541
62	Carver	\$ 495
75	Scott	\$434
82	Washington	\$ 360
83	Anoka	\$ 354
84	Dakota	\$ 322
87 (lowest)	Rice	\$ 305

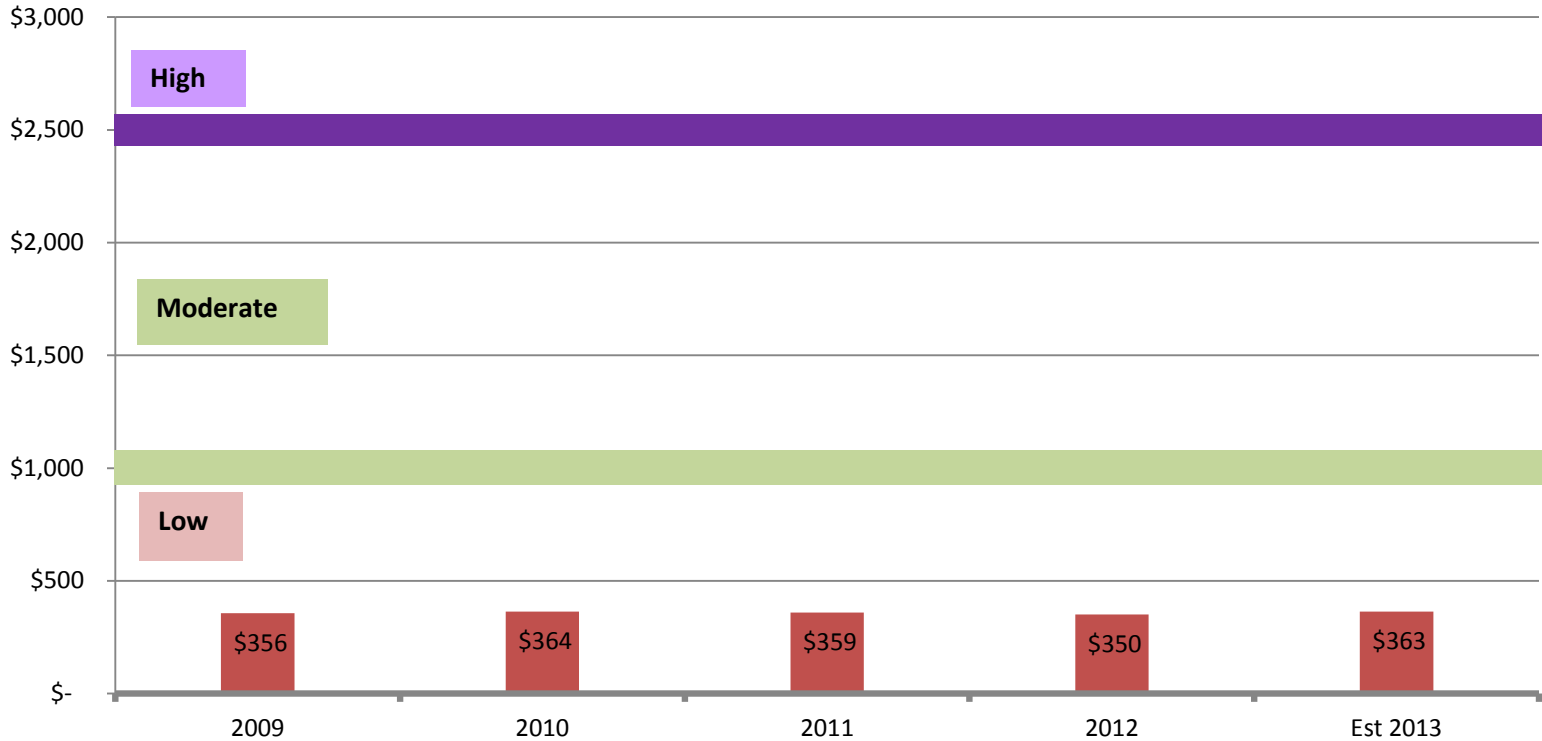
Note: Ramsey County has the smallest geographical area, minimal developable acres remaining, the highest population density of all counties in Minnesota, and a high percentage of non-taxable public land and buildings.

Source: MICA 2013 data.



