



minnesota inter-county association

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benton·blue earth·carver·crow wing·dakota·olmsted·otter tail·rice·st. louis·scott·sherburne·stearns·washington·winona

Alternative Investments of City and County Funds under SF 480

I. SF 480 would allow 1) cities and counties over 100,000 population , 2)smaller cities and counties that have demonstrated their superior financial management through attainment of a AAA bond rating (all listed below), and 3) self insurance pools of the counties, cities, townships and school districts to invest in a very narrow range of equity investments. The qualifying cities and counties investments would be allowed for a limited set of long-range purposes including:

- long-term capital plans,
- funds held to offset long-term environmental exposure,
- other postemployment benefit liabilities,
- compensated absences, and
- other long-term obligations established by applicable accounting standards

The long range purposes either 1) comport to recent changes in governmental accounting standards, GASB 34, 45, 67 and 68, which have changed from pay-as-you-go accounting for some of these costs to one that identifies the cost of these liabilities as they accrue or 2) state requirements to set-aside monies for closure and post-closure costs for landfills.

County	2015 Population	Most Recent Bond Rating
Hennepin	1,210,720	AAA
Ramsey	529,506	AAA
Dakota	411,507	AA+
Anoka	342,612	Aa1
Washington	249,109	AAA
St. Louis	200,840	AA+
Stearns	153,326	AA+
Olmsted	150,201	AAA
Scott	138,727	AAA
Wright	129,946	AA+

City	2015 Population	Most Recent Bond Rating
Minneapolis	411,273	AA1 Moody's AAA S&P
St. Paul	299,641	AAA
Rochester	111,007	AAA
Bloomington	87,224	AAA
Plymouth	74,592	AAA
Eagan	67,509	AAA
Eden Prairie	63,187	AAA
Burnsville	61,908	AAA
Mnnetonka	51,647	AAA
Edina	50,766	AAA

Apple Valley	50,161	AAA
Roseville	35,244	AAA
Golden Valley	21,571	AAA
Orono	7,474	AAA
Wayzata	4,564	AAA

II. The expanded authority is limited to:

- A. mutual funds indexed to the S&P 500 or the Dow Jones US Total Stock Market Index
- B. with the State Board of Investment (SBI)

III. The SBI's role as one conduit for these limited equity investments would have PERA performing the administrative tasks. PERA already performs this role for local government investments with SBI for other Post Employment Benefit Trusts. Both entities would be compensated for their costs under the bill

IV. SBI already serves as investment conduit again with PERA performing the administrative tasks for at least 22 local governments – 21 through the Other Post Employment Benefit (OPEB) Account (four of which are in the 25 entities above) and one (also in the 25 above) through the St. Louis County Environmental Trust. The City of Duluth has both monies invested in the OPEB account as well as in the separate Duluth Community Investment Trust. The SBI currently has:

- A. \$523 million under management for the OPEB account and as of the end on 2016 the equities portion of that investment for just the city of Duluth provided 1 year returns of 4%, 3 year returns of 11.7% and 5 year returns of 12.1%.
- B. \$12.8 million for the St. Louis County Environmental Trust, and
- C. \$19.7 million for the Duluth Community Investment Trust

V. The authorized cities and counties can invest no more than 15% of their unassigned funds in the limited equity investments allowed under the bill.

**State Board of Investment
Non-Retirement Funds Participation Schedule
As of June 30, 2016
Amounts In (000)'s**

	<u>Non- Retirement Cash Pool</u>	<u>Internal Bond Pool</u>	<u>Internal Equity Pool</u>	<u>Total Non- Retirement Pools</u>
Permanent School	\$ 23,208	\$ 574,135	\$ 622,098	\$ 1,219,441
Environmental Trust	\$ 17,821	\$ 261,127	\$ 645,204	\$ 924,152
Other Trusts:				
Closed Landfill		\$ 22,002	\$ 50,078	\$ 72,080
DuRuth Community Investment Trust	\$ 465	5,821	13,449	19,735
Emergency Med SVC	76	555	1,030	1,661
Ethel Currey		569	855	1,424
Iron Range Resources		53,130	66,566	119,696
Life Time Fish & Wild Life	404	5,771	14,209	20,384
Saint Louis County Environmental		5,847	7,000	12,847
Winona State		2,337	2,982	5,319
	<u>\$ 945</u>	<u>\$ 96,032</u>	<u>\$ 156,169</u>	<u>\$ 253,146</u>
PERA OPEB:				
Anoka County (Irrevocable)			51,669	51,669
Anoka County (Revocable)			\$ 454	\$ 454
Carver County		\$ 736	3,617	4,353
City of Eagan			13,038	13,038
City of Virginia			1,005	1,005
Crosby-Ironton ISD#182	\$ 83	2	3,358	3,443
DuRuth		14,118	32,116	46,234
Fillmore Central Schools #2198	345			345
Hastings ISD#200	1,193			1,193
Kingsland ISD#2137			221	221
Mendota Hgts Eg WSP#197	121	8,191		8,312
Metro Mosquito Control District		349	2,291	2,640
Metropolitan Council	1	25,000	190,367	215,368
Mounds View ISD#621	7,218	6,651	8,442	22,311
Mt. Iron-Buhl District #712		2,380		2,380
Ogilvie ISD#333	366			366
Ramsey County	6,764	15,305	38,478	60,547
Roseville District#623		11,537		11,537
Scott County			12,772	12,772
Staples Motley #2170	27	610	210	847
Washington County		10,453	33,336	43,789
Yellow Medicine ISD#2190	872			872
	<u>\$ 16,990</u>	<u>\$ 95,332</u>	<u>\$ 391,374</u>	<u>\$ 503,696</u>
Total Pool Participation	<u>\$ 58,964</u>	<u>\$ 1,026,626</u>	<u>\$ 1,814,845</u>	<u>\$ 2,900,435</u>

