

Ramsey County
2019 Fund Balance Report

Prepared for the Ramsey County
Board of Commissioners
August 25, 2020

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Commissioner Toni Carter, Chair
Commissioner Jim McDonough
Commissioner Mary Jo McGuire
Commissioner Rafael Ortega

Commissioner Victoria Reinhardt
Commissioner Trista MatasCastillo
Commissioner Nicole Joy Frethem
County Manager Ryan O'Connor

Dear Commissioners and County Manager:

Annually since 2012, Finance has presented a Financial Report to the Ramsey County Board regarding the County's various funds and fund balances. Today, we are continuing in this effort to communicate our financial position and highlight potential changes you might like to consider.

The Ramsey County 2019 Fund Balance Report, as provided, contains a multi-year history of our Ramsey County Funds and status of fund balances for the:

- General Fund
- Transit and Transportation Improvement Fund
- Debt Service Fund
- Capital Projects Fund
- Special Revenue Funds
- Enterprise Funds
- Internal Service Funds

This report was prepared by Renee Vought of the Ramsey County Finance Department. Questions and comments may be directed to her at renee.vought@co.ramsey.mn.us or 651-266-8046.

Sincerely,

Alexandra Kotze, CFO
Director, Ramsey County Finance Department

Fund Balance - Nonspendable

Consists of amounts that are not in spendable form, such as:

Advances

An account to be used for the portion of fund balance comprised of amounts loaned to other funds, organizations and governments.

Inventory of Supplies

An account to be used for the portion of fund balance comprised of supplies that are used in operations which are still available at year-end.

Petty Cash

An account to be used for the portion of fund balance comprised of funds held by departments to use for the purchase of small items.

Fund Balance - Restricted

Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Examples include:

Capital Projects

Unspent bond proceeds and other funds are restricted for Capital Projects.

Library

Funds are restricted for Library use by MS Chapter 134.

Solid Waste/Recycling Service Fee

Funds are restricted for waste management purposes by MS Chapter 297H.

Environmental Response Fund

Funds generated by a mortgage registry and deed tax of .0001 percent are restricted to clean-up of contaminated properties by MS Chapter 383A. (this is part of restricted fund balance in the Property Records Special Revenue Fund)

Aggregate Material Pit Restoration

An account to be used for the portion of fund balance established per Minnesota State Statute 298.75 Subdivision 7, which requires an allocation to be set aside for restoration of abandoned pits, quarries, or deposits within the county.

Restricted for CHS Child Protection

An account for funds allocated to the County by the Minnesota Department of Human Services which are restricted for child protection staffing and services. Minnesota State Statute 256M.40 established service requirements and funding for child protection work.

Fund Balance - Committed

Consists of internally imposed constraints. These constraints are established by Resolution of the County Board. Examples include:

Supporting Housing Priorities

This is the remaining amount that was committed (County Board Resolution 2008 – 169) to support future housing priorities in the County. The county funds using these funds to partially fund construction of the Dorothy Day Connection Center (County Board Resolution B2017-285 and Project P070091).

Capital Projects

This is the amount remaining that has been transferred from the General Fund in accordance with the County's Fund Balance Policy (County Board Resolution 2013 – 318) that states, in part, that the County:

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,

and

Commit and transfer any unrestricted General Fund Balance in excess of the 50% threshold to the Capital Projects Fund

Emergency Communications

This is the remaining amount that was committed (County Board Resolution 2012 – 313) to be a portion of the funding for the Computer Aided Dispatch/Mobiles System Project.

Fund Balance – Assigned

Consists of internally imposed constraints and is the residual classification for governmental funds other than the general fund. These constraints reflect the specific purpose for which it is the County's intended use. The County Board and/or management establish these constraints. Pursuant to County Board Resolution 2010-412, the County Manager is authorized to establish assignments of fund balance. Examples include:

Employee Training

This is the remaining annual funding to support employee tuition reimbursement and education allowances (County Board Resolution 2017-344).

Capital Expenditures

At year-end, departments identify the need for certain capital items, such as office furniture and computers, where the departments have not yet finalized an order. These amounts are set up as assigned for capital expenditures.