Ramsey County Debt per Capita

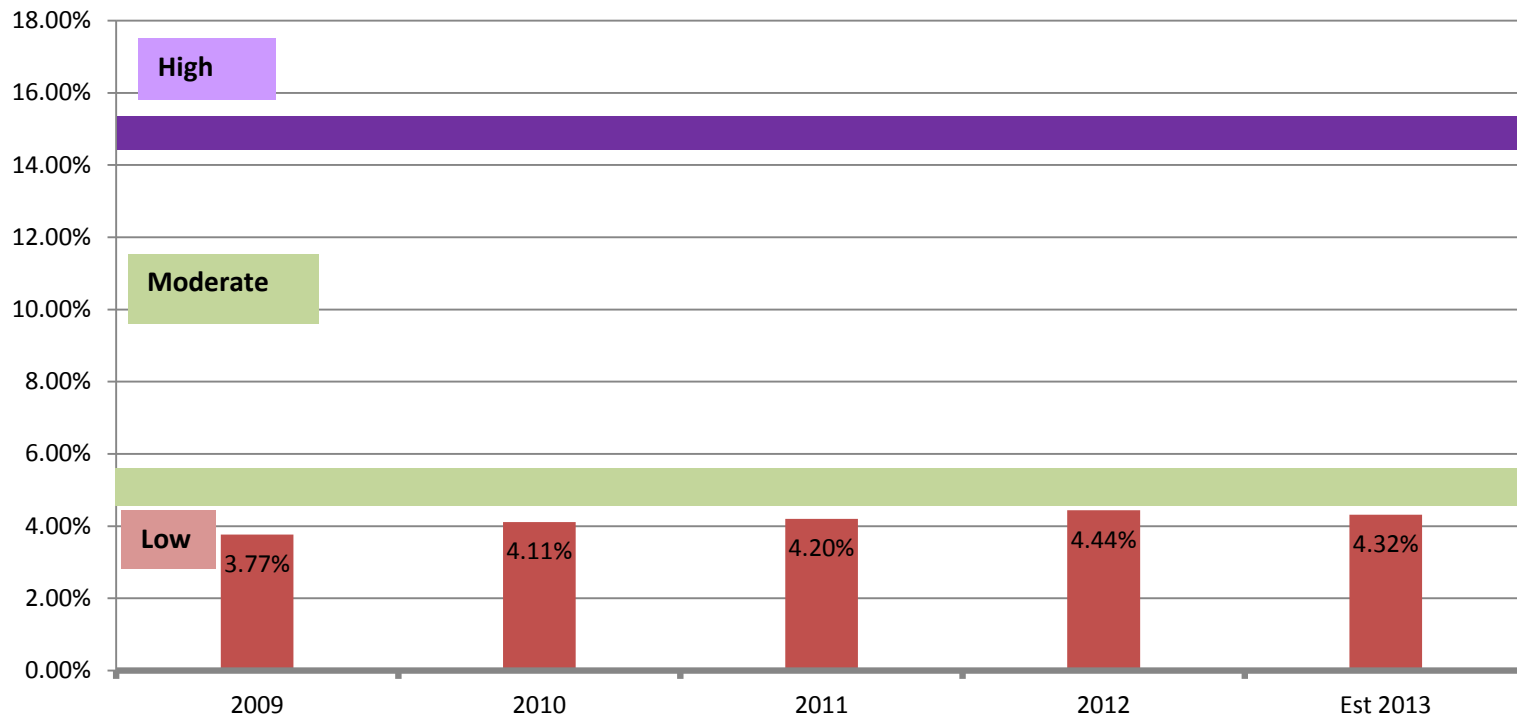
for County-Only Debt, 2009 - 2013
(using Standard and Poor's Benchmarks)





