



# **Comprehensive Annual Financial Report of Washington County, Minnesota**

**Year ended December 31, 2016**

At the bottom of the page, there are two horizontal bars: a dark blue bar on the left and a green bar on the right.

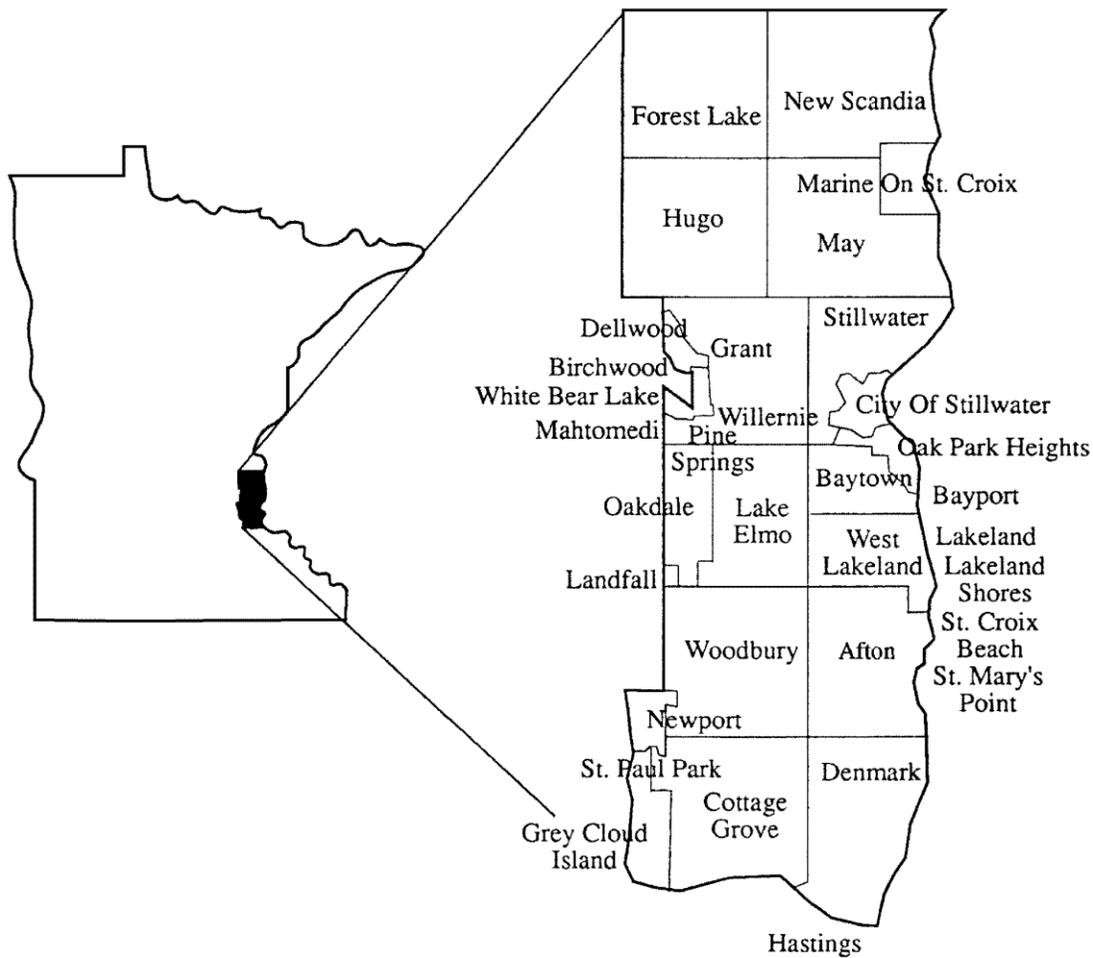
**Comprehensive  
Annual Financial Report  
of  
Washington County  
Minnesota**

**for the Year Ended December 31, 2016**



Accounting and Finance Department  
Issued June 2017

Washington County  
14949 – 62nd Street North  
Stillwater, Minnesota 55082  
651-430-6030  
Fax 651-430-6060



**Established:** October 27, 1849

**County Seat:** Stillwater

**Population:** 252,921

**Board Meetings:** Each Tuesday, except the 5th Tuesday of the month

**Commissioners:** Fran Miron, District 1  
 Stan Karwoski, District 2  
 Gary Kriesel, District 3  
 Karla Bigham, District 4  
 Lisa Weik, District 5

**Area:** 423 Square Miles

**Major Highways:** Interstate (I)-94,494/694,35  
 State Roads (TH)-8,36,61/10,95,96,97,120,244  
 County Roads (CSAH)-1 through 45  
 (CR) 4A,13B,15A,17A,17B,19A,30A,38A,52 through 83

**Railroads:** BNSF  
 Soo Line  
 Union Pacific  
 Wisconsin Central

*Index*

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
GFOA Certificate of Achievement	8
County Organizational Chart	9
List of Principal Officials	10
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	11
Management's Discussion and Analysis	14
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	24
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet – Governmental Funds	27
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	
Governmental Activities	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of	
Governmental Funds to the Statement of Activities – Governmental Activities	30
Statement of Fiduciary Net Position	31
Notes to the Financial Statements	32
<b>Required Supplementary Information</b>	
Schedule of Funding Progress - Other Postemployment Benefit Plan	71
Budgetary Comparison Schedules:	
General Fund	72
Regional Rail Authority Fund	74
Note to the Required Supplementary Information	75
Pension Related Schedules:	
Schedule of Proportionate Share of Net Pension Liability	76
Schedule of Pension Contributions	77
<b>Supplementary Information</b>	
Budgetary Comparison Schedules:	
Debt Service Fund	79
Capital Projects Fund	80
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	81
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule by Source	85
Schedule by Function and Activity	86
Schedule of Changes by Function and Activity	87
Governmental Revenue Schedules:	
Schedule of Intergovernmental Revenue	89
Schedule of Expenditures of Federal Awards	90

*Index (Continued)*

	<u>Page</u>
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Statistical Section Index	93
Net Position by Component	94
Changes in Net Position	95
Fund Balances of Governmental Funds	96
Changes in Fund Balances of Governmental Funds	97
Market Value and Tax Capacity of Taxable Property	98
Property Tax Rates – Direct and Overlapping Governments	99
Principal Property Taxpayers	102
Property Tax Levies and Collections	103
Ratios of Outstanding Debt by Type	104
Ratios of General Bonded Debt Outstanding	105
Direct and Overlapping Governmental Activities Debt	106
Computation of Legal Debt Limitation	107
Demographic and Economic Statistics	108
Principal Employers	109
Employees by Function	110
Operating Indicators by Function	111
Capital Asset Statistics by Function	112

# WASHINGTON COUNTY

## Introductory Section

### ***Our Mission:***

Providing quality services through responsible leadership, innovation and the cooperation of dedicated people.

### ***Our Vision:***

A great place to live, work and play...today and tomorrow.

### ***Our Goals:***

- To promote the health, safety and quality of life of citizens
- To provide accessible, high-quality services in a timely and respectful manner
- To address today's needs while proactively planning for the future
- To maintain public trust through responsible use of public resources, accountability and openness of government

### ***Our Values:***

- Ethical: to ensure public trust through fairness, consistency, and transparency
- Stewardship: to demonstrate tangible, cost-effective results and protect public resources
- Quality: to ensure that services delivered to the public are up to the organization's highest standards
- Responsive: to deliver services that are accessible, timely, respectful, and efficient
- Respectful: to believe in and support the dignity and value of all members of this community
- Leadership: to actively advocate for and guide the county toward a higher quality of life



## **INTRODUCTORY SECTION**

- Letter of Transmittal
- GFOA Certificate of Achievement
- County Organizational Chart
- List of Principal Officials



Accounting and Finance  
Department

Tabatha Hansen  
Director

June 5, 2017

Honorable Chair and Commissioners  
Washington County Board of Commissioners  
14949 – 62<sup>nd</sup> Street North  
Stillwater, Minnesota 55082

Commissioners:

This Comprehensive Annual Financial Report (CAFR) of Washington County has been prepared by the County's Accounting & Finance Department and is hereby submitted for publication for the fiscal year ended December 31, 2016. We have prepared this report in conformity with Generally Accepted Accounting Principles to comply with the County Board's policy and to meet Minnesota Statute chapter 375.17 requirements for local government annual financial reporting.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Washington County's MD&A can be found immediately following the report of the independent auditors.

The responsibility for both the data presented including the accuracy, the completeness, and the fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the County's various funds. All disclosures necessary to allow the reader to understand the County's financial activities have been included.

The County is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards, is part of the supplementary information section of this report.

This report includes all funds of the County. The County provides a full range of services that include: health and human services; tax assessment and collection; law enforcement and jail services; the construction and maintenance of highways and infrastructure; recreational facilities; libraries; and general administrative services. The Regional Rail Authority is included in the reporting entity because it is a blended component unit. A blended component unit is a separate legal entity that exists primarily for the benefit of the primary government or has the same governing body as the primary government. If these characteristics exist, the component unit is reported as though it is part of the operations of the Primary Government. The Washington County Community Development Agency (formerly known as the Washington County Housing and Redevelopment Authority) is included as a discretely presented component unit. A discretely presented component unit is also a separate legal entity. Its governing body is appointed by the Primary Government and it can have varying degrees of financial dependence on the Primary Government. It is presented in the financial reports of the Primary Government because exclusions of the information could be misleading for statement users. However, the Washington Conservation District, Carnelian Marine Watershed District, Ramsey Washington Metro Watershed District, Rice Creek Watershed District, and the Valley Branch Watershed District have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

This report is available to the public, elected officials, County management, bond rating agencies, and other financial institutions that have expressed an interest in Washington County's financial affairs. This report is also available through the County website.

## County Profile

Washington County is located along the St. Croix River Valley in the east-central part of Minnesota on the eastern side of the Twin Cities metropolitan area. It is comprised of 423 square miles of land and it was officially created on October 27, 1849, as one of nine original counties in the historic Minnesota Territory.

The county operates under the County Administrator form of government with five elected commissioners representing population defined districts within the County. The County's original adopted 2017 budget employs a workforce of 1,208.51, which is a 3.26% increase over the 2016 levels for full-time equivalents, includes planned expenditures of \$211.2M representing a decrease of 2.85%, and a net levy of \$96.1M, which is an increase of 3.56% over 2016.

The estimated population of Washington County has increased slightly from 2015's estimate of 250,123 which keeps its ranking at fifth out of the 87 Minnesota counties. The American Community Survey reports the County's median household income at \$87,995 with an average age of 39.3 years. Although considered a "suburban" county, it has a diverse base of residential, commercial, industrial, agricultural, and natural resources.

### Economic Condition and Outlook

Over the years, Washington County has consistently maintained and improved its quality of life in the areas of education, environment, safety, and recreation. The County is strategically located close to the metropolitan downtown area and enjoys a number of favorable characteristics including rural and natural surroundings with a significant portion of land that is still undeveloped. These qualities help the County to maintain its attractiveness to individuals and businesses. Washington County's leaders truly value fiscal responsibility while promoting health, safety, and quality of life for citizens.

Even with improving economic conditions, the County's budget continues to be impacted by the aftermath of the long recession. A challenging financial environment has become the norm. The economic trends show growth in construction and investments in the County. The County is experiencing steady growth in property values adding to the level of optimism.

### Key Economic Indicators

The economic condition of the County has been relatively stable, with evidence of some growth in areas such as per capita personal income. The County's 2016 operating budget per capita was \$614, ranking second lowest amongst the seven metro counties. The number of households and overall population increased slightly while the County's unemployment rate, as reflected in the table below, has remained below the statewide level of 3.7%. The following are some key items:

<u>Economic Indicators*</u>	<u>Amount</u>	<u>Percent Increase/ (Decrease)</u>
Unemployment Rate (2016)	3.3%	3.1%
Number of Households (2016)	93,628	1.0%
Population (2016)	252,921	0.8%

[\\*See Table 13 of the Statistical section for further detail.](#)

	<u>Estimated Market Value (000's)</u>		<u>Net Tax Capacity (000's)</u>	
	<u>Amount</u>	<u>Percent of Growth</u>	<u>Amount</u>	<u>Percent of Growth</u>
2012	\$ 25,550,570	-3.40%	\$ 274,106	-7.10%
2013	24,082,877	-5.70%	258,453	-5.70%
2014	24,770,773	2.90%	265,889	2.90%
2015	27,767,177	12.10%	297,533	11.90%
2016	28,527,184	2.74%	306,207	2.92%

[\\*See Table 5 of the Statistical section for further detail.](#)

## **Economic and Taxation Trends**

Washington County enjoys a tax base that is diverse in its mix of commercial, industrial, and residential property. The County is not overly reliant on a single or even a few large property owners for property taxes, and its commercial base is diverse, ranging from large shopping centers in Woodbury and Oakdale to many small businesses in its smaller cities like Afton, Mahtomedi, and Hugo. The County benefits from its proximity to the Minneapolis and St. Paul regional center, with the added benefit of sought-after environmental features including two rivers and many recreational lakes.

The housing market within Washington County and the metropolitan region continues to show gains. Recent reports from the Regional Associations of Realtors show an ongoing increase in both average and median sale prices. Countywide estimated market value increased 2.9% from pay 2016 to pay 2017 and is projected to increase 7.1% from Pay 2017 to Pay 2018. Taxable market value continues to follow the estimated market value trends in the County. This is the fifth consecutive increase in countywide value. The estimated market value of all taxable property is approximately \$29.4 billion, with estimated market value per capita for Pay 2017 nearly \$115,000. From Pay 2013 to Pay 2017, the County's estimated market value posted a net increase of 22%. These measures, along with growth in new construction, are strong indicators of a healthy tax base in Washington County. The County's diverse tax base and strong underlying demographics position it for robust growth in the future.

In addition to appreciation in existing values, the County continues to experience moderate growth in taxable market value in new construction. For taxes payable in 2017, new construction is expected to add approximately \$363 million in taxable value.

### **Residential Development**

In calendar year 2016, 941 new residential properties were started countywide. Of that total, 689 were single family units and the remaining 252 were townhomes and condominiums. The City of Woodbury experienced the most residential housing starts with 320 residential starts. The City of Lake Elmo was the second highest with 251 new residential starts.

### **Commercial Development**

The commercial real estate market in Washington County has remained stable for the past five years with annual adjustments ranging from -0.9% to 4.6%. This market has continued to exhibit improvement in terms of the overall fundamentals of supply and demand. As with the nationwide economic recovery, the improvement varies in the different property uses, with some gaining momentum and others languishing.

In 2016, there were twenty-nine new commercial properties started in the County. This compares to twenty-seven new starts in calendar year 2015.

### **Tax Rate & Collections**

Washington County continues to have the second-lowest county tax rate of all metropolitan counties, just slightly higher than Dakota County. For preliminary Pay 2017, a \$245,000 valued home in Washington County would pay a gross county tax of \$709. By comparison, that same valued home in Dakota County would pay \$644 and would pay more than \$800 in Anoka, Carver, Hennepin, Ramsey, and Scott counties.