Capital Projects

The amount of fund balance appropriated to finance projects which continue until the project is complete.

Self-Insurance

The amount of funds in the Self-Insurance accounts that is available for payment of future claims.

Assigned by Function

That portion of fund balance which is set aside for unperformed contracts for goods and services in the various functional areas (General Government, Public Safety, Highways and Streets, Health, Culture and Recreation) in the General Fund. These are year-end non capital reserves.

Assigned by Fund

Assigned is the residual classification for governmental funds other than the general fund.

Fund Balance – Unassigned

Unassigned is the residual classification for the general fund and also reflects negative residual amounts in other funds.

General Fund

Provides the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. County Board Resolution 2013-318 established a revised fund balance policy for the General Fund, superseding the previous policy set by Resolution 1997-531. This fund balance policy provides in part that the County should:

"Maintain an unassigned General Fund Balance of no less than two months of the subsequent year's budget."

The 2019 Unassigned Fund Balance complies with this policy.

Net Position – Net Investment in Capital Assets

The amount of capital assets net of depreciation and any related debt.

Net Position – Unrestricted

The residual account for Net Position.

Fund Balance Versus Net Position

Fund Balance is used in governmental funds and is the difference between assets and liabilities/deferred inflows. Net Position is used in proprietary funds and is the difference between assets and liabilities. The difference comes from the accounting basis used by the two different fund types. Governmental Funds use the modified accrual basis while proprietary funds use the full accrual basis of accounting.

The major differences between the two bases are:

Depreciation: Under modified accrual capital assets are expensed in the period purchased. While under full accrual, depreciation is used to expense assets over their useful life.

Revenues: Under modified accrual revenues are recognized when they are both measurable and available. Under full accrual revenues are recognized when they are earned and measurable. Modified accrual requires that revenues be available because the focus is on the current period.

Major Funds		2015	2016	2017	2018	2019
General Fund						
Primary fund to account for Government Operations.	Nonspendable	12,178,547	11,034,769	25,229,052	14,912,023	40,530,353
	Restricted	192,399	3,446,383	4,310,129	5,211,009	16,968,105
	Committed	1,693,743	-	-	1,693,743	1,693,743
	Assigned	36,771,270	35,011,587	35,395,861	42,669,019	45,923,185
	Unassigned	178,868,624	189,192,643	182,708,988	190,310,844	158,498,079
	Total Fund Balances	229,704,583	238,685,382	247,644,030	254,796,638	263,613,465
Transit and Transportation Improvement - To account for revenues collected from the ½ percent sales and use tax and expenditures for transportation improvement designated by the Board of Commissioners.						
	Nonspendable	-	-	-	-	-
	Restricted	-	-	6,501,300	44,889,849	84,527,530
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	-	-	6,501,300	44,889,849	84,527,530
Debt Service Funds						
Fund used to account for the County's debt service payments .	Nonspendable	-	-	-	-	-
	Restricted	35,387,762	67,635,984	58,145,792	56,404,073	57,471,160
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	35,387,762	67,635,984	58,145,792	56,404,073	57,471,160
Capital Project Funds						
Use to account for projects included in the County's Capital Improvement Plan.	Nonspendable	-	-	-	-	-
	Restricted	29,601,176	23,211,228	13,139,534	28,764,077	9,774,147
	Committed	34,180,455	25,509,892	16,672,707	34,358,382	31,530,084
	Assigned	-	-	-	-	-
	Total Fund Balances	63,781,631	48,721,120	29,812,241	63,122,459	41,304,231