Ramsey County Debt as a % of Budget

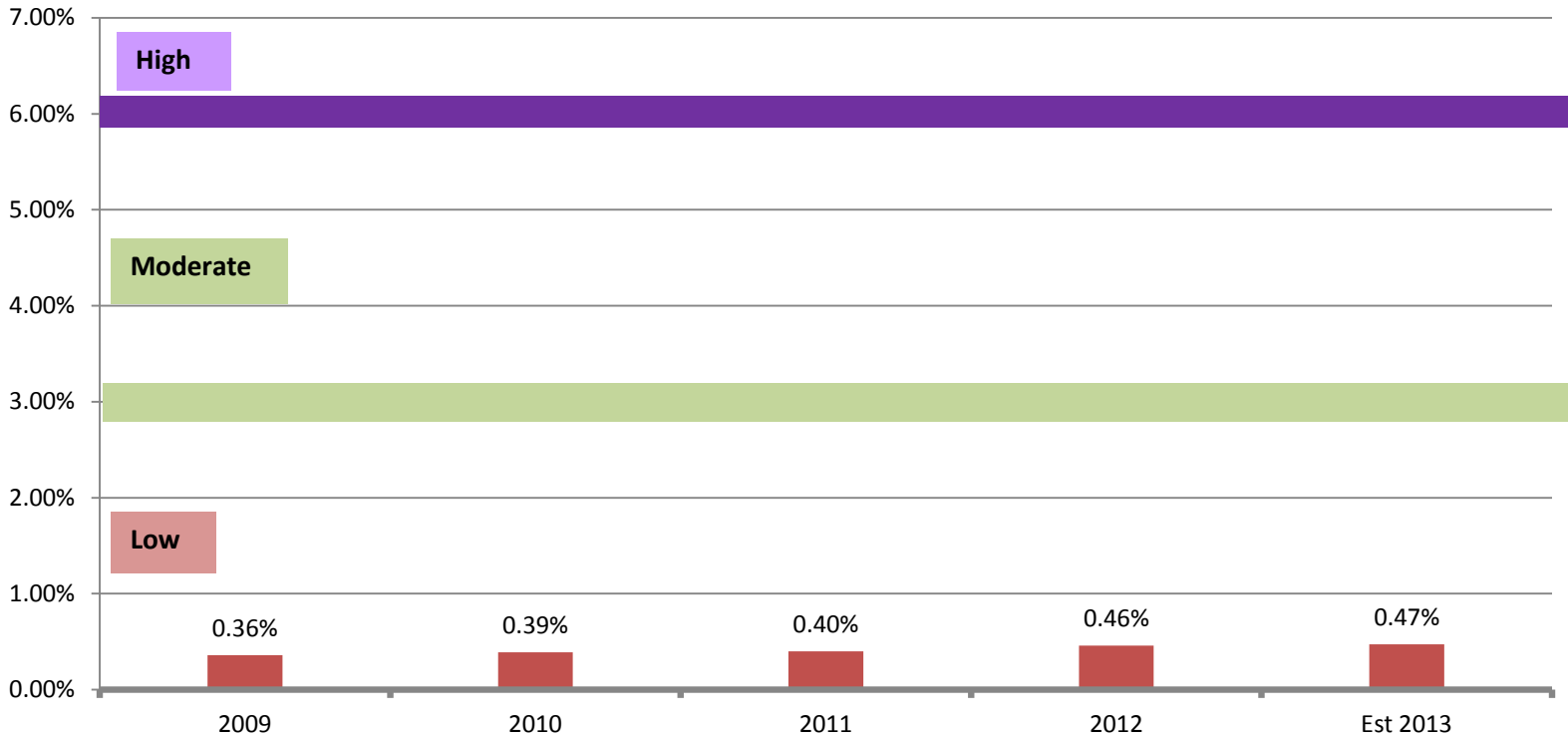
for County-Only Debt, 2009 - 2013
(using Standard and Poor's Benchmarks)