The delinquency rate for pay 2016 continues to remain low at 0.6%. Historically, the County's delinquency rate hovers between 1% and 1.25%, but has been less than 1% for the last three years. Minnesota's property tax laws related to penalty and interest on unpaid taxes, along with the potential for forfeiture if not paid within 3 years, contribute to very strong collection rates. Of the delinquent amounts, on average just under 70% is normally collected in the following year and over 80% by the end of year two.

### **Tax Petitions**

Property owners who believe their property is over-valued have a number of informal local steps in which to appeal their value. Local boards meet in April and May and the County Board of Appeal and Equalization meets in June. If after those appeals, property owners still believe their property is over-valued, they may petition the tax court for a reduction. A vast majority of tax court petitions are commercial or industrial property and often these businesses do not appeal at the local level, but instead appeal directly to the tax court.

A total of 150 tax petitions were filed to contest the value for taxes payable in 2016, this volume has continued to decline slightly over the past few years and is a significant reduction from the 327 petitions filed for taxes payable in 2010. Most believe the poor economy and changes in the business climate in the state and nationwide led to the increase in the number of businesses appealing their values in Washington County and neighboring jurisdictions. Prior to 2009 the County averaged approximately 125 tax petitions per year. The number of petitions has moderated and the total value under petition remains a manageable figure.

### **Other Operational Highlights**

- In 2016, the County issued \$20 million in general obligation bonds to finance a number of road construction projects throughout the County. The County retained its AAA bond rating, the highest available, from both Standard and Poor's and Moody's.
- During 2016, the County employment contracts were negotiated and settled for 2017-2018 with nearly all of the County's bargaining units, including agreements related to wage increases, health insurance cost sharing and issues related to working conditions.
- The County developed and implemented an enhanced technology program to provide additional on-going, stable funding to pay for core information technology infrastructure, licensing and maintenance.
- In 2016, the Property Records and Taxpayer Services Department administered the presidential election. This election was the first presidential election in which all Minnesota voters were allowed to vote by absentee ballot without an excuse or reason. Voter turnout for this election was over 91% with nearly 25% of those voting choosing to vote early by absentee ballot. Approximately 25,000 absentee voters were served in person by County staff at one of the four county service centers prior to Election Day.
- The County property tax system was moved to an offsite hosting solution reducing pressure on internal technology resources, improving business continuity and reducing costs for server upgrades, maintenance, and licensing.
- The Public Works Department continues to deliver transportation, facility, and park investments consistent with the county comprehensive and strategic plans, including advancing development of the Gateway Gold Line Transitway project, completing the Public Works North Shop improvement project, and rehabilitating the Lake Elmo Regional Park Swim Pond.
- Keeping up with the demand for pretrial supervision services and putting dosage probation into operation were significant events in 2016 for the Community Corrections Department. Pretrial numbers have been rising by about 15% per year since 2013. To meet this demand, internal staff transfers were made and an additional probation officer was requested for 2017. In addition, Community Corrections staff implemented the dosage probation model with assistance from the National Institute of Corrections. This was a transformative change in how probation services are delivered with significantly more client services being delivered to reduce recidivism.
- Based on the 2015 Payment Card Industry Data Security Standard (PCI DSS) audit, Information Technology identified areas to strengthen and completed the efforts in 2016. Activities included the creation of a secondary secure network for encrypted PCI traffic, securing all endpoints and input devices, and verifying all processes aligned to the PCI security standards. These efforts resulted in passing an external independent audit for PCI standards.
- Significant improvements related to records management have been completed in 2016, including updating of all County department records retention schedules, a study of the short-term records storage area was initiated, and many historical records were identified and sent for permanent storage.
- In 2016, opioid use and opioid related overdoses are becoming an increasing problem both locally and nationally. In collaboration with Lakeview Hospital, the Sheriff's Office launched an initiative aimed at reducing accidental opioid overdoses in the County. Lakeview Hospital will supply Naloxone (aka Narcan) and train deputies on how to administer the medication to patients.

- On March 8th, 2016, the Washington County Department of Public Health and Environment was awarded national accreditation from the Public Health Accreditation Board. Public Health Accreditation is a voluntary effort, highly encouraged by the Minnesota Department of Health and other leading public health organizations nationwide. The goal of the national Public Health Accreditation is to improve and protect the health of the public by advancing the quality and performance of public health departments as measured against a set of nationally recognized, evidenced-based standards. Statewide, Washington County was the third health department to be nationally accredited. Nationally, 117 public health departments had achieved accreditation at that time. Accreditation provides a means to continuously improve the efficiency and effectiveness of our work, and to demonstrate and promote accountability to the public we serve.
- 2016 marked the revival of the Washington County Jail's inmate GED program through a partnership with a local school district. The GED program is now an internet based system, making the process of administering tests more efficient. The program has proven to be a valuable resource for incarcerated individuals upon their re-entry into the community and reinforces the County's commitment to the Re-entry Assistance Program (RAP) that was implemented last year.
- Saturday is now "Child Preferred Visiting" day at the Washington County Jail where children go to the front of the line for visitation. In the jail lobby and visitation areas, children will be greeted with Sesame Street flatheads of Elmo, Big Bird and Cookie Monster. Additional changes in various stages of implementation include quarterly Resource Fairs for visitors, a reading library for children, and opportunities for inmates to read books to their children.
- The County Attorney's Office sponsors criminal justice training both in-office and statewide as part of its commitment to strengthen relationships with municipalities, city attorneys, law enforcement departments, nonprofits, community advocates and citizens. The County Attorney's Office has sponsored over 208 hours of training in 2016 to over 6,000 people. In addition, the office regularly provides training over the noon hour on a wide variety of criminal justice topics. These efforts in training with law enforcement, prosecutors, other county departments, and the local municipalities will continue, as they can only benefit the criminal justice system in the long run.

### **Single Audit**

As a recipient of federal, state, and local financial assistance, the County must have adequate internal controls and procedures to ensure financial integrity and to be in compliance with the applicable laws and regulations related to those programs. Our internal controls are evaluated periodically by management and the internal audit staff. In addition, our internal controls are subject to review annually by our external auditors.

The Uniform Guidance sets forth the audit requirements for state and local governments receiving federal assistance. It provides for a single independent audit of the financial operations, including the compliance with certain provisions of federal law and regulations. The requirements have been established to ensure that audits are made on an organizational-wide basis rather than a grant-by-grant basis. The grants for which these requirements apply are identified in the Schedule of Expenditures of Federal Awards.

### **Internal Controls**

The County's system of internal controls is supported by written policies and procedures and is continually reviewed, evaluated, and modified to meet current needs. The system is supplemented by an Internal Auditor, who reports to the Audit Committee on auditing matters and to the County Administrator on administrative matters. The Internal Auditor administers a broad scope auditing program to review and evaluate the adequacy and effectiveness of the County's internal controls.

The Audit Committee consists of a County Commissioner appointed by the Chair of the County Board, two private citizens who are not public officials, and the County Administrator. The Audit Committee reviews the annual audit report with the external auditors. The Internal Auditor, other county personnel, and representatives from our auditors meet periodically with the Audit Committee to discuss audit concerns.

In developing and evaluating the County's financial management system, consideration is given to the adequacy of the internal accounting controls. These controls provide reasonable, but not absolute, assurance in the following areas: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgeting Controls**

The County's budget is appropriated annually by the County Board and is maintained at the fund level. Budgets are adopted in conformance with generally accepted accounting principles. The County adopts the budget on a fund level and maintains budgetary controls at a department level. Any unspent funds at the fiscal year end may be moved forward to a future year. Expenditures may not exceed budgeted appropriations at the fund level. Activities of the General, Special Revenue, Debt Service, and Capital Projects Funds are included in the annual appropriated budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

### **Debt Administration**

Moody's Investor Service (Moody's) and Standard & Poor's Ratings Services (S&P), the County's two rating agencies, adopted new rating methodologies in 2013. Both rating agencies' methodologies significantly increased the role of quantitative metrics in determining bond ratings. The County's bond rating was reviewed in 2016 by both rating agencies for the County's bond issuance of \$20M. Both agencies maintained the County's rating at Aaa, the highest rating attainable.

Under state statute chapter 475.53 the County's general obligation bonded debt issuances are subject to a legal limitation based on 3% of the market value of taxable property. Currently, Washington County is in compliance with the state statute and with more conservative, self-imposed limitations. Tables 9-12 in the Statistical Section present more detailed information about the debt position of the County.

### **Long-Term Financial Planning**

The County Board, department heads, and other key staff members are currently engaged in a strategic planning process. The strategic planning process in 2013 produced its first vision statement, a revised mission statement and values, a reaffirmation of key County goals, and the identification of six key strategic focus areas. In 2015, the financial strategy area workgroup developed a 5-Year Financial Planning Document to complement its long-term financial planning associated with the Capital Improvement Plan, Debt Service Plan, and Capital Equipment & Technology Plan.

The County's commitment to financial planning has historically been identified as a particular strength when Moody's and S&P released the County's bond ratings.

### **Independent Audit**

Minnesota State Statutes require an audit to be made of the books of account, financial records, and transactions of the County by an independent auditor team. In addition to meeting the requirements in the state statutes, the audit must also meet the requirements of the federal Single Audit Act of 1984, the Single Audit Amendment of 1996, and the Uniform Guidance. The County has complied with these requirements and the Auditor's opinion has been included in this report. The Auditor will also issue a management and compliance letter covering the testing of the County's system of internal controls and compliance with applicable legal provisions. The management and compliance letter will not modify or affect this report on the financial statements.

**Awards**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended December 31, 2015. This was the 31st consecutive year that the County has received this prestigious award. To be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized CAFR. The 2015 report satisfied both generally accepted accounting principles and applicable legal requirements.

In addition, each year since 1998, the GFOA has awarded Washington County with the Distinguished Budget Presentation Award in recognition of solid budgetary practices.

**Invitation and Acknowledgments**

We invite you to read the remainder of this CAFR. Washington County provides a variety of services financed with various funds. It must follow specific rules and policies in the administration of these resources. If you have questions regarding any of the materials presented, please contact the Accounting and Finance Department. Our goal is to keep you well informed about your county's government.

We would like to recognize the contributions made by the staff of county departments toward the completion of this CAFR. This report would not have been completed without the professional dedication of the entire staff.

Finally, we especially want to thank the County's Administration, the Department Heads, and the County Board of Commissioners for their interest and support in planning and conducting the financial activities in a responsible and progressive manner. The County's excellent financial status is a tribute to that discipline and vision.

Respectfully submitted,



Tabatha Hansen  
Accounting and Finance Director



Dee Bernard  
Accounting and Finance Deputy Director



Carl Jacobson, CPA  
Principal Accountant

This Page Has Been Intentionally Left Blank.



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

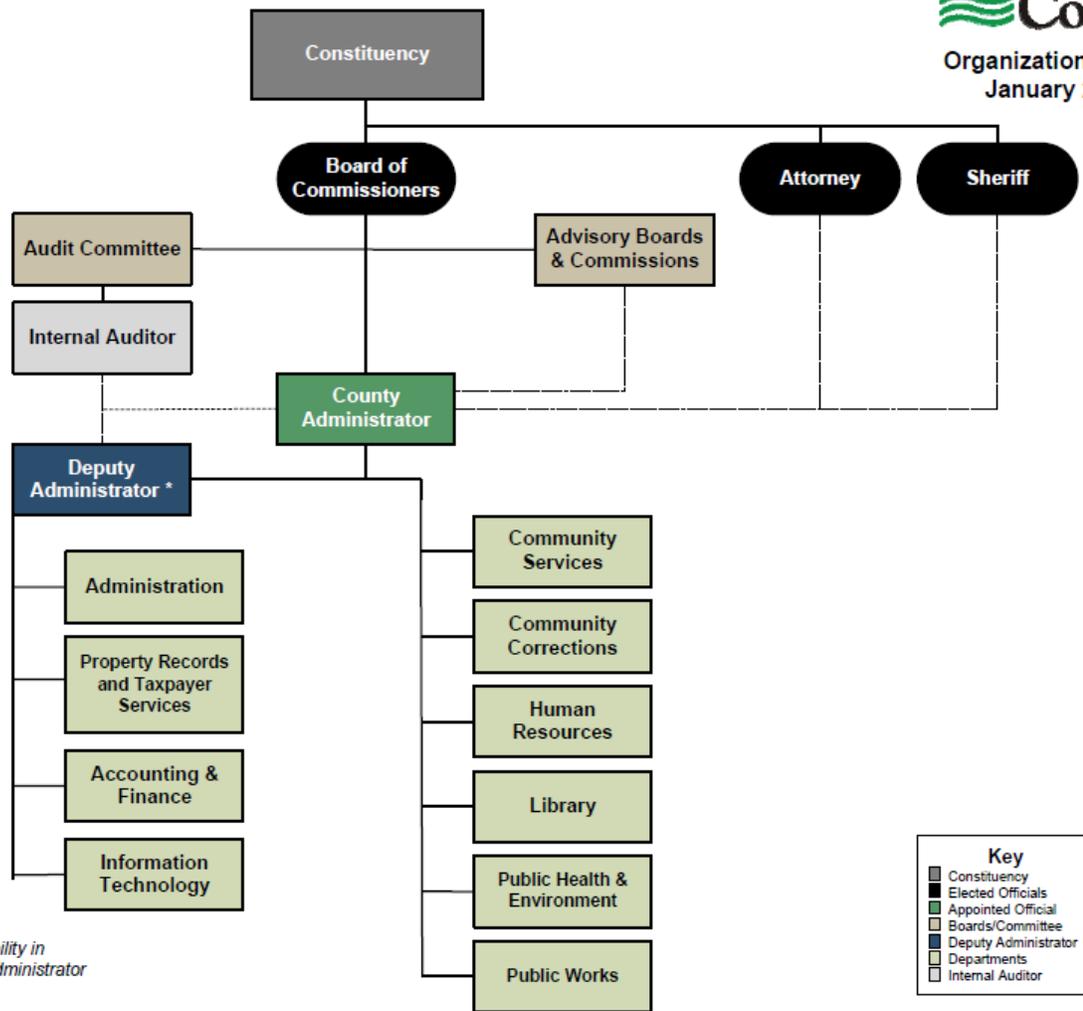
**Washington County  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

County Organizational Chart  
Fiscal Year 2016



\* Assumes Responsibility in  
Absence of County Administrator

Key	
■	Constituency
●	Elected Officials
■	Appointed Official
■	Boards/Committee
■	Deputy Administrator
■	Departments
■	Internal Auditor

**Washington County, Minnesota**

**List of Principal Officials**

<b>Office</b>	<b>Name</b>	<b>Term Expires</b>
<b>Commissioners:</b>		
1st District	Fran Miron, Chair	December 2016
2nd District	(a) Stan Karwoski	December 2018
3rd District	Gary Kriesel	December 2016
4th District	Karla Bigham	December 2018
5th District	Lisa Weik	December 2016
<b>Officers:</b>		
<b>Elected:</b>		
Attorney	Peter Orput	December 2018
District Court Judge	John C. Hoffman	January 2017 *
District Court Judge	Mary Hannon	January 2017 *
District Court Judge	Tad V. Jude	January 2017 *
District Court Judge	John McBride	January 2017 *
District Court Judge	Gary R. Schurrer	January 2017 *
District Court Judge	B. William Ekstrum	January 2021 *
District Court Judge	Gregory Galler	January 2021 *
District Court Judge	Richard C. Ilkka	January 2021 *
District Court Judge	Ellen Maas	January 2021 *
District Court Judge	Susan Miles	January 2021 *
Sheriff	William Hutton	December 2018
<b>Appointed:</b>		
Administrator	Molly F. O'Rourke	Indefinite
Auditor-Treasurer/Deputy Administrator	Kevin Corbid	Indefinite
County Recorder/ Director Property Records & Taxpayer Services	Jennifer Wagenius	Indefinite
County Assessor	Bruce Munneke	December 2016
County Engineer	Wayne Sandberg	April 2019
County Surveyor	Michael Welling	December 2019
Accounting and Finance Director	Tabatha Hansen	Indefinite
Community Services Interim Director	Michelle Kemper	Indefinite
Community Corrections Director	Tom Adkins	Indefinite
Human Resources Director	Jan Webster	Indefinite
Information Technology Interim Director	Laurie Evans	Indefinite
Library Director	Keith Ryskoski	Indefinite
Public Health & Environment Director	Lowell Johnson	Indefinite
Public Works Director	Don Thiesen	Indefinite

\*Term expires the first Monday in January

(a) Commissioner Bearth passed away in early 2016, resulting in a vacancy that was filled by the November 2016 election.