		2015	2016	2017	2018	2019
Other Governmental Funds:						
County Library - To provide a public library system where governmental units do not maintain their own libraries. The tax levy is on suburban property only.	Nonspendable	4,271	1,575	1,575	1,575	1,575
	Restricted	3,869,924	4,204,534	4,339,843	4,457,034	4,452,652
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	3,874,195	4,206,109	4,341,418	4,458,609	4,454,227
Solid Waste - To account for the County Environmental Charge on generators of mixed municipal solid waste. The funds are used for waste management programs and the County's share of the Resource Recovery Project a joint venture with Washington County.	Nonspendable	50	50	50	50	-
	Restricted	18,304,728	19,738,412	20,133,550	23,451,571	28,367,896
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	18,304,778	19,738,462	20,133,600	23,451,621	28,367,896
HRA - To account for funds provided by the U.S. Department of Housing and Urban Development for development projects in suburban communities benefiting persons of low and moderate income.	Nonspendable	-	-	-	-	-
	Restricted	925,996	858,830	794,763	722,559	167,301
	Committed	-	-	-	-	329,652
	Assigned	-	-	-	-	-
	Total Fund Balances	925,996	858,830	794,763	722,559	496,953
Workforce Solutions - Used to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons, state dislocated worker programs, Minnesota Youth Program, and services under the MFIP program.	Nonspendable	450	450	450	450	450
	Restricted	-	-	-	-	-
	Committed	-	-	-	-	-
	Assigned	1,035,004	-	-	-	1,871,796
	Unassigned	-	(144,202)	(5,278,548)	(3,319,770)	-
Total Fund Balances	1,035,454	(143,752)	(5,278,098)	(3,319,320)	1,872,246	

		2015	2016	2017	2018	2019
Other Governmental Funds (continued):						
Emergency Communications - To account for funds provided by member cities and the County for multi-agency dispatching services for law enforcement, fire, and emergency medical responders.	Nonspendable	-	-	-	-	-
	Restricted	-	-	-	-	-
	Committed	4,323,073	3,383,322	4,702,842	4,970,701	4,420,829
	Assigned	8,062,617	8,362,088	8,261,188	8,148,919	8,575,056
	Total Fund Balances	12,385,690	11,745,410	12,964,030	13,119,620	12,995,885
Gifts and Donations - To account for gifts and donations made for various purposes such as books for the libraries, activities and personal hygiene items for nursing home patients, etc.	Nonspendable	-	-	-	-	-
	Restricted	579,230	647,181	605,381	561,833	523,235
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	579,230	647,181	605,381	561,833	523,235
Sheriff Special Revenue - To account for revenues and expenditures dedicated for specific activities and projects of the Sheriff's Department. Includes criminal property forfeitures.	Nonspendable	-	-	-	-	-
	Restricted	493,993	711,913	645,800	915,648	846,383
	Committed	-	-	-	-	-
	Assigned	79,398	126,638	196,729	267,371	11,330
	Total Fund Balances	573,391	838,551	842,529	1,183,019	857,713
Corrections Special Revenue - To account for revenues from various sources to benefit Community Corrections clients.	Nonspendable	-	-	-	-	-
	Restricted	-	-	-	-	-
	Committed	450,334	497,372	444,912	314,933	216,581
	Assigned	310,451	204,175	310,016	288,433	392,893
	Total Fund Balances	760,785	701,547	754,928	603,366	609,474

		2015	2016	2017	2018	2019
Other Governmental Funds (continued):						
Property Records Special Revenue - To account for certain fees which are to be used for providing modern, retrievable information from the County's system of recorded documents.	Nonspendable	-	-	-	-	-
	Restricted	2,516,601	3,608,470	3,217,020	2,226,349	2,158,285
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	2,516,601	3,608,470	3,217,020	2,226,349	2,158,285
County Attorney Special Revenue - To account for revenues and expenditures dedicated for specific activities or projects of the County Attorney's Office. Includes criminal property forfeitures.	Nonspendable	-	-	-	-	-
	Restricted	863,965	773,937	768,325	859,021	771,276
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	863,965	773,937	768,325	859,021	771,276
Health Promotion Health Improvement - To account for funds provided by the County's health insurer for work-site health promotion purposes.	Nonspendable	-	-	-	-	-
	Restricted	168,878	150,416	138,619	140,228	138,467
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	168,878	150,416	138,619	140,228	138,467
Parks and Recreation Special Revenue -To account for funds provided by grants and donations for a inter-city skating program, and improvements to the County's Regional Park & Trail System.	Nonspendable	-	-	-	-	-
	Restricted	483,797	346,903	442,213	561,802	799,242
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	483,797	346,903	442,213	561,802	799,242