Ramsey County Debt as a % of Market Value

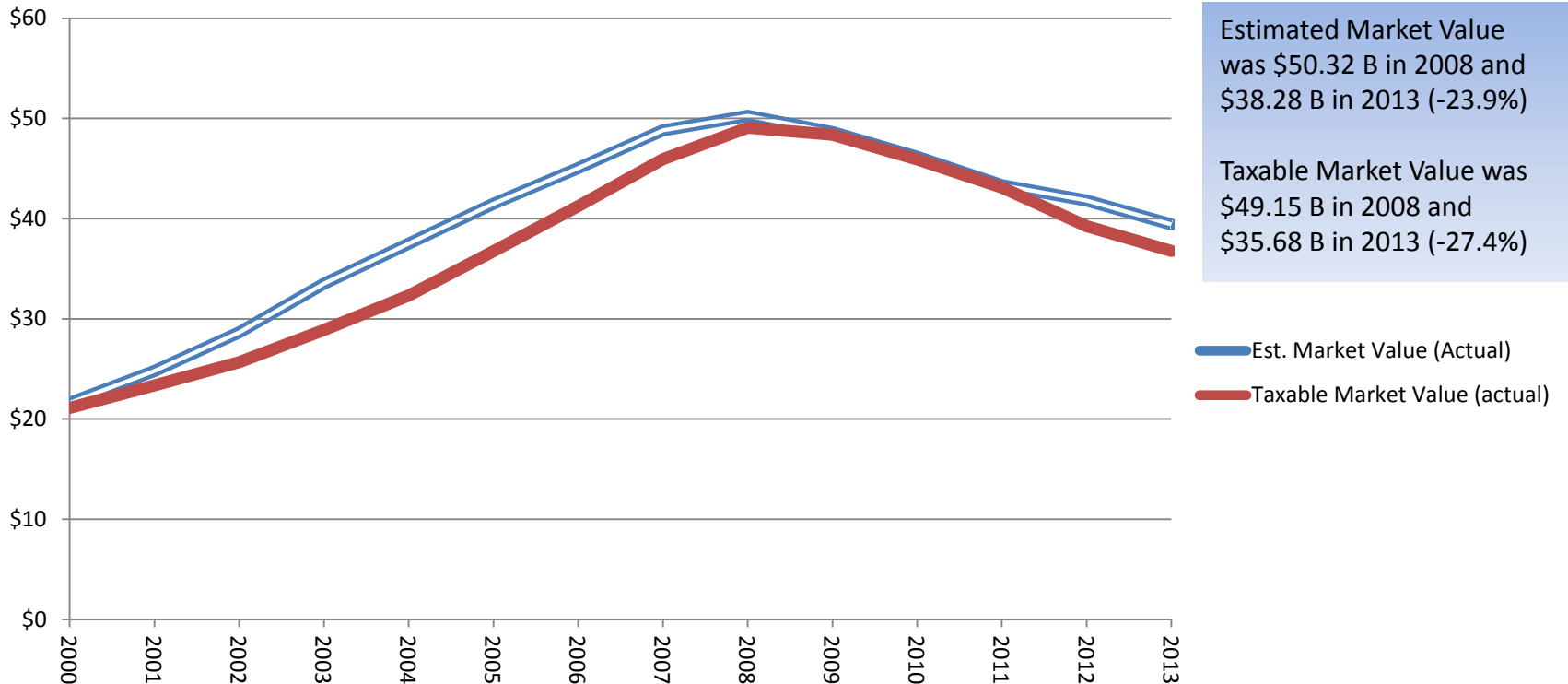
for County-Only Debt, 2009 - 2013
(using Standard and Poor's Benchmarks)





Estimated & Taxable Market Values

(Shown in \$ Billions)
Ramsey County, 2000 - 2013





Financial Achievements & Awards

- AAA bond rating from two rating agencies (13th consecutive year)
- One of only 53 counties in the nation (of 3,069 total US counties) that have received a AAA rating from both rating agencies (top 1.7% of counties)
- Ramsey County's credit rating is higher than the U.S. Government and the State of Minnesota
- "Strong" financial management rating and "stable" outlooks
- Three GFOA awards received:
 - ✓ Comprehensive Annual Financial Report (CAFR)
 - ✓ Budget Presentation
 - ✓ Popular Annual Financial Report (PAFR)
- Only County in Minnesota to have received AAA bond ratings from both rating agencies and all three GFOA awards
- Unqualified (clean) audit opinion for 2012 from State Auditor
- On schedule in addressing all KPMG internal audit findings



Part II: Year-End Status of 2012 General Fund and Other County Funds

What will be covered:

- Fund Structure
- General Fund Balance
- OPEB Revocable Trust
- Proprietary Fund Review
 - ✓ Lake Owasso Residence
 - ✓ Ramsey County Care Center
 - ✓ Ponds at Battle Creek



Ramsey County Fund Structure

Governmental Funds

- General Fund
- Capital Projects Fund
- Debt Service Funds
- Special Revenue Funds

Proprietary Funds

- Internal Service Funds
- Enterprise Funds
 - ✓ Lake Owasso Residence
 - ✓ Ramsey County Care Center
 - ✓ Ponds at Battle Creek



Fund Balance Review

What is “Fund Balance”?