# WASHINGTON COUNTY

## Financial Section

### *Certificate of Achievement for Excellence in Financial Reporting*

The Certificate of Achievement for Excellence in Financial Reporting award was received by the county for 2015. This award recognizes the nation's finest examples of financial reporting and represents a significant accomplishment for a government and its management.

The certificate program was established by the Government Finance Officers Association (GFOA) in 1945. It instituted the program to encourage all governmental units to prepare and publish an easily readable, understandable document which covers all funds and financial transactions during the fiscal year. The GFOA believes that governments have a special responsibility to provide the public with a fair presentation of their financial affairs.

To be eligible for the certificate, a report must be published and include general purpose financial statements in conformity with generally accepted accounting principles (GAAP). The reports are also required to have been audited according to generally accepted auditing standards. Award-winning reports should enhance the reader's understanding of the financial statements, be efficiently organized, and adhere to certain generally accepted terminology and formatting conventions. The certificate program provides participants with extensive technical reference material on governmental accounting and financial reporting theory. This material provides finance officials with the tools they need to improve their financial reporting techniques.

Washington County has received this certificate for the last thirty one (31) consecutive years.



## **FINANCIAL SECTION**

- Independent Auditors' Report
- Management's Discussion and Analysis



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners and Audit Committee  
Washington County  
Stillwater, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, Minnesota (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Washington County Community Development Agency, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washington County Community Development Agency discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinion**

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, Minnesota, as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of funding progress – other postemployment benefit plan, schedule of proportionate share of net pension liability, and schedule of pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County's basic financial statements. The supplementary information of the budgetary comparison schedules, combining statement of changes in assets and liabilities – all agency funds, capital assets schedules, and schedule of intergovernmental revenues are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

**Other Matters (Continued)**

*Supplementary Information (Continued)*

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the budgetary comparison schedules, combining statement of changes in assets and liabilities – all agency funds, capital assets schedules, schedule of intergovernmental revenues, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedure applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017, on our consideration of Washington County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
June 5, 2017

This Page Has Been Intentionally Left Blank.



Accounting and Finance  
Department

Tabatha Hansen  
Director

## Management's Discussion and Analysis

---

This section of Washington County's Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the county's financial statements, which follow this section.

### Overview of the Financial Statements

The purpose of management's discussion and analysis is to introduce the reader to the basic financial statements and provide an analytical overview of Washington County's financial activities. This information should assist the user in evaluating whether the financial condition of the County has improved, or deteriorated from the prior fiscal year ended December 31, 2015.

The annual report consists of four parts: *the management's discussion and analysis* (this section), the *basic financial statements*, the *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and other statistical information. The basic financial statements include two types of statements that present different views of the County's financial standing.

### Government-wide Financial Statements

The first two statements are the government-wide Statement of Net Position and the Statement of Activities. They both provide long-term and short-term information about the County's overall financial status. These statements are formulated using the full accrual method.

### Fund Financial Statements

The fund financial statements focus on individual parts of county government, reporting the County's operations in more detail than the government-wide statements. These statements are compiled using the modified accrual method.

- The *governmental funds* statements tell how *general government services* such as social services and public safety were financed in the *short-term*, as well as what remains for future spending.
- *Fiduciary fund (Agency)* statements provide information about financial relationships in which the County acts as an *agent or trustee* of funds that are held for the benefit of others and are managed under specific rules.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the section *required supplementary information* that further explains and supports the information in the financial statements.

The following chart summarizes the major features of the County's financial statements and the areas they cover. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Washington County, Minnesota**

	<b>Government-Wide Statements</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire county government, except fiduciary funds	Activities of the county that are not proprietary or fiduciary	Instances in which the county is the agent for someone else's resources
<b>Required Financial Statements</b>	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Liability Information</b>	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short-term and long-term	Only assets or deferred outflows expected to be used up and liabilities or deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the county's funds do not currently contain capital assets, although they can
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year, or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**Government-wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those of private-sector companies. The Statement of Net Position includes *all* of the government's assets, deferred outflows, liabilities, and deferred inflows. The Statement of Activities accounts for *all* of the revenues and expenses, regardless of when cash is received or paid (full accrual).

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's assets and deferred outflows and liabilities and deferred inflows, and is a tool used to measure the following:

- Changes in the County's net position should be used as indicators of whether its financial health is improving or deteriorating.
- To assess the overall health of the County, you need to consider additional non-financial factors, such as changes in the County's property tax base, the condition of the County's roads and infrastructure, and other socio-economic factors.

## Washington County, Minnesota

The government-wide financial statements of the County are divided into two categories:

- *Governmental Activities*—Accounts for all of the County's services and operations, including: public safety, social services, transportation, debt service, capital projects, and general administration. Property taxes and state and federal grants finance most of these activities. Governmental activities exclude agency funds, which are held in a fiduciary capacity.
- *Discretely Presented Component Unit* – The statements of the County include the Washington County Community Development Agency (CDA), (formerly known as the Washington County Housing and Redevelopment Authority (HRA)). Although legally separate, it is a component unit because of the substantial role Washington County plays in providing the CDA the County's pledge of full faith-credit for some of their bond issues. The complete financial statements of the CDA can be obtained by writing to the Washington County Community Development Agency, 7465 Currell Blvd, Woodbury, MN 55125.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the County's most significant *funds*. Funds are accounting tools that are used in government accounting to track specific sources of funding and spending for particular purposes. Most funds are established by county policy, state law, or bond covenants. The County Board can establish other funds to control and manage money for particular purposes or to show that it is properly using certain monies. The County has two kinds of funds.

**Governmental Funds** — Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out, and (2) the constraints on balances at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance county programs. This information does not include the additional long-term focus of the government-wide statements, so we provide additional information on the subsequent page that explains the relationship (or differences) between them.

- *General Fund* – The General Fund is used to account for all financial activities of which the County has substantial discretion and control and are not required to be reported in another fund. It includes all financial resources not accounted for and reported in another fund.
- *Special Revenue Fund* – Special Revenue Funds account for proceeds of specific revenue resources having a substantial portion of their revenues from a restricted or committed source. These funds account for specific purposes other than capital projects or debt service. The Regional Rail Authority is reported as a *Special Revenue Fund*.
- *Debt Service Fund* – The Debt Service Fund accounts for annual payments of principal, interest, and fiscal charges of long-term debt obligations of Washington County.
- *Capital Projects Fund* – The Capital Projects Fund tracks infrastructure activities of the County. These projects are part of the County's five-year Capital Improvement Projects Plan.

**Fiduciary Funds (Agency)** – These funds are reported when the County acts in a trustee capacity or as custodian of funds. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the County's government-wide financial statements, because the County cannot use these assets to finance its operations.

## Washington County, Minnesota

### Financial Highlights

- Government-wide statements, reported on an accrual basis of accounting, show that assets and deferred outflows exceed liabilities and deferred inflows at the end of 2016. This gave the County a net position of \$434.1M, or a 1.7% increase from 2015. Total revenues decreased by 5% as operating and capital grants decreased primarily due to the 2015 one time receipt of a \$22.0M payment in exchange for the County taking jurisdiction of a road from the Minnesota Department of Transportation.
- Fund level statements show that total governmental funds, on a modified accrual basis, report a \$13.9M increase in fund balance. The General Fund saw a \$5.0M increase in fund balance after the transfer of \$2.2M to the Capital Projects fund for capital projects. General Fund results were comparable to the \$5.3M increase experienced in 2015. The Capital Projects Fund saw an \$8.0M increase in fund balance due in large part to the \$20.6M in proceeds and bond premium from the issuance of the 2016A Bonds and the \$2.2M transfer from the General Fund. The Debt Service Fund reflected an increase in fund balance of \$0.4M reflecting steady performance on bond escrow investments. The Regional Rail Authority Fund reflects an increase of fund balance of \$0.5M, with much of the increase attributable to the gain on the sale of a surplus lot adjacent to the Newport Transit Station.

### Financial Analysis of the County as a Whole (Government-Wide)

#### Net position

Net position is a measure of “net worth” which may serve over time as an indicator of the County’s financial status. As noted earlier, assets and deferred outflows exceeded liabilities and deferred inflows by \$434.1M at the end of 2016, an increase of \$7.2M, or 1.7%, over 2015.

Net investment in capital assets is \$360.9M, which represents about 83.1% of the total net position. Current and other assets reported a 3.2% increase from the prior year due largely to increases in capital assets and continued investment growth. Liabilities increased by \$78.6M, or 26.3%, mostly as a result of the increase in reported net pension liability due to market performance and changes in pension assumptions for 2016. Bonded debt liabilities increased by \$12.9M, while contracts payable decreased \$3.2M due to lower levels of capital project disbursements after year end.

#### Summary of Net Position

	2015	2016	Change	%Change
<b>Assets</b>				
Current and Other Assets	\$ 258,351,756	\$ 266,626,970	\$ 8,275,214	3%
Capital Assets	464,087,634	492,941,697	28,854,063	6%
<b>Total Assets</b>	<b>722,439,390</b>	<b>759,568,667</b>	<b>37,129,277</b>	<b>5%</b>
<b>Deferred Outflows of Resources</b>	<b>9,561,629</b>	<b>63,633,273</b>	<b>54,071,644</b>	<b>566%</b>
<b>Total Assets and Deferred Outflows</b>	<b>732,001,019</b>	<b>823,201,940</b>	<b>91,200,921</b>	<b>12%</b>
<b>Liabilities</b>				
Long-Term Liabilities	261,738,297	297,469,307	35,731,010	14%
Other Liabilities	37,443,616	80,300,223	42,856,607	114%
<b>Total Liabilities</b>	<b>299,181,913</b>	<b>377,769,530</b>	<b>78,587,617</b>	<b>26%</b>
<b>Deferred Inflows of Resources</b>	<b>5,896,516</b>	<b>11,296,954</b>	<b>5,400,438</b>	<b>92%</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>305,078,429</b>	<b>389,066,484</b>	<b>83,988,055</b>	<b>28%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	335,867,717	360,876,722	25,009,005	7%
Restricted for:				
General Government	23,287,206	15,549,289	(7,737,917)	-33%
Capital Projects	2,728,687	18,179,609	15,450,922	566%
Debt Service	9,583,696	10,843,189	1,259,493	13%
Unrestricted	55,455,284	28,686,647	(26,768,637)	-48%
<b>Total Net Position</b>	<b>\$ 426,922,590</b>	<b>\$ 434,135,456</b>	<b>\$ 7,212,866</b>	<b>2%</b>

## Washington County, Minnesota

### Changes in Net Position

The Summary of Changes in Net Position is a summary of the County's activity for the year. The 2016 ending net position increased by \$7.2M over the prior year.

Total revenues were down \$11.0M from the prior year. A decrease in state operating grants, most notably the one-time \$22.0M payment to the County for the jurisdictional transfer of a road from the Minnesota Department of Transportation as well as other smaller one-time grants received in 2015, resulted in the 5% reduction in total revenues.

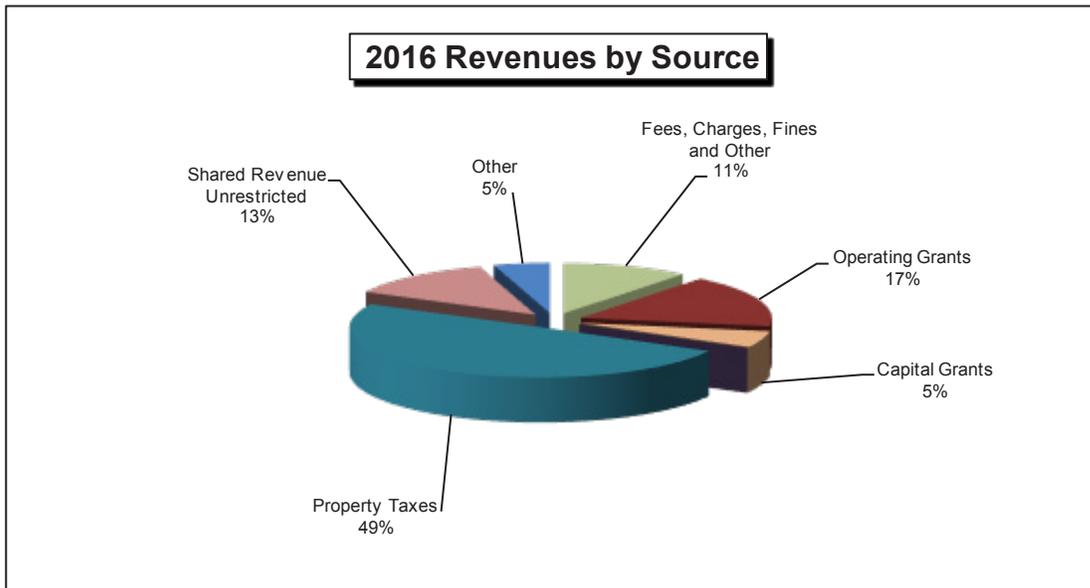
Total expenses increased by \$26.7M over 2015, an increase of 16%, with the largest increases coming in Public Safety, General Government, and Health and Human Services driven by changes in state requirements, and changes in pension costs related to investment returns and assumptions.

