

Ramsey County 2014 Financial Overview and Fund Balance Report Summary

Prepared for the Ramsey County
Board of Commissioners
September 15, 2015

Purpose Of The Presentation

- Provide an overview of how Ramsey County ended the year financially in 2014
- Summarize the Ramsey County 2014 Fund Balance Report
- Preview the implications of new pension liability reporting requirements on our 2015 Comprehensive Annual Financial Report

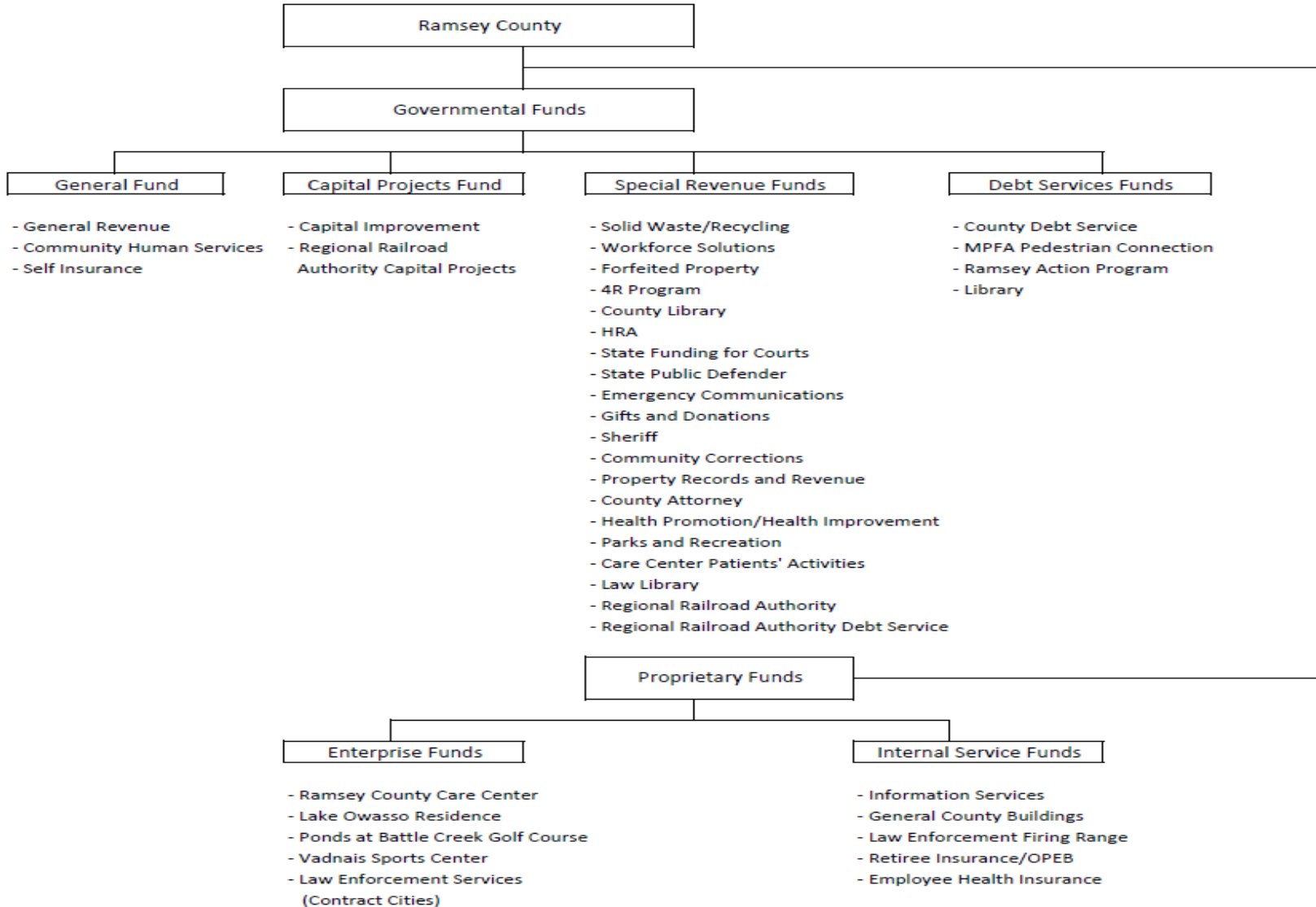
Ramsey County 2014 Comprehensive Annual Financial Report can be found [here](#)