- Difference between assets and liabilities
- Is the residual worth of the County if we were to discontinue operations
- “Fund balance” used in general fund and special revenue fund statements. “Net assets or net position” is an equivalent term used in enterprise and internal service funds and in private sector businesses
- Represents equity and an approximate measure of liquidity, but has significant limitations on use
- Is not “profit”



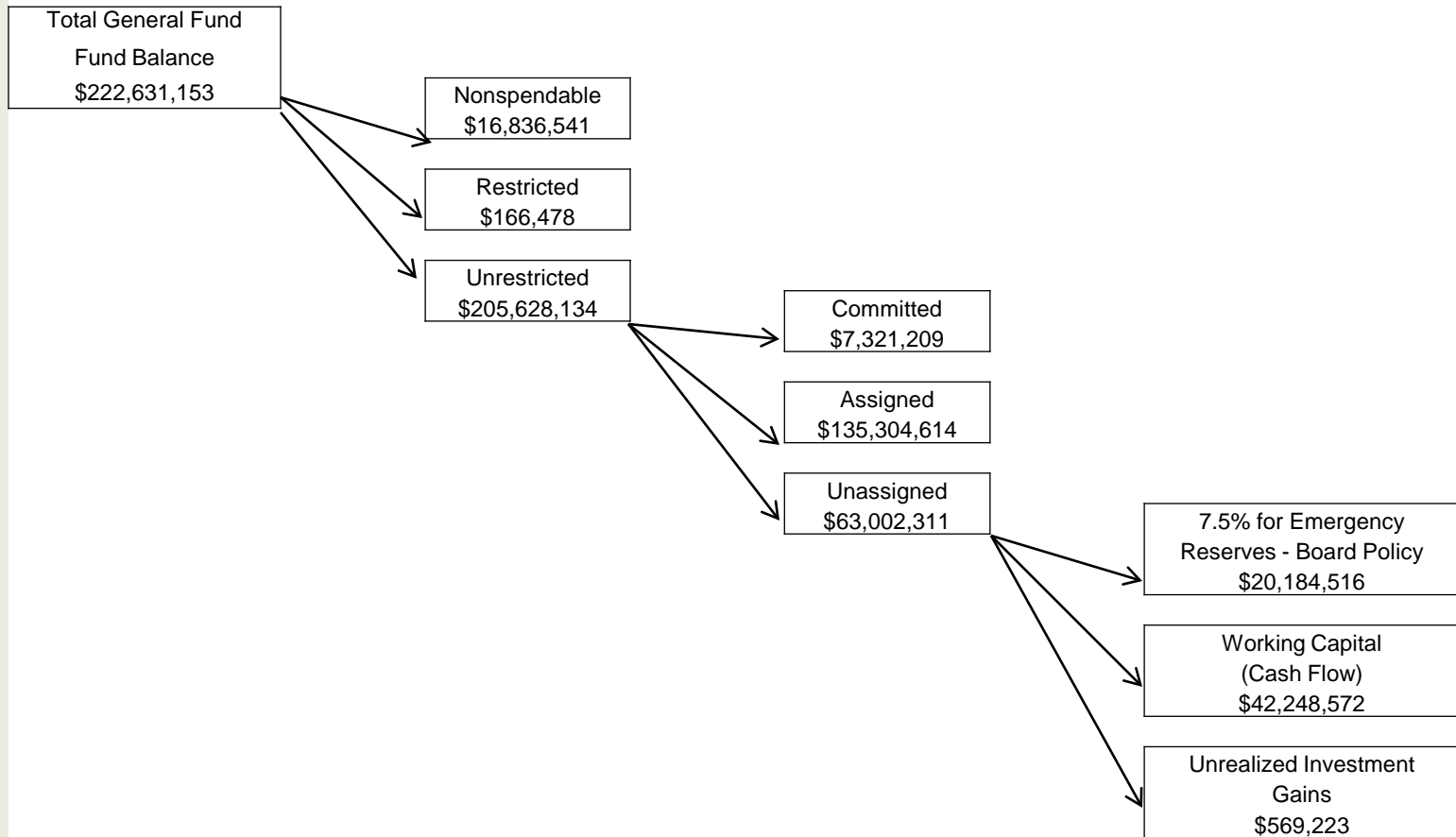
The 5 Components of Fund Balance (New General Fund Categories under GASB 54)