#### Summary of Changes in Net Position

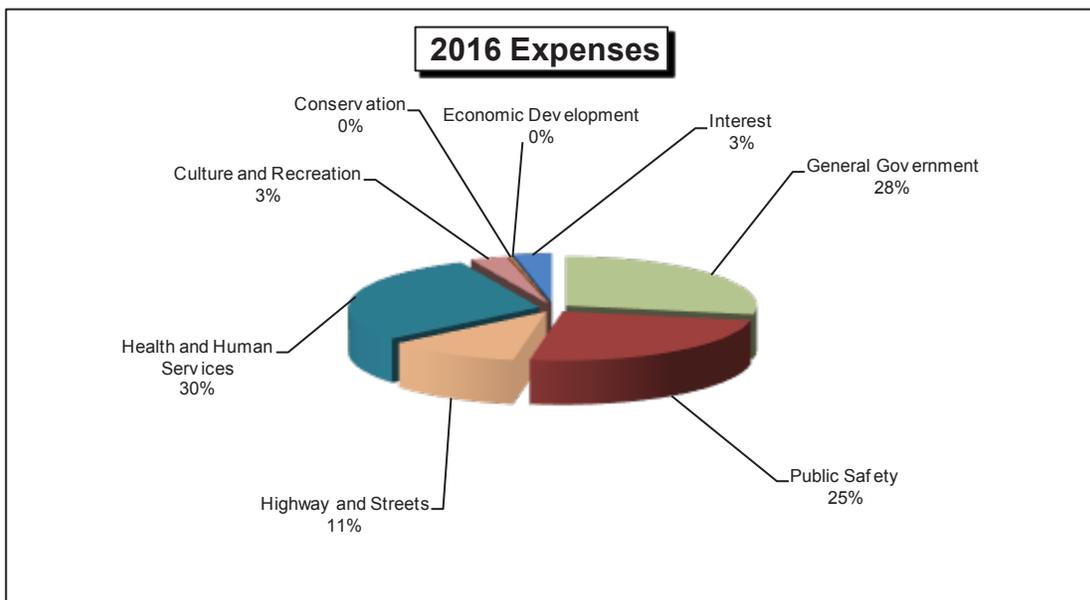
	<b>2015</b>	<b>2016</b>	<b>Change</b>	<b>%Change</b>
<b>Program Revenues</b>				
Fees, Charges, Fines and Other	\$ 18,671,190	\$ 21,973,601	\$ 3,302,411	18%
Operating Grants	61,641,977	34,571,660	(27,070,317)	-44%
Capital Grants	12,302,421	10,747,375	(1,555,046)	-13%
<b>General Revenues</b>				
Property Taxes	98,569,307	101,495,977	2,926,670	3%
Shared Revenue Unrestricted	18,143,387	25,995,607	7,852,220	43%
Other	6,184,413	9,683,142	3,498,729	57%
<b>Total Revenues</b>	<b>215,512,695</b>	<b>204,467,362</b>	<b>(11,045,333)</b>	<b>-5%</b>
<b>Expenses</b>				
General Government	47,017,013	55,002,909	7,985,896	17%
Public Safety	40,004,487	49,095,388	9,090,901	23%
Highway and Streets	19,142,890	22,121,135	2,978,245	16%
Health and Human Services	54,021,113	57,758,157	3,737,044	7%
Culture and Recreation	3,935,750	6,137,767	2,202,017	56%
Conservation	162,894	537,621	374,727	230%
Economic Development	136,164	176,935	40,771	30%
Interest	6,130,486	6,424,584	294,098	5%
<b>Total Expenses</b>	<b>170,550,797</b>	<b>197,254,496</b>	<b>26,703,699</b>	<b>16%</b>
<b>Change in Net Position</b>	<b>44,961,898</b>	<b>7,212,866</b>	<b>(37,749,032)</b>	<b>-84%</b>
<b>Net Position – Beginning</b>	<b>433,431,793</b>	<b>426,922,590</b>	<b>(6,509,203)</b>	<b>-2%</b>
<b>Prior Period Adjustment</b>	<b>(51,471,101)</b>	<b>-</b>	<b>51,471,101</b>	<b>100%</b>
<b>Net Position – Beginning, as Restated</b>	<b>381,960,692</b>	<b>426,922,590</b>	<b>44,961,898</b>	<b>12%</b>
<b>Net Position – Ending</b>	<b>\$ 426,922,590</b>	<b>\$ 434,135,456</b>	<b>\$ 7,212,866</b>	<b>2%</b>

## Washington County, Minnesota

The following pie charts illustrate revenues and expenses by source.



(Data from Statement of Activities)



(Data from Statement of Activities)

### Basis of Accounting

Due to the different basis of accounting between the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances, it is necessary to clarify that the following analysis is based on the latter, as it represents current operations in the modified accrual as opposed to the Statement of Activities which is full accrual and long-term.

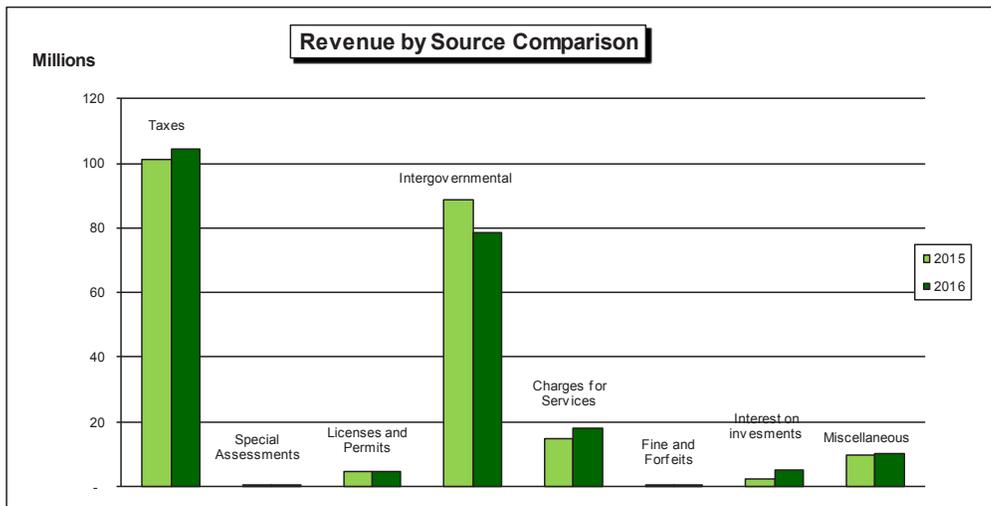
**Washington County, Minnesota**

**Revenue and Expenditure Analysis**

**Revenue**

Per the Statement of Revenues, Expenditures, and Changes in Fund Balances (page 29), the County’s total revenues for all Governmental Funds for 2016 totaled \$220.8M, a decrease of \$0.8M compared to 2015. Intergovernmental revenues decreased by \$10.1M, with the one-time \$22.0M received in 2015 in exchange for the County taking jurisdiction of a road from the Minnesota Department of Transportation. This decrease was partially offset by increases in Taxes totaling \$3.0M, increases in Charges for Services of \$3.2M, and an increase in Investment income of \$2.8M.

The chart below illustrates that the two largest sources of revenue for the County continue to be in the areas of property taxes and intergovernmental revenues. In 2016, property taxes were 47% of the County’s revenues versus 46% in 2015. Intergovernmental revenues were 36% as compared to 40% in 2015.

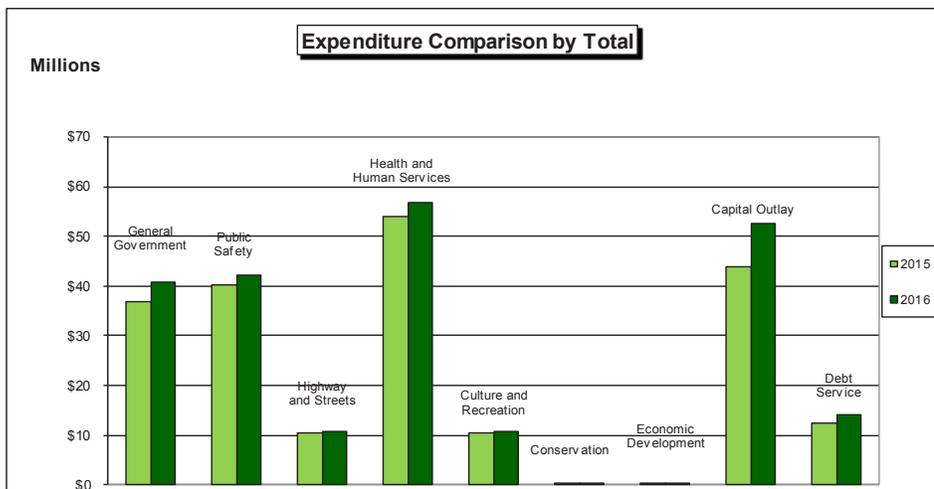


(Data from Statement of Revenues, Expenditures, and Changes in Fund Balances)

**Expenditures**

The County’s total expenditures for 2016 were \$228.4M, which is \$19.7M higher than 2015. Expenditures for capital outlays in general government and highways and streets increased by \$7.2M, as the County continued to invest in infrastructure and capital projects. Debt Service expenditures increased by \$1.3M largely as a result of the issuance of bonds in 2014, 2015, and 2016.

A review of the following chart shows that most of the major functions reported an increase in expenditures in 2016. Bargaining unit contract compensation increases contributed to the modest increases in most functions, as well as changes in state requirements driving growth in Health and Human Services expenditures.



(Data from Statement of Revenues, Expenditures, and Changes in Fund Balances)

## **Washington County, Minnesota**

### ***Financial Analysis of the County's Funds***

The County's fund financial statements provide detail by the functional areas of county government, presenting the inflows, outflows, and constraints on the purpose for which amounts in the fund can be spent. Most funds are established by county policy, state law, or bond covenants.

At the end of 2016, the Governmental Funds' unassigned fund balance was \$58.9M and the total fund balance was \$232.5M. This is a \$13.9M increase in total fund balance from 2015. The 2016 unassigned balance is 25.3% of the County's total governmental fund balance and represents net resources available for future spending on a modified accrual basis of accounting.

The Statement of Revenue, Expenditures, and Changes in Fund Balances shows that the total Net Change in Fund Balances was an increase of \$13.9M. The increase was due largely to the \$20.6M in net proceeds of the 2016A Bonds. Total revenues decreased by \$0.8M, and total expenditures increased by \$19.7M compared to 2015. The decrease in revenue is attributable to the previously noted one-time 2015 receipt of \$22.0M, received in exchange for the County taking jurisdiction of a road from the Minnesota Department of Transportation. Expenditure increases were driven by an increase in capital outlays of \$8.8M, wage and benefit increases of \$6.5M, and debt service payments of \$1.3M.

The General Fund is the main operating fund for Washington County. The General Fund's ending fund balance was \$151.1M, which is an increase of \$5.0M overall. Restricted OPEB Trust invested assets increased by \$6.1M, with \$2.0M moved from assigned Employer Liability to restricted OPEB Trust, to bring the total OPEB Trust balance to \$48.2M.

The \$5.0M net increase in fund balance includes \$2.2M of transfers to the Capital Projects Fund. The County continued the 10 year trend of stable growth in fund balance in the General Fund. Expenditures in the General Fund were 103% of the revenues reported. County leadership continues to explore and adopt practices and technologies that offer savings and efficiencies.

The fund balance in the Regional Rail Special Revenue Fund increased by \$0.5M, with both revenues and expenditures increasing based on the sale of some surplus land adjacent the Newport Transit Station.

The fund balance in the Debt Service Fund increased by \$0.4M due primarily to investment earnings from funds held in escrow from the 2014A refunding bonds. The total fund balance of \$54.1M is restricted for current and long-term debt service obligations.

In the Capital Projects Fund, expenditures exceeded revenues by \$14.8M as the County began to utilize some of the recent bond proceeds. Total fund balance increased to \$25.9M, due to \$2.2M of transfers from the General Fund and \$20.6M from the issuance of the 2016A Bonds.

### ***General Fund Budgetary Highlights***

Throughout the year, the County Board amends the adopted budget as a result of normal operations. Carry forwards, as well as budget adjustments, are authorized at year end. For 2016, the total effect on expenditures was an increase of \$9.0M from the adopted budget of \$158.4M to the final budgeted expenditures of \$167.4M. These adjustments are approved as the timing of projects change, variations in intergovernmental revenues and grants occur, or as unforeseen expenditures happen. In 2016, authorized budgets from the prior year were also carried over to fund capital projects, grants, and contract services.

**Washington County, Minnesota**

**2016 Adopted and Final Budget Expenditures (millions)**

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Actual vs. Final</u>
General Government	\$ 40.6	\$ 43.6	\$ 40.1	\$ 3.5
Public Safety	40.9	42.9	42.1	0.8
Highways and Streets	10.8	11.5	10.7	0.8
Health and Human Services	55.6	58.1	56.8	1.3
Culture/Recreation	10.3	10.9	10.9	-
Conservation of Natural Resources	0.1	0.2	0.2	-
Economic Development	0.1	0.2	0.2	-
Capital Outlay - Human Services	-	1.5	1.5	-
<b>Total</b>	<b>\$ 158.4</b>	<b>\$ 168.9</b>	<b>\$ 162.5</b>	<b>\$ 6.4</b>

Many factors can influence the variances in actual expenditures versus the final budgeted figures. In 2016, actual expenditures were \$4.9M less than anticipated. The largest savings was \$3.5M in general government. Savings in consulting costs, technology replacement, and aggregated employment insurance related expenditures further contributed to the budget savings.

**Capital Asset and Debt Administration**

**Capital Assets**

In 2016, the County continued to invest in its capital assets in the areas of: land, equipment, buildings, park facilities, and roads.

<b>Governmental Funds Capital Assets</b>	<u>2015</u>	<u>2016</u>	<u>% Change</u>
Land and Works of Art	\$ 84,943,849	\$ 86,163,009	1.4%
Land Improvements	17,702,727	17,702,727	0.0%
Buildings and Structures	197,623,204	199,222,759	0.8%
Machinery and Equipment	52,742,335	54,730,913	3.8%
Infrastructure	309,952,247	327,749,326	5.7%
Construction in Progress	31,115,184	57,017,395	83.2%
<b>Total</b>	<b>\$ 694,079,546</b>	<b>\$ 742,586,129</b>	<b>7.0%</b>

The major increases in capital assets occurred from highway and bridge construction projects that are near completion, land for parks, and building additions and improvements. Additional information on the County's capital assets can be found under Note III F to the financial statements on page 43.

**Long-Term Debt**

At year-end, the County had \$177.0M in outstanding general obligation bonds. This 7.9% increase is the result of the issuance of \$20.0M in new bonds offset in part by scheduled bond payments. More detailed information about the County's long-term liabilities is presented on pages 43 to 45 of the notes to the financial statements.

<b>Outstanding Long-Term Debt</b>	<u>2015</u>	<u>2016</u>	<u>Percent Change</u>
General Obligation Bonds	\$ 164,020,000	\$ 177,010,000	7.9%

## Washington County, Minnesota

Washington County has chosen a more conservative approach to debt service obligation limits than is required by state statutes. The County self-imposes the more restrictive of the following two policies as presented in the annual budget:

· 12.5% of General Expenditures (2016 Budget)	\$ 19,589,325
· 15% of the total gross levy (2016 Budget) (most restrictive policy)	15,549,150
2016 Debt Service	<u>(13,754,000) #</u>
Available Debt Service Levy (2016)	<u>\$ 1,795,150</u>

# - This amount does not include \$41.9M for payoff of 2007A bonds from proceeds of 2014A refunding bonds

### ***Economic Factors and Next Year's Budgets and Rates***

The County's budget balances its fiscal responsibility with the need to ensure quality county services. Each year the County Board adopts principles and guidelines used to develop its budget that focuses on core services and programs, tangible outcomes, and excellence in customer service while maintaining a stable property tax levy.

