

Ramsey County 2017 Fund Balance Report

Prepared for the Ramsey County
Board of Commissioners
August 13, 2018

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Commissioner Jim McDonough, Chair
Commissioner Toni Carter
Commissioner Blake Huffman
Commissioner Mary Jo McGuire

Commissioner Rafael Ortega
Commissioner Victoria Reinhardt
Commissioner Janice Rettman
County Manager Ryan O'Connor

Dear Commissioners and County Manager:

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

The Ramsey County 2017 Fund Balance Report, as provided, contains a multi-year history of our Ramsey County Funds and status of fund balances for the:

- General Fund
- Debt Service Funds
- Capital Project Funds
- Special Revenue Funds
- Enterprise Funds
- Internal Service Funds

This report was prepared by Mike Webster of the Ramsey County Finance Department. Questions and comments may be directed to him at mike.webster@co.ramsey.mn.us or 651-266-8044.

Sincerely,

Lee Mehrkens, 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.

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)

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:

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.

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 2017 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 measurable. Modified accrual requires that revenues be available because the focus is on the current period.

		2013	2014	2015	2016	2017
General Fund						
Primary fund to account for Government Operations	Nonspendable	15,168,209	20,041,480	12,178,547	11,034,769	25,229,052
	Restricted	175,122	183,534	192,399	3,446,383	4,310,129
	Committed	2,042,509	1,693,743	1,693,743	-	-
	Assigned	131,842,047	127,675,675	36,771,270	35,011,587	35,395,861
	Unassigned	73,349,901	79,564,043	178,868,624	189,192,643	182,708,988
	Total Fund Balances	222,577,788	229,158,475	229,704,583	238,685,382	247,644,030
Debt Service Funds						
Fund used to account for the County's debt service payments	Nonspendable	-	-	-	-	-
	Restricted	30,006,506	32,634,675	35,387,762	67,635,984	58,145,792
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	30,006,506	32,634,675	35,387,762	67,635,984	58,145,792
Capital Project Funds						
Use to account for projects included in the County's Capital Improvement Plan	Nonspendable	175,000	9,975,000	-	-	-
	Restricted	36,533,951	27,827,488	29,601,176	23,211,228	13,139,534
	Committed	10,259,738	15,166,497	34,180,455	25,509,892	16,672,707
	Assigned	-	-	-	-	-
	Total Fund Balances	46,968,689	52,968,985	63,781,631	48,721,120	29,812,241

		2013	2014	2015	2016	2017
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	8,072	7,022	4,271	1,575	1,575
	Restricted	4,025,260	4,043,805	3,869,924	4,204,534	4,339,843
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	4,033,332	4,050,827	3,874,195	4,206,109	4,341,418
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	50
	Restricted	21,211,738	20,659,569	18,304,728	19,738,412	20,133,550
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	21,211,788	20,659,619	18,304,778	19,738,462	20,133,600
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	883,284	1,006,139	925,996	858,830	794,763
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	883,284	1,006,139	925,996	858,830	794,763
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	8,037	450	450	450	450
	Restricted	-	-	-	-	-
	Committed	-	-	-	-	-
	Assigned	-	1,663,313	1,035,004	-	-
	Unassigned	(3,266,335)	-	-	(144,202)	(5,278,548)
	Total Fund Balances	(3,258,298)	1,663,763	1,035,454	(143,752)	(5,278,098)

		2013	2014	2015	2016	2017
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		7,542	-	-	-	-
Restricted		-	-	-	-	-
Committed		2,570,372	5,004,141	4,323,073	3,383,322	4,702,842
Assigned		6,472,943	4,924,740	8,062,617	8,362,088	8,261,188
Total Fund Balances		9,050,857	9,928,881	12,385,690	11,745,410	12,964,030
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		592,563	572,220	579,230	647,181	605,381
Committed		-	-	-	-	-
Assigned		-	-	-	-	-
Total Fund Balances		592,563	572,220	579,230	647,181	605,381
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		242,670	273,087	493,993	711,913	645,800
Committed		-	-	-	-	-
Assigned		206,651	415,159	79,398	126,638	196,729
Total Fund Balances		449,321	688,246	573,391	838,551	842,529
Corrections Special Revenue - To account for revenues from various sources to benefit Community Corrections clients.						
Nonspendable		-	-	-	-	-
Restricted		-	-	-	-	-
Committed		394,124	351,474	450,334	497,372	444,912
Assigned		220,631	263,015	310,451	204,175	310,016
Total Fund Balances		614,755	614,489	760,785	701,547	754,928