Fund Balance Categories	Description	2012 Balances
Non-Spendable	Amounts that are not in spendable form – prepaid items, supply inventories, long-term loans and receivables	\$ 16,836,541
Restricted	Legal constraints imposed by outside parties (State, grantors, bond covenants)	\$ 166,473
Unrestricted:	Self-imposed commitments by formal Board action (Board resolutions) for a specific purpose	\$ 7,321,209
— Committed		
— Assigned	Amounts <i>intended</i> to be used for a specific purpose.	\$ 135,304,614
— Unassigned	Residual amounts available for other purposes (cash flow, 7.5% emergency reserves)	\$ 63,002,311
	Total General Fund Balance	\$222,631,153*

* Total Fund Balance increased \$7,258,973 or 3.37% at the end of 2012 (from \$215,372,180 in 2011)



2012 General Fund Fund Balance Classifications





Fund Balance Policies

Minnesota Office of the State Auditor:

- Local governments should maintain unrestricted fund balances of 35% - 50% of the subsequent year's General Fund budgeted revenues to provide sufficient liquidity for cash flow, self-insurance and to cover legal obligations.

Ramsey County:

- Board adopted a policy in 1997 to maintain undesigned emergency reserves at 7.5% of the subsequent year's General Fund operating budget (included in unrestricted fund balance). Was \$20.2 million in 2012.

Government Finance Officers Association (GFOA):

- The GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unassigned fund balance in their general fund of no less than two months of regular fund operating revenues or regular general fund operating expenditures. Ramsey County's was 2.8 months in 2012.



General Fund Balances

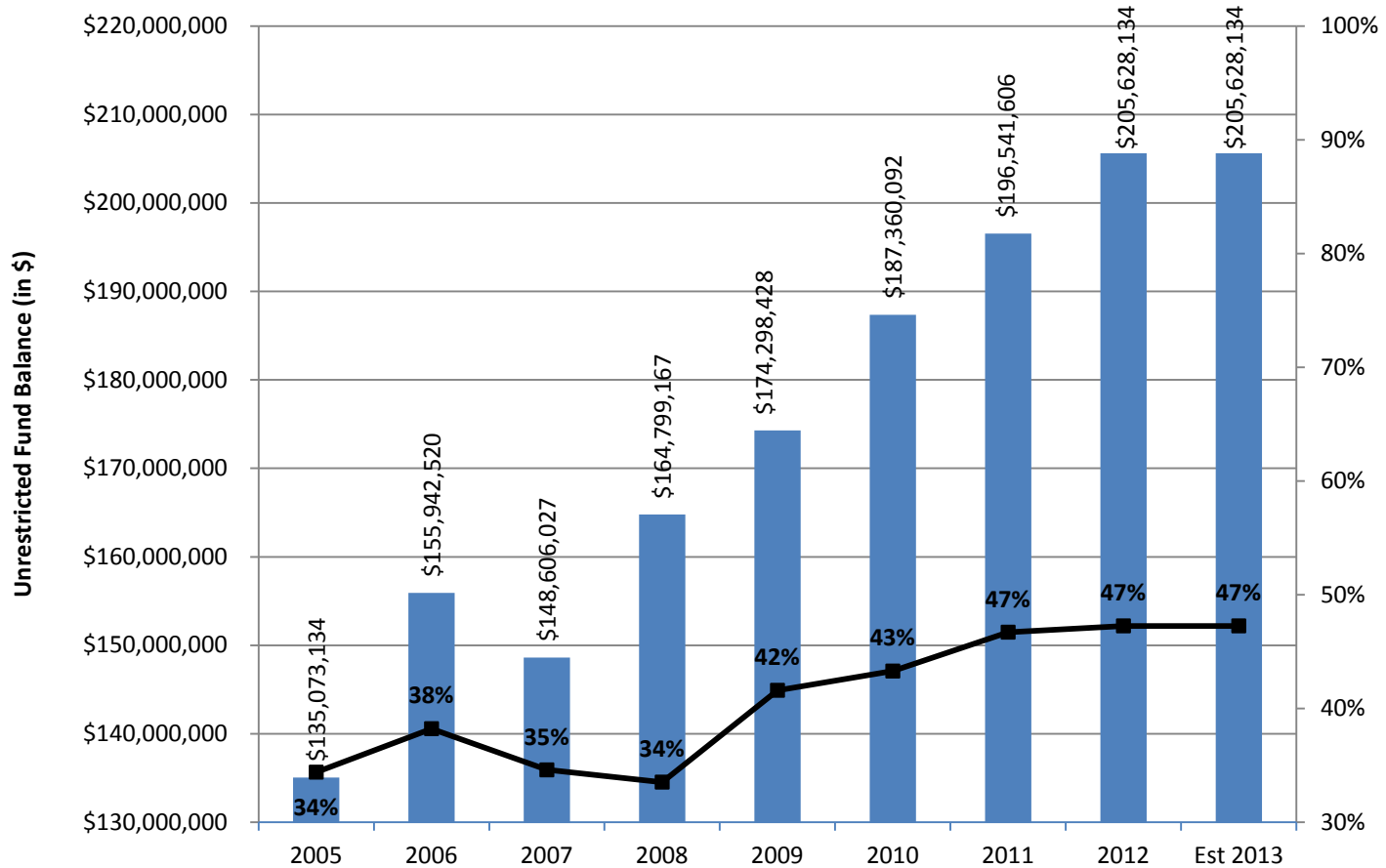
2005-2011
(\$ in Millions)