		2015	2016	2017	2018	2019
Other Governmental Funds (continued):						
Care Center Patients' Activity - To account for revenues from donations, canteen and vending machines, and expenditures for patients' activities and recreational supplies.	Nonspendable	-	-	-	-	-
	Restricted	25,737	19,935	14,271	10,673	70,455
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	25,737	19,935	14,271	10,673	70,455
4R Program - To account for the "Reuse, Recycle and Renovate for Reinvestment Program" established by the County Board, funded with Solid Waste fund balance. Prior to 2012 this activity was included in the Forfeited Property Management fund.	Nonspendable	-	-	-	-	-
	Restricted	524,750	457,216	1,328,193	1,693,792	2,670,669
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	524,750	457,216	1,328,193	1,693,792	2,670,669
Forfeited Property Management - To account for all funds collected for management and sale of forfeited real estate.	Nonspendable	-	-	-	-	-
	Restricted	75,000	75,000	75,000	149,908	375,000
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	75,000	75,000	75,000	149,908	375,000
Law Library -To account for the Law Library. Revenue is derived from fees collected from certain litigants. Expenditures are primarily law books and operational costs to run the Library.	Nonspendable	20	20	20	20	20
	Restricted	1,282,592	1,510,284	1,808,658	1,914,737	1,912,827
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	1,282,612	1,510,304	1,808,678	1,914,757	1,912,847

		2015	2016	2017	2018	2019
Other Governmental Funds (continued):						
Regional Railroad Authority - To provide for the preservation of a railway corridor for future public transit use and to provide for the preservation and improvement of local rail service.	Nonspendable	350	100	100	100	-
	Restricted	-	-	-	-	-
	Committed	-	-	-	-	-
	Assigned	9,738,664	11,952,818	15,085,729	18,608,068	20,253,978
	Total Fund Balances	9,739,014	11,952,918	15,085,829	18,608,168	20,253,978
Regional Railroad Authority Debt Service - To account for the resources accumulated and payments made for principal and interest on long-term debt of the Regional Rail Authority.	Nonspendable	-	-	-	-	-
	Restricted	418,212	418,212	418,212	-	-
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	418,212	418,212	418,212	-	-
Regional Railroad Capital Projects Fund - To account for the expenses related to Regional Railroad Authority's capital projects.	Nonspendable	-	-	-	-	-
	Restricted	-	-	-	-	-
	Committed	-	-	-	-	-
	Assigned	6,997,044	8,511,095	15,341,437	20,476,127	31,598,035
	Total Fund Balances	6,997,044	8,511,095	15,341,437	20,476,127	31,598,035
Total Other Governmental Funds	Nonspendable	5,141	2,195	2,195	2,195	2,045
	Restricted	30,533,403	33,521,243	34,729,848 *	37,665,155	43,253,688
	Committed	4,773,407	3,880,694	5,147,754	5,285,634	4,967,062
	Assigned	26,223,178	29,156,814	39,195,099	47,788,918	62,703,088
	Unassigned	-	(144,202)	(5,278,548)	(3,319,770)	-
	Total Fund Balances	61,535,129	66,416,744	73,796,348	87,422,132	110,925,883

* The 2017 restricted amount was reduced by the Transit and Transportation Improvement Fund which was moved to a major fund in 2018.