		2013	2014	2015	2016	2017
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	2,808,203	2,646,734	2,516,601	3,608,470	3,217,020
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	2,808,203	2,646,734	2,516,601	3,608,470	3,217,020
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	1,026,302	942,011	863,965	773,937	768,325
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	1,026,302	942,011	863,965	773,937	768,325
Health Promotion Health Improvement - To account for funds provided by the County's health insurer for work-site health promotion purposes.	Nonspendable	-	-	-	-	-
	Restricted	117,788	102,754	168,878	346,903	442,213
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	117,788	102,754	168,878	346,903	442,213
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	598,380	665,484	483,797	150,416	138,619
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	598,380	665,484	483,797	150,416	138,619

		2013	2014	2015	2016	2017
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	24,931	23,595	25,737	19,935	14,271
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	24,931	23,595	25,737	19,935	14,271
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	918,277	1,038,321	524,750	457,216	1,328,193
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	918,277	1,038,321	524,750	457,216	1,328,193
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	75,000	75,000
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	75,000	75,000	75,000	75,000	75,000
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	564,239	967,230	1,282,592	1,510,284	1,808,658
	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	564,259	967,250	1,282,612	1,510,304	1,808,678

		2013	2014	2015	2016	2017
Other Governmental Funds (continued):						
Transit and Transportation Improvements - To						
account for revenues collected from the ½	Nonspendable	-	-	-	-	-
percent sales and use tax and expenditures for	Restricted	-	-	-	-	6,501,300
transportation improvement designated by the	Committed	-	-	-	-	-
Board of Commissioners.	Assigned	-	-	-	-	-
	Total Fund Balances	-	-	-	-	6,501,300
Regional Railroad Authority - To provide for the						
preservation of a railway corridor for future public	Nonspendable	350	350	350	100	100
transit use and to provide for the preservation	Restricted	-	-	-	-	-
and improvement of local rail service.	Committed	-	-	-	-	-
	Assigned	2,614,624	6,558,060	9,738,664	11,952,818	15,085,729
	Total Fund Balances	2,614,974	6,558,410	9,739,014	11,952,918	15,085,829
Regional Railroad Authority Debt Service - To						
account for the resources accumulated and	Nonspendable	-	-	-	-	-
payments made for principal and interest on	Restricted	-	1,592	418,212	418,212	418,212
long-term debt of the Regional Rail Authority.	Committed	-	-	-	-	-
	Assigned	-	-	-	-	-
	Total Fund Balances	-	1,592	418,212	418,212	418,212
Regional Railroad Capital Projects Fund - To						
account for the expenses related to Regional	Nonspendable	-	-	-	-	-
Railroad Authority's capital projects.	Restricted	-	-	-	-	-
	Committed	-	-	-	-	-
	Assigned	3,907,698	3,259,954	6,997,044	8,511,095	15,341,437
	Total Fund Balances	3,907,698	3,259,954	6,997,044	8,511,095	15,341,437

		2013	2014	2015	2016	2017
Other Governmental Funds (continued):						
Total Other Governmental Funds	Nonspendable	24,071	7,892	5,141	2,195	2,195
	Restricted	33,088,635	33,017,541	30,533,403	33,521,243	41,231,148
	Committed	2,964,496	5,355,615	4,773,407	3,880,694	5,147,754
	Assigned	13,422,547	17,084,241	26,223,178	29,156,814	39,195,099
	Unassigned	-	-	-	(144,202)	(5,278,548)
	Total Fund Balances	49,499,749	55,465,289	61,535,129	66,416,744	80,297,648