Year	Total General Fund Balance	Unrestricted General Fund Balance	Unrestricted Fund Balance as a % of Subsequent Year's Budget
2005	\$153.3	\$135.1	34%
2006	\$176.0	\$155.9	38%
2007	\$174.8	\$148.6	35%
2008	\$189.5	\$164.8	34%
2009	\$205.1	\$174.3	42%
2010	\$211.4	\$174.3	40%
2011*	\$215.4	\$196.5	47%
2012	\$222.6	\$205.8	47%

* GASB 54 implemented in 2011



Unrestricted General Fund Balance





OPEB Revocable Trust

- OPEB Revocable Trust was established by the Board on 11/20/2012
- \$44 million was transferred to the OPEB Revocable Trust in 2012 from the County's Internal Service Fund (all available funds from the Internal Service Fund)
- Funds invested with State Board of Investment
(will be moved from cash account to investment vehicles by the end of 2013)
- \$700,000 gain in assets since January 1, 2013



Proprietary Funds: Lake Owasso Residence

- Structural gap between revenues and expenditures prior to 2012-2013 budget
- County Board increased property tax levy support in 2012 and 2013 to balance the LOR budget:
 - ✓ 2012 levy was increased by \$776,836 (from \$264,099 to \$1,040,935)
 - ✓ 2013 levy was increased by \$252,408 (from \$1,040,935 to \$1,293,343)
- Long-term debt of \$3,095,000 in General Obligation Bonds issued in 2000 to construct eight residences and storage facilities (refunded in 2006). LOR is repaying these bonds
- Loan of \$378,206 from General Fund as an advance on operating funds during construction. Loan will be repaid after bonds are retired in 2020
- Negative net position due to OPEB and depreciation liabilities



Proprietary Funds: Ramsey County Care Center

- Structural gap between revenues and expenditures prior to 2012-2013 budget
- County Board increased property tax levy support in 2012 and 2013 to balance the RCCC budget:
 - ✓ 2012 levy was increased by \$557,995 (from \$366,854 to \$924,849)
 - ✓ 2013 levy was increased by \$363,295 (from \$924,849 to \$1,288,144)
- Long-term debt of \$2,250,000 in General Obligation Bonds issued in 2007 for TCU. Debt repayment schedule was extended in 2010. RCCC is repaying these bonds
- Loan of \$500,000 authorized in 2009 for operating expenses. Loan is currently open and used for cash-flow purposes
- Negative net position due to OPEB and depreciation liabilities



Proprietary Funds: The Ponds at Battle Creek

- Sufficient revenues are available to cover operating expenses, but not debt service
- Course was developed in 2002 using \$3,550,000 in General Obligation Bonds (refinanced in 2011, saving \$448,204 over the life of the bonds)
- Cash loan of \$2,747,781 from General Fund issued in 2007 to make payments on the 2002 bond issue. Repayment of loan was scheduled to begin in 2012 and end in 2032.
- Negative net position due to OPEB and depreciation liabilities



Part III: Request for Information at County Budget Hearings

- Solid Waste Revenue Fund
 - ✓ \$18,922,487 total fund balance in 2012, of which \$10,650,637 is available after the TCAAP debt service transfer

- Workforce Solutions Special Revenue Fund
 - ✓ \$1,705,057 total fund balance in 2012, of which \$683,219 is assigned for SSI

- Trust Funds / Gifts and Donations
 - ✓ \$134,293 is available in the Ramsey County Care Center Concordia Singers Fund
 - ✓ \$55,232 is available in the Ramsey County Care Center Gift Fund