For 2017, the County's budget includes \$96.1M in net tax levy, which is a 3.6% increase from the 2016 level, and an operating budget of \$211.2M, a decrease of approximately \$6.2M from 2016. Non-levy revenues make up the greatest increases in revenues, but are less than the expected decrease in other financing sources, resulting in the net decrease in total revenues. Decreases in capital spending are partially off-set by increases in personnel services, yielding a net decrease of \$6.2M in total expenditures. The increased personnel service costs reflect the general adjustments of 2.5% for most employees under most bargaining unit contracts.

The 2017 adopted budget funds 1,208.51 full-time employees (FTEs); although this is a 3.3% increase from 2016, this represents 4.8 employees per 1,000 residents, leaving the County with one of the most efficient employee to population ratios within the seven metropolitan county governments. The County continues to explore alternatives to enhance the delivery of services to an increasingly diverse population, while maintaining a strong financial position. By focusing on efficiency and using cost controls at the department level, hiring skilled employees, and focusing on the need to provide core services the budget guides the County in maintaining financial integrity.

### ***Contacting the County's Financial Management***

This financial report was designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional information, contact the Washington County Accounting and Finance Department, 14949 62<sup>nd</sup> Street North, Stillwater, Minnesota 55082; (651) 430-6030 or by accessing our website at [www.co.washington.mn.us](http://www.co.washington.mn.us).

The complete financial statements of the discretely presented component unit can be obtained by writing to the Washington County Community Development Agency, 7645 Currell Boulevard, Woodbury, MN 55125, or on their website at [www.wccda.com](http://www.wccda.com).

# **WASHINGTON COUNTY**

**Basic Financial  
Statements**



## **BASIC FINANCIAL STATEMENTS**

- Government-wide Financial Statements:
  - Statement of Net Position
  - Statement of Activities
  
- Fund Financial Statements:
  - Balance Sheet - Governmental Funds
  - Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Activities
  - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
  - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Activities
  - Statement of Fiduciary Net Position
  
- Notes to the Financial Statements

Washington County, Minnesota

Statement of Net Position  
December 31, 2016

	<u>Primary Government Governmental Activities</u>	<u>Discretely Presented Component Unit</u>
<b>Assets</b>		
Cash and Pooled Investments	\$ 145,391,026	\$ 12,529,350
Petty Cash and Change Funds	11,850	-
Cash with Escrow Agent	40,150,034	-
Investments	48,175,110	-
Taxes Receivable:		
Delinquent Taxes Receivable - Net	1,160,143	89,431
Special Assessments Receivable		
Current - Net	71,793	-
Special Assessments Receivable - Noncurrent	425,690	-
Accounts Receivable - Net	3,105,869	47,665
Note Receivable	7,695,000	-
Capital Lease Receivable - Current	-	436,818
Capital Lease Receivable - Long-Term	-	24,055,813
Accrued Interest Receivable	373,380	168,601
Due from Other Governments	17,103,906	391,438
Due from Component Unit	1,824,868	-
Prepaid Items	-	405,339
Inventories	1,138,301	-
Restricted Assets		
Cash and Pooled Investments	-	12,971,682
Other Assets	-	2,661,624
Capital Assets Not Being Depreciated		
Land and Works of Art	86,163,009	7,215,593
Construction in Progress	57,017,395	197,092
Capital Assets Being Depreciated, Net		
Building	138,134,790	63,275,374
Improvements Other than Buildings	6,647,152	-
Machinery, Vehicles, Furniture and Equipment	23,497,971	576,943
Infrastructure	181,481,380	-
<b>Total Assets</b>	<b>759,568,667</b>	<b>125,022,763</b>
<b>Deferred Outflows of Resources</b>		
Pension Related	63,633,273	-
Unamortized Loss on Refunding	-	819,846
<b>Total Deferred Outflows of Resources</b>	<b>63,633,273</b>	<b>819,846</b>

Continued on next page

Washington County, Minnesota

Statement of Net Position (Continued)  
December 31, 2016

	<u>Primary Government Governmental Activities</u>	<u>Discretely Presented Component Unit</u>
<b>Liabilities</b>		
Accounts Payable	\$ 5,431,331	\$ 382,179
Salaries Payable	3,300,768	-
Contracts Payable	5,411,481	106,885
Due to Other Governments	6,109,037	483,918
Due to Primary Government - Due Within One Year	-	117,726
Due to Primary Government - Due in More than One Year	-	1,707,142
Accrued Interest Payable	3,106,200	809,928
Unearned Revenue	1,279,586	125,951
Customer Deposits - Current	212,083	456,247
Gravel Pit Restoration	318,738	-
Accrued Developer Fee	-	1,545,612
Compensated Absences Payable - Due Within One Year	7,839,206	10,209
Deferred Gain on Sale of Property	-	412,077
Notes and Mortgages Payable - Due Within One Year	-	1,924,941
General Obligation Bonds Payable - Due Within One Year	47,220,000	-
Revenue Bonds Payable - Due Within One Year	-	3,510,000
Loans Payable - Due Within One Year	71,793	-
Other Postemployment Benefits Payable - Due in More than One Year	40,752,370	-
Notes and Mortgages Payable - Due in More than One Year	-	26,598,089
General Obligation Bonds Payable - Due in More than One Year (Net)	137,623,943	-
Revenue Bonds Payable - Due in More than One Year	-	41,230,490
Loans Payable - Due in More than One Year	450,411	-
Net Pension Liability - Due in More than One Year	117,597,417	-
Compensated Absences Payable - Due in More than One Year	1,045,166	91,881
<b>Total Liabilities</b>	<b>377,769,530</b>	<b>79,513,275</b>
<b>Deferred Inflows of Resources</b>		
Pension Related	11,296,954	-
Unamortized Gain on Refunding	-	390,626
<b>Total Deferred Inflows of Resources</b>	<b>11,296,954</b>	<b>390,626</b>
<b>Net Position</b>		
Net Investment in Capital Assets	360,876,722	15,117,705
Restricted for		
General Government	1,105,715	-
Grants	693,790	-
Law Enforcement Authorized Forfeiture Use	137,810	-
Solid Waste and Recycling	6,222,259	-
Recorder's Fund Technology	2,186,689	-
E-911 Funding Technology	1,143,569	-
Other	332,397	-
Parks & Libraries	3,653,001	-
Inmate Funds	74,059	-
Capital Projects	18,179,609	-
Debt Service	10,843,189	12,958,362
Grant Funded Housing Purposes	-	3,736,034
Unrestricted	28,686,647	14,126,607
<b>Total Net Position</b>	<b>\$ 434,135,456</b>	<b>\$ 45,938,708</b>

The Notes to the Financial Statements are an integral part of this statement.

**Statement of Activities**  
**Year Ended December 31, 2016**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees, Fines, Charges, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Total Primary Government	Discretely Presented Component Unit
<b>Functions/Programs</b>						
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
General Government	\$ 55,002,909	\$ 18,749,720	\$ 1,577,260	\$ 100,105	\$ (34,575,824)	\$ -
Public Safety	49,095,388	3,152,629	3,382,923	-	(42,559,836)	-
Highways and Streets	22,121,135	-	4,935,647	10,647,270	(6,538,218)	-
Health and Human Services	57,758,157	-	21,972,403	-	(35,785,754)	-
Culture and Recreation	6,137,767	71,252	977,234	-	(5,089,281)	-
Conservation of Natural Resources	537,621	-	1,616,750	-	1,079,129	-
Economic Development	176,935	-	109,443	-	(67,492)	-
Interest	6,424,584	-	-	-	(6,424,584)	-
<b>Total Primary Government</b>	<b>\$ 197,254,496</b>	<b>\$ 21,973,601</b>	<b>\$ 34,571,660</b>	<b>\$ 10,747,375</b>	<b>(129,961,860)</b>	<b>-</b>
<b>Component Unit:</b>						
Community Development Agency	\$ 17,630,856	\$ 11,923,655	\$ 5,954,816	\$ 2,092,008	-	2,339,623
<b>General Revenues:</b>						
Property Taxes					101,495,977	4,567,145
Tax Increments					-	126,926
Mortgage Registry and Deed Tax					441,311	-
Wheelage Tax					2,199,651	-
Grants and Contributions not Restricted for a Particular Purpose					25,995,607	-
Investment Earnings					5,029,984	446,906
Miscellaneous					1,459,296	-
Gain on Sale of Capital Assets					552,900	51,551
Total General Revenues					137,174,726	5,192,528
<b>Change in Net Position</b>					<b>7,212,866</b>	<b>7,532,151</b>
<b>Net Position - Beginning of Year</b>					<b>426,922,590</b>	<b>37,223,151</b>
<b>Prior Period Adjustment (See Note VII.G)</b>					<b>-</b>	<b>1,183,406</b>
<b>Net Position - Beginning of Year, as Restated</b>					<b>426,922,590</b>	<b>38,406,557</b>
<b>Net Position - End of Year</b>					<b>\$ 434,135,456</b>	<b>\$ 45,938,708</b>

The Notes to the Financial Statements are an integral part of this statement.

Washington County, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2016

	Major Funds				Total Governmental Funds
	General	Regional Rail Authority	Debt Service	Capital Projects	
<b>Assets</b>					
Cash and Pooled Investments	\$ 100,165,052	\$ 1,417,925	\$ 13,940,952	\$ 29,867,097	\$ 145,391,026
Petty Cash and Change Funds	11,850	-	-	-	11,850
Cash with Escrow Agent	-	-	40,150,034	-	40,150,034
Investments	48,175,110	-	-	-	48,175,110
Taxes Receivable	1,151,747	8,396	-	-	1,160,143
Special Assessments Receivable					
Current	71,793	-	-	-	71,793
Noncurrent	417,253	-	8,437	-	425,690
Accounts Receivable	2,937,395	-	-	168,474	3,105,869
Note Receivable	7,695,000	-	-	-	7,695,000
Accrued Interest Receivable	373,380	-	-	-	373,380
Due from Other Governments	4,745,162	-	-	12,358,744	17,103,906
Due from Component Unit	1,824,868	-	-	-	1,824,868
Inventories	1,138,301	-	-	-	1,138,301
<b>Total Assets</b>	<b>\$ 168,706,911</b>	<b>\$ 1,426,321</b>	<b>\$ 54,099,423</b>	<b>\$ 42,394,315</b>	<b>\$ 266,626,970</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 4,653,904	\$ 521	\$ -	\$ 776,906	\$ 5,431,331
Salaries Payable	3,300,768	-	-	-	3,300,768
Contracts Payable	13,118	-	-	5,398,363	5,411,481
Due to Other Governments	6,098,447	-	-	10,590	6,109,037
Unearned Revenue	570,193	-	-	709,393	1,279,586
Customer Deposits	212,083	-	-	-	212,083
Gravel Pit Restoration	318,738	-	-	-	318,738
<b>Total Liabilities</b>	<b>15,167,251</b>	<b>521</b>	<b>-</b>	<b>6,895,252</b>	<b>22,063,024</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Taxes	1,151,747	8,396	-	-	1,160,143
Unavailable Revenue - Special Assessments	489,046	-	8,437	-	497,483
Unavailable Revenue - State Aid Allotments	-	-	-	9,066,244	9,066,244
Unavailable Revenue - Grants	793,711	-	-	565,209	1,358,920
<b>Total Deferred Inflows of Resources</b>	<b>2,434,504</b>	<b>8,396</b>	<b>8,437</b>	<b>9,631,453</b>	<b>12,082,790</b>
<b>Fund Balances</b>					
Nonspendable For					
Inventories	1,138,301	-	-	-	1,138,301
Note Receivable	7,695,000	-	-	-	7,695,000
Advances to Other Governments	1,707,142	-	-	-	1,707,142
Restricted For					
Debt Service	-	-	54,090,986	-	54,090,986
Capital Projects	-	61,865	-	18,109,307	18,171,172
Grants	693,790	-	-	-	693,790
Law Library	2,723,211	-	-	-	2,723,211
Other Contracts	12,132,288	-	-	-	12,132,288
OPEB Trust	48,175,110	-	-	-	48,175,110
Committed For					
Grey Cloud Island Capital Project	-	-	-	500,000	500,000
Assigned For					
Regional Rail	-	1,355,539	-	-	1,355,539
Capital Improvements	-	-	-	7,258,303	7,258,303
Compensated Absences	8,884,372	-	-	-	8,884,372
Capital Equipment	6,520,500	-	-	-	6,520,500
Employer Liability	2,575,355	-	-	-	2,575,355
Unassigned	58,860,087	-	-	-	58,860,087
<b>Total Fund Balances</b>	<b>151,105,156</b>	<b>1,417,404</b>	<b>54,090,986</b>	<b>25,867,610</b>	<b>232,481,156</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 168,706,911</b>	<b>\$ 1,426,321</b>	<b>\$ 54,099,423</b>	<b>\$ 42,394,315</b>	<b>\$ 266,626,970</b>

The Notes to the Financial Statements are an integral part of this statement.

