

Ramsey County 2018 Financial Overview and Fund Balance Report Summary

Prepared for the Ramsey County
Board of Commissioners

August 6, 2019

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.

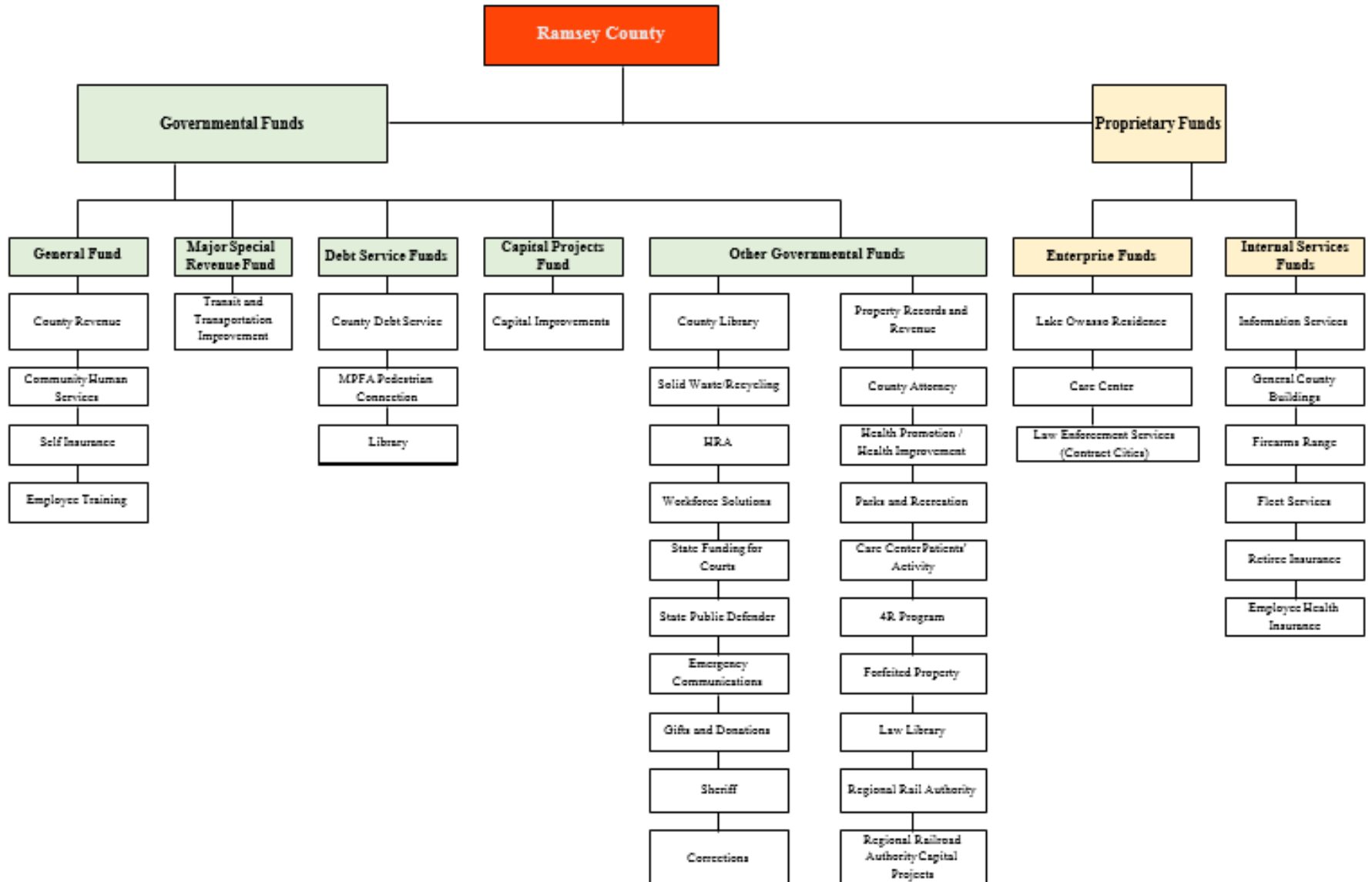
The [2018 Comprehensive Annual Financial Report](#)
is posted on ramseycounty.us/budget

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.
 - Popular Annual Financial Report (PAFR).
- 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?
 - 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.
 - Stein’s Law: “If something cannot go on forever, it will stop.”

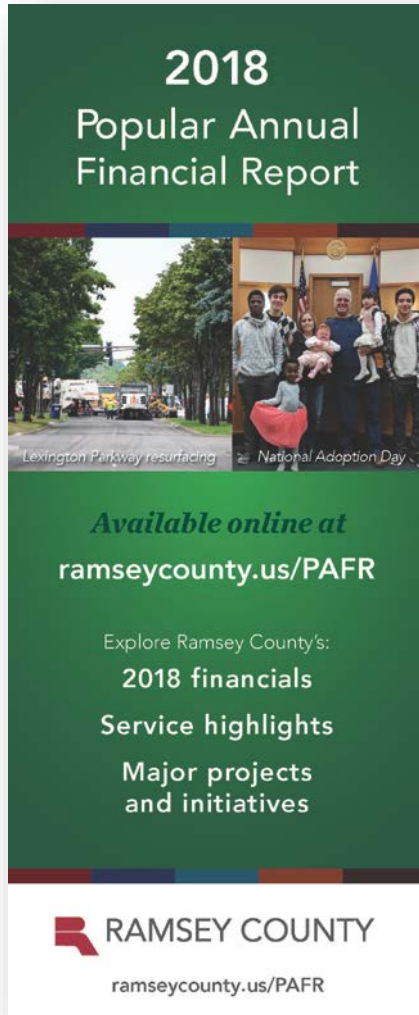
- **Headwinds** to continued economic growth:
 - Racial and income disparities.
 - Political extremes and divided government.
 - Tariffs and trade wars.
 - Increased government deficits and debt limits.
 - Federal Reserve monetary actions, inverted yield curves.
 - Geopolitical instability and unrest.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



The image shows the cover of the 2018 Popular Annual Financial Report. It features a green header with the title '2018 Popular Annual Financial Report'. Below the header is a collage of two photos: one showing a street with trees and a road sign, and another showing a group of people, including children, in a room. The text 'Lexington Parkway resurfacing' and 'National Adoption Day' is visible at the bottom of the photos. Below the photos, it says 'Available online at ramseycounty.us/PAFR'. Further down, it lists 'Explore Ramsey County's: 2018 financials', 'Service highlights', and 'Major projects and initiatives'. At the bottom, it features the Ramsey County logo and the URL 'ramseycounty.us/PAFR'.

- Questions?
- Links:
 - [2018 Comprehensive Annual Financial Report](#)
 - [2018 Popular Annual Financial Report](#)
 - [Budget and Finance webpage](#)
 - [Open Data Portal](#)