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 is 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