**Washington County, Minnesota**

**Reconciliation of Governmental Funds Balance Sheet to  
The Government-wide Statement of Net Position - Governmental Activities  
December 31, 2016**

**Fund Balances- Total Governmental Funds** **\$ 232,481,156**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 492,941,697

Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds. 63,633,273

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the governmental funds. 12,082,790

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General Obligation Bonds	\$ (177,010,000)	
Loans Payable	(522,204)	
Other Postemployment Benefits	(40,752,370)	
Compensated Absences	(8,884,372)	
Net Pension Liability	(117,597,417)	
Accrued Interest Payable	(3,106,200)	
Unamortized Bond Premium	<u>(7,833,943)</u>	(355,706,506)

Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds. (11,296,954)

**Net Position of Governmental Activities** **\$ 434,135,456**

Washington County, Minnesota

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended December 31, 2016

	General	Regional Rail Authority	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 85,603,359	\$ 742,749	\$ 13,754,000	\$ 4,181,351	\$ 104,281,459
Special Assessments	99,105	-	-	-	99,105
Licenses and Permits	4,537,994	5,646	-	-	4,543,640
Intergovernmental	48,157,920	3,023	-	30,439,792	78,600,735
Charges for Services	16,178,281	-	-	1,744,508	17,922,789
Fines and Forfeits	306,249	-	-	-	306,249
Interest on Investments	4,525,189	-	434,182	70,613	5,029,984
Miscellaneous	9,977,077	2,328	-	13,581	9,992,986
<b>Total Revenues</b>	<b>169,385,174</b>	<b>753,746</b>	<b>14,188,182</b>	<b>36,449,845</b>	<b>220,776,947</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government	40,070,143	800,338	-	-	40,870,481
Public Safety	42,079,961	-	-	-	42,079,961
Highways and Streets	10,703,310	-	-	-	10,703,310
Health and Human Services	56,793,243	-	-	-	56,793,243
Culture and Recreation	10,876,956	-	-	-	10,876,956
Conservation	170,482	-	-	-	170,482
Economic Development	181,388	-	-	-	181,388
<b>Capital outlay</b>					
General Government	-	-	-	16,085,754	16,085,754
Highways and Streets	-	-	-	35,029,509	35,029,509
Human Services	1,541,700	-	-	-	1,541,700
<b>Debt service</b>					
Principal	91,197	-	7,010,000	-	7,101,197
Interest	-	-	6,750,119	-	6,750,119
Bond Issue Costs	-	-	-	183,652	183,652
Administrative (Fiscal) Charges	-	-	8,300	-	8,300
<b>Total Expenditures</b>	<b>162,508,380</b>	<b>800,338</b>	<b>13,768,419</b>	<b>51,298,915</b>	<b>228,376,052</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>6,876,794</b>	<b>(46,592)</b>	<b>419,763</b>	<b>(14,849,070)</b>	<b>(7,599,105)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	-	2,240,105	2,240,105
Transfers Out	(2,240,105)	-	-	-	(2,240,105)
Issuance of Loans	367,139	-	-	-	367,139
Issuance of Bonds	-	-	-	20,000,000	20,000,000
Premium on Bonds Issued	-	-	-	579,765	579,765
Sources from Sale of Assets	-	552,900	-	-	552,900
<b>Total Other Financing Sources (Uses)</b>	<b>(1,872,966)</b>	<b>552,900</b>	<b>-</b>	<b>22,819,870</b>	<b>21,499,804</b>
<b>Net Change in Fund Balances</b>	<b>5,003,828</b>	<b>506,308</b>	<b>419,763</b>	<b>7,970,800</b>	<b>13,900,699</b>
<b>Fund Balance - Beginning of Year</b>	<b>146,101,328</b>	<b>911,096</b>	<b>53,671,223</b>	<b>17,896,810</b>	<b>218,580,457</b>
<b>Fund Balance - End of Year</b>	<b>\$ 151,105,156</b>	<b>\$ 1,417,404</b>	<b>\$ 54,090,986</b>	<b>\$ 25,867,610</b>	<b>\$ 232,481,156</b>

The Notes to the Financial Statements are an integral part of this statement.

**Washington County, Minnesota**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities  
Year Ended December 31, 2016**

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 13,900,699</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for General Capital Assets, Infrastructure, and Other Related:		
Capital Assets Adjustments	\$ 51,007,089	
Net Book Value of Assets Disposed	(655,940)	
Current Year Depreciation	<u>(21,497,086)</u>	28,854,063
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Changes in Delinquent Taxes Receivable and Special Assessments	123,259	
Changes in State Aid Allotments and Grants	<u>(7,959,465)</u>	(7,836,206)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuance are:		
Bonds Issued	(20,000,000)	
Premium on Bonds Issued	(579,765)	
Loans Issued	<u>(367,139)</u>	(20,946,904)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal Repayments:		
General Obligation Bonds	7,010,000	
Loans Payable	<u>91,197</u>	7,101,197
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Accrued Interest Payable	(246,738)	
Amortization of Premiums and Discounts	580,573	
Change In Compensated Absences	(27,358)	
Change In Net Pension Liability	<u>(12,106,109)</u>	(11,799,632)
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Employee Benefits Paid in the Current Year	4,009,639	
Employee Benefits Earned in the Current Year	<u>(6,069,990)</u>	(2,060,351)
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ 7,212,866</u></b>

The Notes to the Financial Statements are an integral part of this statement.

Washington County, Minnesota

Fiduciary Funds  
Statement of Fiduciary Net Position  
December 31, 2016

<u>Assets</u>	<u>Agency</u>
Cash and Pooled Investments	\$ 3,123,775
Accounts Receivable	120,559
Due from Other Governments	102,238
<b>Total Assets</b>	<b><u><u>\$ 3,346,572</u></u></b>
<u>Liabilities</u>	
Accounts Payable	\$ 1,763,104
Due to Other Governments	1,583,468
<b>Total Liabilities</b>	<b><u><u>\$ 3,346,572</u></u></b>

The Notes to the Financial Statements are an integral part of this statement.

**Washington County, Minnesota  
Notes to the Financial Statements  
December 31, 2016**

**Notes to the Financial Statements**

<b><u>Index</u></b>	<b><u>Note</u></b>
<b><i>Summary of Significant Accounting Policies</i></b>	<b>I</b>
Reporting Entity	A
Government-Wide and Fund Financial Statements	B
Measurement Focus, Basis of Accounting and Financial Statement Presentation	C
Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity	D
<b><i>Stewardship, Compliance, and Accountability</i></b>	<b>II</b>
Excess of Expenditures Over Appropriations	A
Tax Abatements	B
<b><i>Detailed Notes on All Funds</i></b>	<b>III</b>
Cash Deposits	A
Investments	B
Advances to Component Unit	C
Note Receivable	D
Unavailable and Unearned Revenue	E
Capital Assets	F
Interfund Balances and Activities	G
Long-Term Obligations	H
Postemployment Benefits Plan	I
<b><i>Pension Plans</i></b>	<b>IV</b>
Pension Description	A
Benefits Provided	B
Contributions	C
Pension Costs	D
Actuarial Assumptions	E
Discount Rate	F
Pension Liability Sensitivity	G
Pension Plan Fiduciary Net Position	H
<b><i>Public Employees Defined Contribution Plan (Defined Contribution Plan)</i></b>	<b>V</b>
Deferred Compensation Description	A
<b><i>Other Information</i></b>	<b>VI</b>
Risk Management	A
Contingencies	B
Construction Commitments	C
Washington County CDA Bonds	D
Joint Ventures	E
Jointly Governed Organizations	F
Related Organization – Watershed Districts	G

Continued on next page

**Washington County, Minnesota  
Notes to the Financial Statements  
December 31, 2016**

**Notes to the Financial Statements (Continued)**

**Index (Continued)**

***Washington County Community Development Agency -  
Discretely Presented Component Unit***

Summary of Significant Accounting Policies  
Capital Assets  
Lease Receivables  
Investment in Limited Partnerships  
Long-Term Debt  
Commitments and Contingencies  
Prior Period Adjustment

**VII  
A  
B  
C  
D  
E  
F  
G**

**Note I – Summary of Significant Accounting Policies**

**A. Reporting Entity**

The accompanying financial statements present the activities of Washington County (the County) and its component units, legally separate organizations for which the County is financially accountable. The blended component unit is intertwined with the County so that it is, in substance, part of the County and, therefore, blended and reported as part of the County operations. The financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governmental units by the Governmental Accounting Standards Board (GASB).

*Regional Rail Authority (blended component unit).* The Regional Rail Authority (the Authority) is reflected as a blended component unit of the County because the component unit's governing body is substantively the same as the governing body of the County and management of the County has operational responsibility for the Regional Rail Authority. A five-member board consisting of the County commissioners with the power to levy taxes, issue bonds, and enter into contracts governs the Regional Rail Authority. The Authority was established for the preservation and improvement of local rail service. The Authority may purchase abandoned railroad lines within the county to preserve them for plans that may include light rail transportation or to improve the County's trail system. Separate financial statements are not available.

*Washington County Community Development Agency (CDA) (formerly Washington County Housing and Redevelopment Authority-HRA) (discretely presented component unit).* The CDA is included in the County's reporting entity because (1) the Board appoints a voting majority of the component unit's governing body, and (2) the potential for the organization to impose specific financial burdens on the County. It is reported in a separate column in the County's governmental-wide financial statements to emphasize that the CDA is legally separate from Washington County. The CDA operates as a local government unit for the purpose of providing housing and redevelopment services to Washington County. The financial statements included are as of and for the year ended December 31, 2016. The complete CDA financial statements can be obtained by writing to the Washington County Community Development Agency, 7645 Currell Boulevard, Woodbury, MN 55125.

**B. Government-Wide and Fund Financial Statements**

*Government-Wide Statements:* The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made in the Statement of Activities to minimize the double-counting of internal activities such as rent, copy center, and computer replacement allocations. Inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meet operational or capital requirements of a these programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including the fiduciary funds and blended component unit. Separate statements for each fund category – *governmental* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds, if any.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, fines, forfeitures, and donations. Agency funds do not have a measurement focus, but do use the accrual basis of accounting for recognizing receivables and payables.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply restricted resources and then general revenues.

The County reports the following major governmental funds:

*General Fund.* The General Fund accounts for the revenues and expenditures relating to normal governmental activities which are not accounted for in other funds. This is the County's primary operating fund.

*Regional Rail Fund.* The Regional Rail Special Revenue Fund accounts for the tax receipts, restricted grants, and other revenues of the Regional Rail Authority, which is a blended component unit of Washington County.

*Debt Service Fund.* The Debt Service Fund is used to account for and report financial resources, that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital Projects Fund.* The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other assets.

The County reports the following fiduciary fund types:

*Agency Funds.* Agency Funds are used to account for assets held by the County as an agent or trustee for individuals, private organizations, other governments, or other funds in a trust capacity. These include: Inmate-Sheriff's Account, I-94 Corridor, Sheriff Forfeiture Fund, Red Rock Corridor, Agency Other, Taxes and Penalties, and Metropolitan Emergency Services Board (MESB). Agency Funds are custodial in nature (assets equal liabilities).

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

**1. Deposits and Investments**

Cash balances of all funds are pooled and invested by the Accounting and Finance Department for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value on December 31, 2016, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash and Pooled Investments." Earnings on the pooled funds are apportioned and paid or credited to the funds monthly, based on the average monthly cash balance of each participating fund.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

**2. Property Tax Calendar**

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools, cities, and special districts within the County. The County Board sets property tax levies in October of each year. Such taxes become a lien on January 1 and are recorded as receivables by the County at that date. Secured property tax payments are due annually and, for the most part, are due and payable in January, but may be paid in two equal installments on or before May 15 and October 15 without penalty.

**3. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent maturities of interfund loans). No interfund receivables or payables are reported in these financial statements for the current year.

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable are offset by an allowance for doubtful accounts, if any. The County develops an estimate of this allowance based on specific identification. All other accounts receivable are considered to be collection in full.

**4. Inventories**

Inventory in the General Fund, consisting of office supplies and materials, is valued at cost using the first-in, first-out method and the inventory of parts, field materials and highway supplies is valued by using the weighted average cost. Costs are recorded as expenditures at the time individual inventory items are consumed.

**5. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the time of the donation. General infrastructure assets consist of road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at actual historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. The County defines capital assets for reporting purposes, as an asset with an initial, individual cost of \$5,000 or more.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building Improvements	25
Buildings	30-50
Computer Equipment	5-10
Infrastructure-Bridges	50
Infrastructure-Roads & Parking Lots	10-20
Land Improvements	25
Office Equipment & Furniture	5-18
Other Machinery and Miscellaneous	4-15
Road Maintenance Equipment	4-15
Vehicles	5

**6. Compensated Absences**

The liability for compensated absences reported in the government-wide statement consists of unpaid, accumulated annual vacation, compensatory time, sick leave, and paid time off balances of county employees.

**7. Long-Term Obligations**

In the government-wide financial statements long-term debt and other obligations are reported as liabilities in the applicable government activities. Amortization of premiums and discounts are performed on a straight-line method over the life of the related bonds.

**8. Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period. The County will not recognize the related outflow until a future event occurs. More detailed information about pension related deferred outflows of resources can be found in Note IV to the financial statements.

**9. Deferred Inflows of Resources**

The County governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has two types of item which occurs relating to revenue recognition. The first type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting. The second type relates to pension liabilities as described in Note IV to the financial statements.

**10. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**11. Fund Balance Classifications**

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

*Nonspendable* - consists of amounts that are not in spendable form, such as prepaid items.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

*Committed* - consists of internally imposed constraints. These constraints are established by resolution of the Board.

*Assigned* - consists of internally imposed constraints. The County Board authorizes the county administrator as the official authorized to assign fund balance to a specific purpose consistent with the County's fund balance policy.

*Unassigned* - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When restricted, committed, assigned, or unassigned resources are available for use for the same purpose, it is the County's policy to use resources in the following order: restricted, committed, assigned, and unassigned.

**12. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

**Note II – Stewardship, Compliance, and Accountability**

**A. Excess of Expenditures Over Appropriations**

The Debt Service Fund reported an excess of expenditures over appropriations in 2016 of \$8,219. This is shown in more detail in the Budgetary Comparison Schedules in the Supplementary Information section of the CAFR. The decline in the fund balance of the Debt Service Fund was the result of planned use of fund balance. The County utilized a portion of the escrowed proceeds of bonds issued in 2014 to pay existing debt from a prior year.

**B. Tax Abatements**

The County is subject to tax abatements granted by Cities within the County pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within a City. TIF captures the increase in tax capacity and property taxes (of all taxing jurisdictions, including the County) from development or redevelopment to provide funding for the related project.

The pay-as-you-go note provides for payment to the developer of a percentage of all tax increment received in the prior six months. The payment reimburses the developer for certain public improvements. During 2016, there were 15 pay-as-you-go notes within the County. The Tax Increment taxes collected during 2016 totaled \$1,817,322. The County's portion of the captured tax capacity and related property taxes was approximately 30%.

**Note III – Detailed Notes on All Funds**

**A. Cash Deposits**

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Pooled Investments." In accordance with Minnesota Statutes the County maintains deposits at financial institutions which are authorized by the County Board. The County's policy on custodial credit risk follows Minnesota Statutes for deposits, which requires that the County's deposits be protected by the Federal Deposit Insurance Corporation's (FDIC) limit of \$250,000. Minnesota statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account with the trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

As of December 31, 2016, the County's bank balances totaled \$8,274,898 which was covered by federal depository insurance or by surety bonds and collateralized in accordance with Minnesota statutes or collateralized with securities held by the pledging financial institution's agent in the County's name or stand-by letters of credit.

*Custodial Credit Risk in Deposits* – the risk that in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County follows Minnesota Statutes for proper collateral and insurance on all deposits. As noted above, the County designates depositories that are covered by the FDIC insurance limits of \$250,000. When these funds exceed the federal deposit insurance limit, the County requires that the financial institution provide additional collateral by pledging sufficient securities to equal at least 110% of the assessed market value of the deposit.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

**B. Investments**

The County's investment policy is in compliance with Minnesota State Statutes and authorizes the Accounting and Finance Department to carry out this policy. Certain risks that the investments may be exposed to are addressed in the County's policy, as follows:

*Credit Risk* – the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County follows Minnesota Statute 118A with regard to the legality and safety of money market instruments allowed by law for investment purposes. The County's credit quality limitations are noted in parenthesis next to each type of instrument. The County's investment policy allows the following investment instruments:

- a. All general obligations of the United States government;
- b. Indirect government obligations such as federal agency notes and bonds (excluding mortgage-backed securities that are defined as high risk);
- c. Certificates of deposit (backed by collateral or fully insured by FDIC);
- d. Repurchase agreements (generally these are securities that are explicitly guaranteed by the U.S. Government, with maturities of 21 days or less);
- e. Bankers' acceptance;
- f. Commercial paper (must be highest quality rating by at least two nationally recognized rating agencies and matures in 270 days or less); and
- g. Guaranteed investment contracts (GIC); (the credit quality of the issuer's unsecured debt will be rated in one of the two highest rating categories and may be subject to buyers' withdrawal rights if rating falls below "A");
- h. General obligations of any state or local government which is rated "A" or better.