OLMSTED COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2015

Statement Taken from Financial Statement Audited by the Office of the State Auditor

	Primary Government		Long-Term Liability to Offset	Funds Used to Offset Long-Term Liabilities	
	Governmental Activities	Business-type Activities			
ASSETS					
Cash, cash equivalents, deposits and investments:	\$ 131,540,362	\$ 4,979,872	\$ 136,520,234	\$ 8,867,837	Cash Held for Compensated Absences
Cash and cash equivalents on deposit:					
Revenue stabilization		2,000,000	2,000,000		
OPEB obligation	\$ 189,752	-	189,752	\$ 8,189,752	Cash Held for OPEB
Accounts receivable, net	1,345,430	2,122,316	3,467,746		
Delinquent taxes	1,435,000	-	1,435,000		
Accrued interest	554,955	-	554,955		
Advances/loans	123,728	-	123,728		
Internal balances	414,800	(414,800)	-		
Due from other governments	12,161,844	508,685	12,670,529		
Inventories	419,794	1,323,891	1,743,685		
Prepaid items	1,967,101	219,306	2,286,407		
Restricted assets:					
Deposits for debt service	4,833,816	5,302,852	10,136,668		
Deposits for construction	36,618,932	-	36,618,932		
Dedicated long-term environmental care trust	-	4,457,356	4,457,356	\$ 4,457,356	Long-Term Environmental Care - Landfill
Other assets:					
Long-term loans	137,641	-	137,641		
Capital assets not being depreciated:					
Land	43,205,988	1,725,708	44,931,696		
Construction in progress	36,085,607	-	36,085,607		
Capital assets, net of depreciation:					
Infrastructure	90,051,299	1,713,138	91,764,437		
Buildings	52,401,576	8,173,265	60,574,841		
Improvements other than buildings	2,552,767	1,775,938	4,328,705		
Equipment	10,583,525	95,910,127	106,493,652		
Software	5,016,413	111,538	5,127,953		
Total capital assets	239,896,577	109,409,714	349,306,291		
Total Assets	439,639,932	130,009,192	569,649,124		
DEFERRED OUTFLOWS OF RESOURCES					
Pension contribution adjustments	2,814,094	163,346	2,977,440		
Pension investment earnings adjustment	6,172,337	354,829	6,527,166		
Total Deferred Outflows of Resources	8,986,431	518,175	9,504,606		
LIABILITIES					
Accounts payable	2,594,787	585,975	3,180,762		
Salaries payable	4,436,594	282,446	4,719,040		
Contracts payable	4,885,925	397,809	5,283,734		
Accrued liabilities	1,527,678	1,107,245	2,634,923		
Due to other governments	2,982,901	65,519	3,048,420		
Unearned revenue	4,942,733	20,775	4,963,508		
Long-term liabilities:					
Due within one year	11,531,774	4,969,311	16,501,085	\$ 6,071,581	Rolling Portion of Compensated Absences
Due in more than one year	156,914,769	76,517,078	233,431,847	\$ 1,821,372	Long-Term Environmental Care - Landfill
Total Liabilities	169,817,161	85,964,158	255,781,319	\$ 7,892,953	Long-Term Portion OPEB
				\$ 4,147,218	Long-Term Portion of Compensated Absences
DEFERRED INFLOWS OF RESOURCES					
Pension economic experience adjustment	5,714,651	188,973	5,903,626		
Pension liability proportion adjustment	2,429,313	154,602	2,583,915		
Deferred charge on refunding	-	140,980	140,980		
Total Deferred Inflows of Resources	8,143,964	484,555	8,628,519		
NET POSITION					
Net investment in capital assets	176,289,798	33,966,421	210,256,219		
Restricted for:					
Highways and streets	10,605,032	-	10,605,032		
Public safety purchases	402,007	-	402,007		
Parks	308,301	-	308,301		
Law library	321,371	-	321,371		
Debt service	3,430,306	4,195,607	7,625,913		
Landfill closure	-	2,635,984	2,635,984	\$ 2,635,984	Long-Term Environmental Care - Landfill
Unrestricted	61,308,243	5,250,640	66,558,883		
Total Net Position	\$ 257,665,058	\$ 46,048,652	\$ 298,713,710		
				21,764,192	21,314,945

Included in the Long-term liability line is the Net Pension Liability due to the underfunded status of the cost-sharing multiple-employer pension plans that the County belongs to. The total long-term net pension liability reported is \$59,821,949.

Rolling Portion of Compensated Absences
Long-Term Environmental Care - Landfill
Long-Term Portion OPEB
Long-Term Portion of Compensated Absences

Long-Term Environmental Care - Landfill