Ramsey County's Financial Position Improved in 2014

- Net position increased \$9.8m from 2013 or 1.04%, to \$955,756,856 due to improved combined ending fund balances (net position = assets-liabilities)
- Total General Fund Balance increased \$6,580,687 or 3.0% (from \$222,577,788 in 2013 to \$229,158,475 in 2014)
- Unassigned General Fund Balance increased \$6,214,142 or 8.5% (from \$73,349,901 in 2013 to \$79,564,043 in 2014)
- Total outstanding debt decreased (\$7,488,264) or (3.1%) (from \$244,882,493 in 2013 to \$237,394,229 in 2014)

2014 Financial Achievements

- Ramsey County Debt per Capita, Debt as a % of the Budget, and Debt as a % of Market Value were all in the low range of rating agency benchmarks
- AAA bond rating from both rating agencies (14th consecutive year, since 2001)
 - In the top 1.7% of U.S. Counties (one of only 53 of 3069 U.S. Counties)
- Received all three GFOA awards (Comprehensive Annual Financial Report CAFR, Budget Presentation, and Popular Annual Financial Report PAFR)
- Unmodified (clean) audit opinion for 2014 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 (\$10.3m transferred in 2013 that was used as a loan for acquisition of Vadnais Sports Center. \$15.2m transferred at end of 2014 and can be used for West Building demolition)
- Maintain an unassigned General Fund balance of no less than two months of the subsequent year's budget

More information on the County's Fund Balance Policy can be found on page 60 of [Ramsey County's 2014 Comprehensive Annual Financial Report](#)

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
 - Funds invested with State Board of Investment
 - OPEB trust balance was \$56.2m at end of 2014 (cash + investments)
 - Trust earned 10.29% rate of return in 2014 with \$5.1m gain
 - 30-Year Actuarial Accrued Liability of \$235,503,520 as of 1/1/2015

More information on Ramsey County's OPEB can be found [here](#) on page 68 and 69

Highlights: Enterprise Funds

- Lake Owasso Residence received \$1,210,837 of levy support in 2014 and finished with a \$242,259 improvement to year-end fund balance
- Ramsey County Care Center received \$1,116,655 of levy support in 2014 but finished with a (\$734,654) reduction in year-end fund balance due to increased costs and declining occupancy. Higher reimbursement rates approved by the Minnesota Legislature will increase operating revenues, improve the condition of the fund, and eliminate the need for levy support in 2016-2017
- Law Enforcement services (Contract Cities) had a small negative balance (\$50,251) that will be recovered in 2015
- Vadnais Sports Center was added as a new Enterprise Fund in 2014 and was in balance

More information on the County's Enterprise Funds can be found on page 26 of [Ramsey County's 2014 Comprehensive Annual Financial Report](#)

Highlights: The Ponds at Battle Creek Golf Course

- Is at or near operating self-sufficiency on a cash basis
- Has not been able to repay the General Fund loan for golf course improvements (\$3.9m)
- Is the only County golf course that is required to re-pay its capital costs or loans
- The unpaid loan and negative net position of this fund is viewed unfavorably by our credit rating agencies

Recommendation: The Ponds should be treated similarly to all other County golf courses. The outstanding loan should be forgiven, the enterprise fund should be retired, and its operations should be included in the Parks and Recreation operating budget with other County golf courses.

Changes to Financial Reporting of Pensions Liabilities

- Government Accounting Standards Boards (GASB) issued new pension accounting and financial reporting requirements (GASB 68)
- Effective for our 2015 financial statements
- Affects all state and local governments and school districts
- Requires us to report our proportionate share of PERA's unfunded pension liability (estimated to be \$235,136,289 as of 6/20/2014)
- Including this additional unfunded pension liability will reduce our government-wide net position (from \$955,756,856 in 2014 to \$720,620,567 estimated)

Pension Liabilities will be a Financial Reporting Change, Not a Budget Change

- Will not require additional funding
- Will not change employee/employer contributions or retiree benefits
- Not expected to negatively impact our County credit rating
- May receive media attention or public inquiries

- Questions?
- Links

Ramsey County's 2014 Comprehensive Annual Financial Report can be found [here](#)

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