In addition, the County has an investment pool referred to as OPEB Revocable Trust where funds are invested with the Minnesota State Board of Investments (MSBI). All investments managed by the MSBI are governed by Minnesota Statutes, Chapter 11A, Section 356A.06, Subdivision 7. Chapter 11A restricts investments to obligations of the United States and Canadian governments, their agencies and registered corporations, and short term obligations of specified high quality. Additionally, the statutes limit investments to those rated within the top four quality rating categories of a nationally recognized rating agency. The fair value of the County's position in the pool is the same as the value of the pool's shares.

At December 31, 2016 the County had the following investments:

S.B.I. Internal Fixed Pool	\$ 10,765,272
S.B.I. Internal Equity Pool	37,409,838
Total	<u>\$ 48,175,110</u>

*Concentration Credit Risk* - The County's investment policy does not specifically limit investments in any one issuer, with the exception of commercial paper purchases which may not exceed four million dollars per issuer. See the table below for detailed disclosure of concentration of credit risk.

*Custodial Credit Risk in Investments* – the risk that in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County's policy addresses the services of a custodial agent to monitor and hold its securities in the County's name. The majority of the County's assets are held by a safekeeping agent, with the exception of \$26,304,016 in external money market mutual funds. The County's shares in the pool are at fair value and are the same value as the pool's shares.

**Washington County, Minnesota  
Notes to the Financial Statements  
December 31, 2016**

The following schedule classifies the fair value of the County's cash and investments by credit risk:

Type of Security	Credit Risk	Custody Credit Risk	Par Value	Fair Value	% of Total Securities
U.S. Treasury Securities					
Series EE Bonds	n/a	Collateralized	\$ 17,000	\$ 16,121	#
U.S. Government Instrumentalities					
Federal Home Loan Bank**	Aaa/AAA	Custodian	38,395,000	39,010,135	17.12%
Federal National Mtg. Assn.**	Aaa/AAA	Custodian	4,000,000	3,966,630	1.74%
Federal Home Loan Mtg. Corp.**	Aaa/AAA	Custodian	1,000,000	1,001,554	0.44%
Federal Farm Credit Bank**	Aaa/AAA	Custodian	7,100,000	7,095,852	3.11%
Municipal Securities**	Aaa/AAA	Custodian	45,820,000	45,519,560	19.97%
Negotiable Certificates of Deposit	n/a	Custodian	16,697,000	16,685,295	7.32%
State Board of Investments	n/a	County Held	34,534,331	48,175,110	21.14%
Mutual Fund Money Markets	n/a	Custodian/Broker	20,544,830	26,304,016	#
Cash with Escrow Agent					
Cash for Escrow	n/a	Custodian	871	871	0.00%
U.S. Treasury Notes	n/a	Custodian	858,000	858,343	0.38%
Federal Home Loan Bank**	Aaa/AAA	Custodian	39,250,000	39,290,820	17.24%
Total Investments			<u>208,217,032</u>	<u>227,924,307</u>	
Certificates of Deposit	n/a	Collateralized	584,256	584,256	
Cash for Operations	n/a	Collateralized	8,274,898	8,274,898	
Petty Cash and Inmate Funds	n/a	County Held	68,334	68,334	
Total Cash and Investments			<u>\$ 217,144,520</u>	<u>\$ 236,851,795</u>	

\*\* These categories represent the total for each particular type of security. Each individual investment within each category is individually less than 5%.

# These investments are not subject to concentration of credit risk.

*Interest Rate Risk* – the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County's policy defines short term investments as 90 days or less and long-term investments as one year or more. Investments in long-term securities are limited to a maturity of five years, unless otherwise approved by the Auditor-Treasurer. The County's policy manages interest rate risk by recognizing that liquidity is a priority in meeting cash obligations. Given that the County's cash position fluctuates throughout the fiscal year, a sufficient portion of the investments will remain short-term, while assuring that maturity dates coincide with expenditure needs.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

The following table shows the segmented time distribution of the County's investments by maturity indicating the sensitivity of the fair values of the County's investments to market interest rate fluctuations:

Investment Type	Total	Less Than 1 Year	1-5 Years	5+Years
U.S. Treasury Securities				
Series EE Bonds	\$ 16,121	\$ -	\$ -	\$ 16,121
U.S. Government Instrumentalities				
Federal Home Loan Bank	39,010,135	10,995,596	28,014,539	-
Federal National Mtg. Assn.	3,966,630	1,000,130	2,966,500	-
Federal Home Loan Mtg Corp	1,001,554	1,001,554	-	-
Federal Farm Credit Bank	7,095,852	6,099,537	996,315	-
Municipal Securities	45,519,560	9,367,068	36,152,492	-
Commercial Paper	-	-	-	-
Negotiable Certificates of Deposit	16,685,295	14,495,562	2,189,733	-
State Board of Investments	48,175,110	48,175,110	-	-
Mutual Fund Money Markets	26,304,016	26,304,016	-	-
Cash with Escrow Agent				
Cash for Escrow	871	871	-	-
U.S. Treasury Notes	858,343	859,214	-	-
Federal Home Loan Bank	39,290,820	39,290,820	-	-
Total Investments	227,924,307	157,589,478	70,319,579	16,121
Certificates of Deposit	584,256	-	584,256	-
Cash for Operations	8,274,898	8,274,898	-	-
Petty Cash and Inmate Funds	68,334	68,334	-	-
Total Cash and Investments	\$ 236,851,795	\$ 165,932,710	\$ 70,903,835	\$ 16,121

**Fair Value**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The County has the following recurring fair value measurements as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
U.S. Agencies	\$ -	\$ 91,240,326	\$ -	\$ 91,240,326
Municipal Securities	-	45,519,560	-	45,519,560
Negotiable Certificates of Deposit	-	2,220,233	-	2,220,233
	\$ -	\$ 138,980,119	\$ -	138,980,119
Investments Measured at Amortized Cost				88,944,188
				\$ 227,924,307

**Washington County, Minnesota  
Notes to the Financial Statements  
December 31, 2016**

**C. Advances to Component Unit (Due from Component Unit)**

**Washington County Community Development Agency (CDA) Loans**

On November 18, 2009, Washington County disbursed two loans to what was then known as the Washington County Housing and Redevelopment Authority (HRA). The loan agreement was approved by formal board action on May 8, 2007. These loans provided the HRA with the ability to retire a loan from a local bank that was used to acquire the real property included in the Red Oak Preserve Project. The loan is in two parts totaling \$2,200,000 and carries an annual interest rate of 5%. The first part is in the amount of \$1,587,577 for a term of 25 years and the second part is in the amount of \$612,423 for a term of 10 years. The loans are to be repaid in semi-annual installments on January 15 and July 15 of each year of the term. As of December 31, 2016, the balance of this advance is \$1,824,868, and \$1,707,142 of this amount is considered long-term.

The structure of the two separate loan terms with different repayment schedules is intended to match the revenue capacity of the project. The loans are to be repaid from available tax increment from the project. Any excess tax increment is also pledged as a prepayment for the loan applied to interest and unpaid principal in inverse order of maturity. If the resources from the TIF are not sufficient to meet the loan obligations the CDA has pledged to seek a special levy authorized under Minnesota Statute Section 469.033, subd. 6 to repay the debt.

**D. Note Receivable**

**Ramsey/Washington Recycling and Energy Board**

At December 31, 2015, the Ramsey/Washington Recycling and Energy Board purchased the former Resource Recovery facility from the previous private owners. The County loaned \$6,588,000 to the Ramsey/Washington Recycling and Energy Board in 2015 to fund the purchase. See Note VI, Item E for additional information. During 2016, the County made an additional loan of \$1,107,000 for working capital that will be repaid from future operations, and contributed \$1,541,700 to fund capital equipment additions by the Ramsey/Washington Recycling and Energy Board.

**E. Unavailable and Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also postpone revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes	\$ 1,160,143	\$ -
Special Assessments Not Yet Due	497,483	-
Grant Receivables That Do Not Provide Current Financial Resources	10,425,164	-
Unearned Revenue	-	1,279,586
Total	<u>\$ 12,082,790</u>	<u>\$ 1,279,586</u>

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

**F. Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

<b>Governmental activities</b>	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Capital Assets not being Depreciated:				
Land	\$ 84,664,735	\$ 1,219,160	\$ -	\$ 85,883,895
Works of Art	279,114	-	-	279,114
Construction in Progress	31,115,184	46,973,519	(21,071,308)	57,017,395
Total Capital Assets not being Depreciated	<u>116,059,033</u>	<u>48,192,679</u>	<u>(21,071,308)</u>	<u>143,180,404</u>
Capital Assets being Depreciated:				
Infrastructure	309,952,247	17,797,079	-	327,749,326
Improvements Other than Buildings	17,702,727	-	-	17,702,727
Buildings	197,623,204	1,599,555	-	199,222,759
Machinery, Vehicles, Furniture and Equipment	52,742,335	4,489,084	(2,500,506)	54,730,913
Total Capital Assets being Depreciated	<u>578,020,513</u>	<u>23,885,718</u>	<u>(2,500,506)</u>	<u>599,405,725</u>
Less Accumulated Depreciation for:				
Infrastructure	132,647,023	13,620,923	-	146,267,946
Improvements Other than Buildings	10,681,799	373,776	-	11,055,575
Buildings	57,823,549	3,264,420	-	61,087,969
Machinery, Vehicles, Furniture and Equipment	28,839,541	4,237,967	(1,844,566)	31,232,942
Total Accumulated Depreciation	<u>229,991,912</u>	<u>21,497,086</u>	<u>(1,844,566)</u>	<u>249,644,432</u>
Total Capital Assets being Depreciated, Net	<u>348,028,601</u>	<u>2,388,632</u>	<u>(655,940)</u>	<u>349,761,293</u>
Governmental Activity Capital Assets, Net	<u>\$ 464,087,634</u>	<u>\$ 50,581,311</u>	<u>\$ (21,727,248)</u>	<u>\$ 492,941,697</u>
Depreciation Expense was Charged to Functions as Follows:				
General Government	\$ 3,676,801			
Public Safety	2,437,161			
Highways and Streets	14,253,530			
Health and Human Services	57,000			
Culture and Recreation	1,072,594			
Total Depreciation Expense	<u>\$ 21,497,086</u>			

**G. Interfund Balances and Activities**  
**Transfers to/from Other Funds**

Transfers to/from other funds for the year ended December 31, 2016, consisted of the following:

Transfer to Capital Projects Fund from General Fund	<u>\$ 2,240,105</u>
<i>To fund capital projects</i>	

**H. Long-Term Obligations**

Changes in long-term obligations for the year ended December 31, 2016 are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
General Obligation Bonds	\$ 164,020,000	\$ 20,000,000	\$ (7,010,000)	\$ 177,010,000	\$ 47,220,000
AgBMP Loans Payable	246,262	367,139	(91,197)	522,204	71,793
Compensated Absences	8,857,014	8,282,250	(8,254,892)	8,884,372	7,839,206
Other Postemployment Benefits	38,692,019	6,069,990	(4,009,639)	40,752,370	-
Total Long-Term Liabilities	<u>\$ 211,815,295</u>	<u>\$ 34,719,379</u>	<u>\$ (19,365,728)</u>	<u>\$ 227,168,946</u>	<u>\$ 55,130,999</u>

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

**1. Debt Service**

The County is subject to the federal arbitrage regulations, but does not have any arbitrage liability as of December 31, 2016.

**2. Compensated Absences**

Compensated absences are liquidated in the General and Special Revenue Funds.

**3. Other Postemployment Benefits**

Postemployment benefits are generally liquidated in the General Fund.

In addition, the County is subject to a legal debt limit of 3% of the total taxable market value. At December 31, 2016, the County was in compliance with this requirement. General obligation bonds payable at December 31, 2016 comprises the following individual issues:

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates %</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance 12/31/2016</u>	<u>Balance Due Within One Year</u>
\$79,385,000 Series 2007A GO Capital Improvement Bonds	2028	\$670,000 to \$8,780,000	3.50 - 5.00	\$ 79,385,000	\$ 59,140,000	\$ 41,920,000
\$34,275,000 Series 2011A GO Capital Improvement Bonds	2032	\$135,000 to \$2,950,000	2.00 - 5.00	34,275,000	33,590,000	610,000
\$1,040,000 Series 2011A GO Capital Notes	2018	\$110,000 to \$275,000	2.00 - 5.00	1,040,000	360,000	180,000
\$4,470,000 Series 2011A GO Land and Water Legacy Bonds	2022	\$310,000 to \$1,295,000	2.00 - 5.00	4,740,000	2,175,000	335,000
\$22,475,000 Series 2012A GO Capital Improvement Refunding Bonds	2024	\$485,000 to \$3,045,000	2.00 - 3.00	22,475,000	19,925,000	1,650,000
\$39,155,000 Series 2014A GO Capital Improvement Refunding Bonds	2026	\$975,000 to \$7,275,000	1.00 - 5.00	39,155,000	38,180,000	980,000
\$4,775,000 Series 2015A GO Land and Water Legacy Bonds	2026	\$225,000 to \$1,135,000	3.00	4,775,000	3,640,000	515,000
\$20,000,000 Series 2016A GO Capital Improvement Bonds	2031	\$805,000 to \$2,480,000	2.00 - 5.00	20,000,000	20,000,000	1,030,000
<b>Total General Obligation Bonds</b>				<u>\$ 205,845,000</u>	<u>177,010,000</u>	<u>\$ 47,220,000</u>
				<b>Plus: Unamortized Premium</b>	<u>7,833,943</u>	
				<b>Total General Obligation Bonds, Net</b>	<u>\$ 184,843,943</u>	

Debt service requirements on general obligation long-term debt at December 31, 2016, are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 47,220,000	\$ 7,118,312
2018	9,715,000	4,662,849
2019	10,975,000	4,236,024
2020	10,430,000	3,846,099
2021	9,835,000	3,488,499
2022-2026	50,465,000	11,890,916
2027-2031	35,420,000	3,046,461
2032	2,950,000	66,375
<b>Total</b>	<u>\$ 177,010,000</u>	<u>\$ 38,355,535</u>

**4. Refunding Bonds**

During 2014, the County issued \$39,155,000 of General Obligation Refunding Bonds, Series 2014A. These bonds were issued to crossover refund \$6,555,000 of General Obligation Bonds, Series 2005A, and \$32,600,000 of General Obligation Bonds, Series 2007A. The refunding proceeds were placed in an escrow account and used to purchase U.S. Government Securities. The total cash flow savings to the County attributable to the refunding of this bond is \$5,121,733 with a net present value of approximately \$3,879,793. A portion of the funds were disbursed in February 2015 to retire the 2005A bonds, with the remaining funds scheduled to be disbursed in August 2017 to retire a portion of the 2007A bonds.

