Purpose of the Presentation

• Review how Ramsey County ended the year financially in 2018.

• Summarize the Ramsey County 2018 Fund Balance Report.

• Planning for new financial challenges.

The 2018 Comprehensive Annual Financial Report is posted on ramseycounty.us/budget
Ramsey County’s
Financial Position Remained Strong in 2018

• **Total General Fund Balance** increased $7,152,608 or 2.9% (from $247,644,030 in 2017 to $254,796,638 in 2018).

• **Unassigned General Fund Balance** increased by $7,601,856 or 4.2% (from $182,708,988 in 2017 to $190,310,844 in 2018).

• **Total Outstanding Debt** decreased $10,851,490 or (5.3%) due to annual debt payments and new bonds issued in 2018.

• **Net Position** increased $105.9 million or 16.9% to $729.4 million, after adjustments and restatements.

• **Other Post Employment Benefits (OPEB) Trust Fund** was converted from revocable to irrevocable (balance of $70.9 million). All OPEB liabilities are now counted in our financial statements in accordance with new reporting requirements.
2018 Financial Achievements as Recognized by Independent Evaluators

- **AAA bond rating** received from both rating agencies (each year since 2001).
  - In the top 2.1% of U.S. counties.
  - One of four in Minnesota and one of only 65 of 3,144 U.S. counties.

- In the **low range of rating agency benchmarks**:
  - Ramsey County Debt per Capita.
  - Debt Service as a percent of the Budget.
  - Debt as a percent of Market Value.

- Received **all three** Government Finance Officers Association (GFOA) awards:
  - Comprehensive Annual Report (CAFR).
  - Budget Presentation.

- Unmodified (clean) audit opinion from the State Auditor.
General Fund Balance Policy

- Adopted Nov. 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 (transfers were made in 2013, 2014, 2015 and 2018).

- Maintain an **unassigned** General Fund balance of no less than two months of the subsequent year’s budget (2018 unassigned balance provides for 4 months)

More information on the county’s Fund Balance Policy can be found in the **2018 Comprehensive Annual Financial Report**

(hard copy page 68, web copy page 69)
Contingency Planning for New Challenges in 2019 and Beyond

• When will the economy slow down and the Bull Market end?
  o Current 10-year Bull Market has become the longest in American history. Average growth cycle is 7 years. Last 10-year growth cycle was March 1991–March 2001.
  o Stein’s Law: “If something cannot go on forever, it will stop.”

• Headwinds to continued economic growth:
  o Racial and income disparities.
  o Political extremes and divided government.
  o Tariffs and trade wars.
  o Increased government deficits and debt limits.
  o Federal Reserve monetary actions, inverted yield curves.
  o Geopolitical instability and unrest.
  o Brexit.

• When the economy does slow down – be it soon or many years from now – we need to be prepared, know our operational and financial vulnerabilities, and be financially resilient.
Recommendation: Understand our Financial Sustainability. Add it to our Countywide Risk Register.

- Finance takes lead with service team program managers, controllers and enterprise risk manager to evaluate risks associated with a potential economic slow-down.

- Includes both an operational and financial review.

- Review expenditure risks:
  - Demand for new and/or increased programs and services

- Review revenue risks:
  - Reliability of intergovernmental revenues and grants.
  - Elasticity of fee-based program revenues.
  - Property tax implications.

- Return to county board with findings/recommendations and add to our Countywide Risk Register (financial risk section), as appropriate.
Wrap-up

• Questions?

• Links:
  o 2018 Comprehensive Annual Financial Report
  o 2018 Popular Annual Financial Report
  o Budget and Finance webpage
  o Open Data Portal