

Ramsey County 2016 Financial Overview and Fund Balance Report Summary

Prepared for the Ramsey County
Board of Commissioners
September 12, 2017
(Revised)

Purpose Of The Presentation

- Provide an overview of how Ramsey County ended the year financially in 2016
- Summarize the Ramsey County 2016 Fund Balance Report
- Preview the implications of the new OPEB liability reporting requirements on our 2018 Comprehensive Annual Financial Report

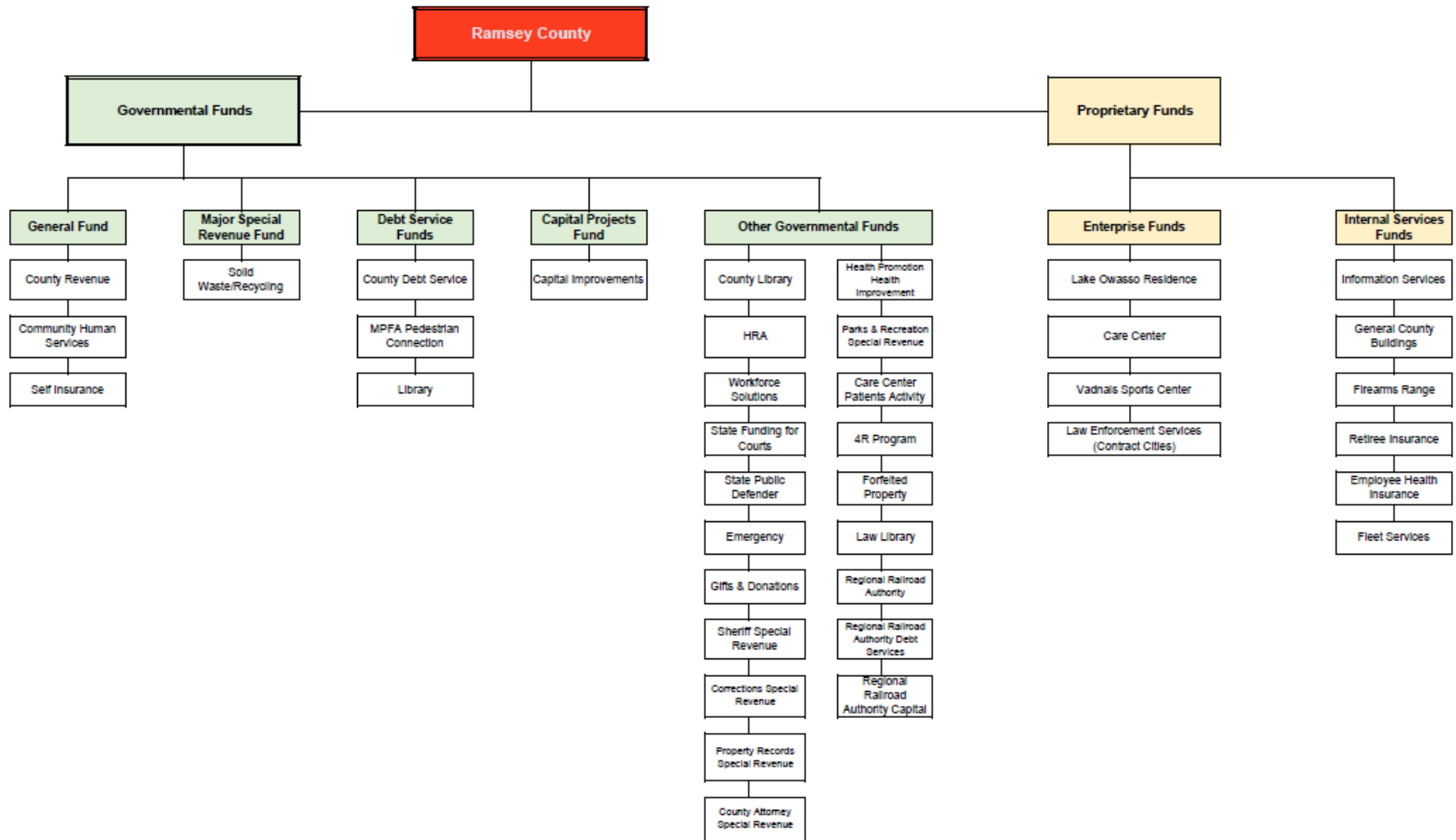
Ramsey County 2016 Comprehensive Annual Financial Report can be found [here](#)