		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Enterprise Funds:						
Lake Owasso Residence - Used to account for the operations of the Lake Owasso Facility.	Net Investment in Capital Assets	1,227,599	1,471,524	1,635,058	1,718,502	1,824,608
	Unrestricted	(5,061,487)	(5,962,782)	(6,803,269)	(9,697,542)	(9,803,883)
	Total Net Position	<u>(3,833,888)</u>	<u>(4,491,258)</u>	<u>(5,168,211)</u>	<u>(7,979,040)</u>	<u>(7,979,275)</u>
Care Center - Used to account for the operations of the Ramsey County Care Center.	Net Investment in Capital Assets	1,102,859	916,765	748,934	546,764	412,019
	Unrestricted	(11,091,686)	(11,303,142)	(12,186,281)	(15,537,326)	(14,942,756)
	Total Net Position	<u>(9,988,827)</u>	<u>(10,386,377)</u>	<u>(11,437,347)</u>	<u>(14,990,562)</u>	<u>(14,530,737)</u>
Vadnais Sports Center - used to account for the operations of the Vadnais Sports Center. Beginning in 2019, this activity is reported in the General Fund and presented in the Parks and Recreation budget.	Net Investment in Capital Assets	9,625,665	9,471,416	9,297,157	9,123,814	-
	Unrestricted	(9,226,455)	(9,020,816)	(8,571,910)	(8,500,690)	-
	Total Net Position	<u>399,210</u>	<u>450,600</u>	<u>725,247</u>	<u>623,124</u>	<u>-</u>
Law Enforcement Services - used to account for the operations of the law enforcement services provided to 7 cities located in Ramsey County.	Net Investment in Capital Assets	393,226	478,194	493,516	537,546	709,515
	Unrestricted	(158,127)	(521,419)	(507,840)	(427,730)	313,396
	Total Net Position	<u>235,099</u>	<u>(43,225)</u>	<u>(14,324)</u>	<u>109,816</u>	<u>1,022,911</u>
Total Enterprise Funds	Net Investment in Capital Assets	12,349,349	12,337,899	12,174,665	11,926,626	2,946,142
	Unrestricted	(25,537,755)	(26,808,159)	(28,069,300)	(34,163,288)	(24,433,243)
	Total Net Position	<u>(13,188,406)</u>	<u>(14,470,260)</u>	<u>(15,894,635)</u>	<u>(22,236,662)</u>	<u>(21,487,101)</u>

		2015	2016	2017	2018	2019
Internal Service Funds:						
Information Services - To operate the telephone system in Ramsey County Buildings and provide electronic data processing services to County departments and other governmental units .	Net Investment in Capital Assets	2,073,508	1,601,230	1,170,874	1,599,332	2,034,465
	Unrestricted	2,687,782	4,256,356	6,242,414	3,032,041	(3,572,634)
	Total Net Position	4,761,290	5,857,586	7,413,288	4,631,373	(1,538,169)
General County Buildings - To account for rent of County Buildings and to pay all expenses incurred in operating and maintaining the buildings.	Net Investment in Capital Assets	2,736,412	2,549,136	2,572,708	2,481,623	3,959,121
	Unrestricted	10,994,887	13,045,504	14,337,396	12,442,538	8,516,207
	Total Net Position	13,731,299	15,594,640	16,910,104	14,924,161	12,475,328
Firearms Range - To provide a Firearms Range to law enforcement personnel of the County and other local governments.	Net Investment in Capital Assets	-	-	-	-	-
	Unrestricted	101,293	143,939	173,216	205,369	251,551
	Total Net Position	101,293	143,939	173,216	205,369	251,551
Fleet Services - To account for the revenues and expensed of Fleet Operations Services.	Net Investment in Capital Assets	-	2,992,705	17,353,047	12,190,225	12,234,985
	Unrestricted	-	(172,607)	(46,217)	(482,479)	259,842
	Total Net Position	-	2,820,098	17,306,830	11,707,746	12,494,827
Retiree Insurance - To account for the County's contribution to Retiree Insurance and OPEB expenses in compliance with GASB statement 75.	Net Investment in Capital Assets	-	-	-	-	-
	Unrestricted	(39,655,084)	(41,647,966)	(37,837,689)	(206,394,536)	(186,915,728)
	Total Net Position	(39,655,084)	(41,647,966)	(37,837,689)	(206,394,536)	(186,915,728)
Employee Health Insurance - To account for the County's contributions for employee health insurance.	Net Investment in Capital Assets	-	-	-	-	-
	Unrestricted	2,353,739	4,080,731	5,546,143	7,498,631	7,997,445
	Total Net Position	2,353,739	4,080,731	5,546,143	7,498,631	7,997,445
Total Internal Service Funds	Net Investment in Capital Assets	4,809,920	7,143,071	21,096,629	16,271,180	18,228,571
	Unrestricted	(23,517,383)	(20,294,043)	(11,584,737)	(183,698,436)	(173,463,317)
	Total Net Position	(18,707,463)	(13,150,972)	9,511,892	(167,427,256)	(155,234,746)