		2013	2014	2015	2016	2017
Enterprise Funds:						
Lake Owasso Residence - Used to account for the operations of the Lake Owasso Facility	Net Investment in Capital Assets	967,308	1,106,365	1,227,599	1,471,524	1,635,058
	Unrestricted	(1,085,781)	(982,579)	(5,061,487)	(5,962,782)	(6,803,269)
	Total Net Position	(118,473)	123,786	(3,833,888)	(4,491,258)	(5,168,211)
Care Center - Used to account for the operations of the Ramsey County Care Center	Net Investment in Capital Assets	1,343,473	1,086,199	1,102,859	916,765	748,934
	Unrestricted	(2,989,051)	(3,466,431)	(11,091,686)	(11,303,142)	(12,186,281)
	Total Net Position	(1,645,578)	(2,380,232)	(9,988,827)	(10,386,377)	(11,437,347)
Ponds at Battle Creek - Used to account for the operations of the Ponds at Battle Creek golf course. The fund was closed and the balances rolled into the General Fund by the end of calendar year 2014.	Net Investment in Capital Assets	622,603	543,453	-	-	-
	Unrestricted	(2,996,644)	(3,074,668)	-	-	-
	Total Net Position	(2,374,041)	(2,531,215)	-	-	-
Vadnais Sports Center - used to account for the operations of the Vadnais Sports Center	Net Investment in Capital Assets	-	9,723,576	9,625,665	9,471,416	9,297,157
	Unrestricted	-	(9,622,527)	(9,226,455)	(9,020,816)	(8,571,910)
	Total Net Position	-	101,049	399,210	450,600	725,247
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	435,942	397,923	393,226	478,194	493,516
	Unrestricted	(426,235)	(448,174)	(158,127)	(521,419)	(507,840)
	Total Net Position	9,707	(50,251)	235,099	(43,225)	(14,324)
Total Enterprise Funds	Net Investment in Capital Assets	3,369,326	12,857,516	12,349,349	12,337,899	12,174,665
	Unrestricted	(7,497,711)	(17,594,379)	(25,537,755)	(26,808,159)	(28,069,300)
	Total Net Position	(4,128,385)	(4,736,863)	(13,188,406)	(14,470,260)	(15,894,635)

		2012	2013	2014	2015	2017
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	510,307	536,116	987,143	2,073,508	1,170,874
	Unrestricted	5,772,121	6,624,874	7,182,754	2,687,782	6,242,414
	Total Net Position	6,282,428	7,160,990	8,169,897	4,761,290	7,413,288
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	3,889,123	3,642,950	2,882,970	2,736,412	2,572,708
	Unrestricted	14,260,915	15,349,014	14,160,319	10,994,887	14,337,396
	Total Net Position	18,150,038	18,991,964	17,043,289	13,731,299	16,910,104
Firearms Range - To provide a Firearms Range to law enforcement personnel of the County and other local governments.	Net Investment in Capital Assets	-	-	-	-	-
	Unrestricted	46,335	71,296	101,293	143,939	173,216
	Total Net Position	46,335	71,296	101,293	143,939	173,216
Fleet Services - To account for the revenues and expensed of Fleet Operations Services	Net Investment in Capital Assets	-	-	-	2,992,705	17,353,047
	Unrestricted	-	-	-	(172,607)	(46,217)
	Total Net Position	-	-	-	2,820,098	17,306,830
Retiree Insurance - To account for the County's contribution to Retiree Insurance and OPEB expenses in compliance with GASB Statement #45.	Net Investment in Capital Assets	-	-	-	-	-
	Unrestricted	(31,842,660)	(33,405,005)	(39,655,084)	(41,647,966)	(37,837,689)
	Total Net Position	(31,842,660)	(33,405,005)	(39,655,084)	(41,647,966)	(37,837,689)
Employee Health Insurance - To account for the County's contributions for employee health insurance	Net Investment in Capital Assets	-	-	-	-	-
	Unrestricted	-	-	2,156,194	2,353,739	5,546,143
	Total Net Position	-	-	2,156,194	2,353,739	5,546,143
Total Internal Service Funds	Net Investment in Capital Assets	4,399,430	4,179,066	3,870,113	4,809,920	21,096,629
	Unrestricted	(11,763,289)	(11,359,821)	(16,054,524)	(25,467,619)	(11,584,737)
	Total Net Position	(7,363,859)	(7,180,755)	(12,184,411)	(20,657,699)	9,511,892