Ramsey County's Financial Position Remained Very Strong in 2016

- Total General Fund Balance increased \$8,980,799 or 3.9% (from \$229,704,583 in 2015 to \$238,685,382 in 2016)
- Unassigned General Fund Balance increased \$10,324,109 or 5.8% (from \$178,868,624 in 2015 to \$189,192,643 in 2016)
- Net Position decreased slightly by \$12.2 million or (1.5%) to \$785.6 million due mainly to increased pension liability costs
- Total Outstanding Debt increased \$6,534,672 or 2.8% due mainly to purchase of Newport recycling plant (from \$233,789,149 in 2015 to \$240,323,821 in 2016)
- Total Taxable Market Value increased \$2.8 billion or 6.8% (from \$41.4 billion in 2015 to \$44.2 billion in 2016)

2016 Financial Achievements

- AAA bond rating received from both rating agencies (each year since 2001). In the top 2.3% of U.S. counties (one of only 70 of 3069 U.S. counties)
- Ramsey County Debt per Capita, Debt Service as a % of the Budget, and Debt as a % 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 2016 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 2016 (unrestricted GF balance = 49.3% GF expenditures)
 - 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 (2016 unassigned balance provides for 4 months)

More information on the County's Fund Balance Policy can be found on pages 51-52 of [Ramsey County's 2016 Comprehensive Annual Financial Report](#)

Highlights: Enterprise and Revenue Funds

- Lake Owasso Residence received \$1,316,959 of levy support in 2016 but finished with a (\$657,370) reduction in year-end fund balance
- Ramsey County Care Center received \$1,438,460 in General Fund balance transfer in 2016 but finished with a (\$397,550) reduction in year-end fund balance
- Law Enforcement Services (Contract Cities) finished with a (\$278,324) reduction in year-end fund balance.
- Workforce Solutions finished with a (\$1,179,206) reduction in year-end fund balance
- Law Library year-end fund balance increased from \$546,412 in 2012 to \$1,510,304 in 2016 through accumulated fine surcharges

Highlights: Internal Service Funds

- Other Post-Employment Benefits (OPEB) Revocable Trust was established by the Board on 11/20/12 for retiree health insurance obligations
 - PERA serves as Trust Administrator
 - Funds invested with State Board of Investment
 - OPEB balance was \$66.1 million at end of 2016 (cash + investments)
 - Trust earned 8.39% rate of return in 2016 with \$4,890,079 gain
 - 30-Year Actuarial Accrued Liability \$243,582,068 as of 12/31/2016 (estimated)
 - Up from \$235,503,520 on 1/1/15
 - Reflects changes in healthcare rates, demographic assumptions, and actuarial cost methods

Ramsey County's December 31, 2016 OPEB Actuarial Valuation will be completed within 30-60 days

Changes to Financial Reporting of OPEB Liabilities

- Government Accounting Standards Boards (GASB) issued new Other Postemployment Benefits (OPEB) financial reporting requirements (GASB 74 and 75) for funding of postemployment healthcare costs
- Effective for our 2018 financial statements
- Affects all state and local governments and school districts with OPEB liabilities
- Entire unfunded OPEB liability must be put on books, beginning in 2018
- New actuarial assumptions and requirements affect Revocable and Irrevocable Trusts differently
- Revocable Trusts must use lower investment discount rate and cannot use fund balance offset
 - 2016 investment earnings were 8.39%
 - 2016 discount rate used in OPEB actuarial report was 5.75%
 - Current municipal bond rate is approximately 3.5% (new requirement)
 - Would increase OPEB liability from \$243 million to \$325 million
- Consider changing Revocable Trust to Irrevocable Trust in 2018?

- Questions?
- Links

Ramsey County's 2016 Comprehensive Annual Financial Report can be found [here](#)

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