**5. AgBMP Loans Payable**

Beginning in 2014, the County agreed to act as a lender for loan agreements made under the AgBMP Loan Program of the State of Minnesota Department of Agriculture. The County is required to repay the funds.

Loan proceeds are provided for eligible projects that remediate or mitigate non-point source pollution and other adverse environmental impacts. All loans are secured by special assessments placed on the individual parcels. Loan payments are reported in the General Fund.

**I. Postemployment Benefits Plan**

**Eligibility**

For employees hired before January 1, 1985, and with at least ten years of service as of January 1, 1985, the County provides postemployment benefits covering full medical insurance costs for qualified retirees and their dependents.

For employees hired prior to January 1, 2002, and who do not have at least ten years of service as of January 1, 1985, the County provides postemployment benefits covering medical insurance costs for qualified retirees and their dependents with recipients receiving the same premium contribution afforded active employees. The benefit for most of these employees is terminated upon their death, but spouses may elect to continue coverage at their own expense.

Qualified employees hired after January 1, 2002, may choose to participate in the County's insurance plan after retirement, with no contribution from the County. As of December 31, 2016, the county had 505 retirees. The County Board, based on enabling legislation in Minnesota Statutes Section 471.61, Subdivision 2a, authorized this benefit plan. The actual County contribution for benefits for the year ended December 31, 2016 was \$3,115,354, and is financed on a pay-as-you go basis. The County is also making annual contributions to a revocable trust fund to provide for future benefits.

**OPEB Disclosure**

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of the January 1, 2016 actuarial valuation report there were 478 retirees receiving health benefits from the County's health plan.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

**Annual OPEB Cost and Net OPEB Obligation**

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table shows the components of the County's annual OPEB cost for 2016, the estimated contributions to the plan, and changes in the County's net OPEB obligation based on the January 1, 2016 actuarial valuation:

Annual Required Contribution (ARC)	\$ 6,601,952
Interest on Net OPEB Obligation	2,901,901
Adjustment to ARC	<u>(3,433,863)</u>
Annual OPEB Cost	6,069,990
Contributions during the Year	<u>(4,009,639)</u>
Increase in Net OPEB Obligation	2,060,351
Net OPEB Obligation-Beginning of Year	<u>38,692,019</u>
Net OPEB Obligation-End of Year	<u><u>\$ 40,752,370</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ending December 31, 2014, 2015, and 2016 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2014	\$ 6,770,674	\$ 3,532,865	52.2%	\$ 35,507,147
December 31, 2015	7,000,515	3,815,643	54.5%	38,692,019
December 31, 2016	6,069,990	4,009,639	66.1%	40,752,370

**Funding Status**

The County currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of assets is zero. However, the County has designated the Post Retirement Health Care Benefits Fund as its mechanism to segregate funds to meet its annual required contributions. The Post Retirement Health Care Benefits Fund is included in the County's General Fund and there is no separately issued financial statements.

The County Board identified guidelines that will be used to meet the OPEB obligations. The resolution specifies that the plan is to fund the obligations over a 30 year period and that the funds are to be invested with the Public Employee Retirement Association in a revocable trust fund.

The County Board's Finance Committee has evaluated potential sources to fund its OPEB liabilities. It has determined that it will use a combination of small incremental property tax levy and non-levy increases as well as making long-term commitments of certain revenue streams. Under these scenarios the County expects to be able to meet its OPEB obligations and fund the necessary reserves. The market value of the cash and investments provided to meet these obligations was \$48,175,110 as of December 31, 2016.

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
1/1/2016	\$ -	\$ 69,143,965	\$ 69,143,965	0.00%	\$ 74,623,300	92.7%

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the entry age normal level dollar actuarial cost method was used. The actuarial assumptions included a 7.5% discount rate, which is based on the estimated long-term investment yield on a building block approach and a target investment allocation with the State Board of Investments, which includes 75% Equity Index Fund and 25% Fixed Income Fund. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a closed period. The remaining period at January 1, 2016 is thirty years or less.

The study also uses an underlying long-term inflation assumption of 2.75%. The trend rates for the annual increase in healthcare benefits, premiums, and participant contributions is 6.6% for non-Medicare eligible participants and 3.2% for Medicare eligible participants for 2016 and then reduced incrementally to a rate of 5.3% by 2020 and thereafter.

**Note IV – Pension Plans**

**A. Pension Description**

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

- 1. General Employees Retirement Plan** (General Employees Plan (accounted for in the General Employees Fund)) All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members in 1978 and merged into the General Employees Retirement Plan in 2015. All new members must participate in the Coordinated Plan.
- 2. Public Employees Police and Fire Plan** (Police and Fire Plan (accounted for in the Police and Fire Fund)) The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.
- 3. Local Government Correctional Plan** (Correctional Plan (accounted for in the Correctional Fund)) The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

**B. Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

**1. General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. Minneapolis Employees Retirement Fund members have an annuity accrual rate of 2.0 percent of average salary for each of the first ten years of service and 2.5 percent for each remaining year. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

**2. Police and Fire Plan Benefits**

Benefits for the Police Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**3. Correctional Plan Benefits**

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**C. Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**1. General Employees Fund Contributions**

Basic Plan members, Coordinated Plan members, and Minneapolis Employees Retirement Fund members were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent, respectively, of their annual covered salary in calendar year 2016. The County was required to contribute 11.78 percent of pay for Basic Plan members, 7.50 percent for Coordinated Plan members, and 9.75 percent for Minneapolis Employees Retirement Fund members in calendar year 2016. The County's contributions to the General Employees Fund for the year ended December 31, 2016, were \$4,325,573. The County's contributions were equal to the required contributions as set by state statute.

**2. Police and Fire Fund Contributions**

Plan members were required to contribute 10.80 percent of their annual covered salary in calendar year 2016. The County's was required to contribute 16.20 percent of pay for members in calendar year 2016. The County's contributions to the Police and Fire Fund for the year ended December 31, 2016, were \$1,463,323. The County's contributions were equal to the required contributions as set by state statute.

**3. Correctional Fund Contributions**

In calendar year 2016, plan members were required to contribute 5.83 percent of their annual covered salary. The County was required to contribute 8.75 percent of pay for plan members in calendar year 2016. The County's contributions to the Correctional Fund for the year ended December 31, 2016, were \$440,226. The County's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2016, the County reported a liability of \$72,888,787 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$951,929. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016 the County's proportion share was 0.898 percent which was an increase of 0.002 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the County recognized pension expense of \$9,854,702 for its proportionate share of General Employees Plan's pension expense. In addition, the County recognized an additional \$283,840 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

At December 31, 2016, the County reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 5,921,135
Changes in Actuarial Assumptions	14,271,688	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	13,834,604	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	74,298	1,183,770
County Contributions Subsequent to the Measurement Date	2,355,728	-
Total	<u>\$ 30,536,318</u>	<u>\$ 7,104,905</u>

\$2,355,728 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expenses Amount
2017	\$ 5,689,693
2018	5,689,693
2019	7,063,436
2020	2,632,863

**2. Police and Fire Fund Pension Costs**

At December 31, 2016, the County reported a liability of \$34,954,746 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.871 percent which was a decrease of .008 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the County recognized pension expense of \$6,074,815 for its proportionate share of the Police and Fire Plan's pension expense. The County also recognized \$78,390 for the year ended December 31, 2016, as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

At December 31, 2016, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 4,009,971
Changes in Actuarial Assumptions	19,237,124	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,334,337	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	144,005	74,834
County Contributions Subsequent to the Measurement Date	829,195	-
Total	<u>\$ 25,544,661</u>	<u>\$ 4,084,805</u>

\$829,195 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expenses Amount
2017	\$ 4,443,622
2018	4,443,622
2019	4,443,622
2020	4,012,543
2021	3,287,252

**3. Corrections Plan Pension Costs**

At December 31, 2016, the County reported a liability of \$9,753,884 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 2.670 percent, which was a 0 percent change from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the County recognized pension expense of \$2,753,918 for its proportionate share of the Correctional Plan's pension expense.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

At December 31, 2016, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 7,650	\$ 105,358
Changes in Actuarial Assumptions	6,214,398	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,095,891	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	-	1,886
County Contributions Subsequent to the Measurement Date	234,355	-
Total	<u>\$ 7,552,294</u>	<u>\$ 107,244</u>

\$234,355 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expenses Amount
2017	\$ 2,315,872
2018	2,315,872
2019	2,369,494
2020	209,457

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%, per Year
Salary Increases	3.25%, per Year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for the General Employees Plan and RP-2000 tables for the Police and Fire Plan and Correctional Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: one percent per year for all future years for the General Employees Plan and Police and Fire Plan, and 2.5 percent for all years for the Correctional Plan.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The experience study for Police and Fire Plan was for the period July 1, 2004 through June 30, 2009. The experience study for the Public Employees Correctional Plan was for the period July 1, 2006 through June 30, 2011.

The following changes in actuarial assumptions occurred in 2016:

**General Employees Fund**

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**Police and Fire Fund**

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**Correctional Fund**

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45 %	5.50 %
International Equity	15	6.00
Bonds	18	1.45
Alternative Assets	20	6.40
Cash	2	0.50
Totals	100 %	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2016 was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund and the Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056 and June 30, 2058 respectively. Beginning in fiscal years ended June 30, 2057 for the Police and Fire Fund and June 30, 2059 for the Correctional Fund, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for the Police and Fire Fund and 5.31% for the Correctional Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 2.85% after.

**G. Pension Liability Sensitivity**

The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
County's Proportionate Share of the General Employees Fund Net Pension Liability	\$ 103,523,680	\$ 72,888,787	\$ 47,653,974
County's Proportionate Share of the Police and Fire Fund Net Pension Liability	48,932,005	34,954,746	23,534,263
County's Proportionate Share of the Correctional Fund Net Pension Liability	14,686,335	9,753,884	5,903,156

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary's net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org).

**Note V – Public Employees Defined Contribution Plan (Defined Contribution Plan)**

**A. Deferred Compensation Description**

Five County Board members of Washington County are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03 specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.0025) of the assets in each member's account annually.

Total contributions made by the County during the years ended December 31, 2014, 2015, and 2016 were:

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
2014	\$ 13,178	\$ 13,178	5%	5%	5%
2015	13,685	13,685	5%	5%	5%
2016	11,232	11,232	5%	5%	5%

**Note VI – Other Information**

**A. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT) to cover its liabilities for workers compensation and property and casualty. There were no significant reductions of insurance coverage from the previous year. There have been no settlements in excess of insurance for any of the past three years. In 1982 and 1986, the County joined the MCIT Workers' Compensation and Property and Casualty Divisions, respectively.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

On December 31, 1988, the MCIT established Trust II to handle workers' compensation losses that occurred after 1988. In establishing this fund, MCIT moved from a cash flow loss funding approach to workers' compensation to a fully funded approach, a method used by the insurance industry. This meant the 1989 premiums and those thereafter could not be used to fund prior year losses. The County has no remaining liability for pre-1989 losses.

As of January 1, 1989, the Workers' Compensation Division was self-sustaining based on the payments charged, so that total payments plus compounded earnings on these payments will equal the amount needed to satisfy claims, liabilities, and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim for plan year 2016. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT. The County is self-insured for the first \$50,000 of each claim to an aggregate of \$200,000 for any one year.

The Property and Casualty Division is self-sustaining and the County pays an annual premium to cover current and future losses. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT. Premiums are paid by the General Fund, which is reimbursed from other funds for their share.

**B. Contingencies**

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

**C. Construction Commitments**

The County has several active construction projects as of December 31, 2016. These projects are being funded by County taxes, CIP bonds, and intergovernmental revenues from the state and federal governments. A summary of the County's construction commitments is shown in the table below:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Roads	\$ 32,649,839	\$ 7,670,905
Buildings	13,089,276	589,830
Parks	1,617,135	840,033

**D. Washington County CDA (formerly HRA) Bonds**

Washington County Government has guaranteed several Washington County CDA Governmental Housing Revenue Bonds (Washington County General Obligation). On December 31, 2016, the balance of principal and interest for the following bonds: Governmental Housing Revenue Bonds Series 2010A, Governmental Taxable Housing Revenue Bonds Series 2010B, Governmental Housing Revenue Refunding Bonds Series 2010C, Governmental Housing Revenue Refunding Bonds Series 2012A, Taxable Qualified Energy Conservation Revenue Bonds Series 2012B, Governmental Housing Revenue Refunding Bonds Series 2012C, and Governmental Multi-Family Housing Revenue Bonds Series 2015A are shown in the table below:

<u>Issues</u>	<u>Balance</u>
Governmental Housing Revenue Bonds Series 2010A	\$ 255,000
Governmental Taxable Housing Revenue Bonds Series 2010B	7,505,000
Governmental Housing Revenue Refunding Bonds Series 2010C	2,905,000
Governmental Housing Revenue Refunding Bonds Series 2012A	8,960,000
Taxable Qualified Energy Conservation Revenue Bonds Series 2012B	1,815,000
Governmental Housing Revenue Refunding Bonds Series 2012C	10,560,000
Governmental Multi-Family Housing Revenue Bonds Series 2015A	10,955,000
Total	<u>\$ 42,955,000</u>

**E. Joint Ventures**

**1. Resource Recovery Project Board/ Ramsey/Washington Recycling and Energy Board**

In 2012, Ramsey and Washington Counties entered into a new three year service agreement (2013-2015) with the owner of the Ramsey/Washington County Resource Recovery Facility, Resource Recovery Technologies, Inc.

The Counties have a Joint Powers Agreement to administer the service agreement with Ramsey County and other joint programs. The term of the current joint powers agreement is through 2017. An Amended and Restated Joint Powers Agreement was signed in September 2015. The new agreement will continue until terminated or dissolved in accordance with Section IX.B3 of the agreement. Ramsey and Washington Counties had three previous Joint Powers Agreements (JPA) for the Resource Recovery Project from 1982 to 1984, from 1985 to 2006, and from 2007 to 2012. The Resource Recovery Project Board has since been renamed the Ramsey/Washington Recycling and Energy Board.

In the Fall of 2015, the Resource Recovery Project Board took a significant step towards improving the environment and achieving their common vision to increase recycling and get the most value out of trash by taking an action to recommend the purchase of the Resource Recovery Technologies, Inc. Facility in Newport.

The Counties funded the purchase of the processing facility by the Ramsey/Washington Recycling and Energy Board from its previous private owners in December 2015, after more than two years of studying how it could be used along with new technologies to modernize the East Metro's trash handling system.

Washington County loaned \$6,588,000 of proceeds from the Washington County Environmental Charge for its share of the purchase of the facility, and Ramsey County will issue bonds for its portion. The joint powers agreement designates Ramsey County to serve as the administrative entity for the Energy Board. In 2016, Washington County advanced an additional \$1,107,000 to provide working capital funds, which will be repaid from future operations. Washington County also contributed \$1,541,700 to help fund the purchase of additional assets needed to run the operation.

Washington County's ongoing financial interest in the project is 27% of the obligations or resources upon termination of the agreement. For 2016, the project reported a net position of \$6.1M with annual operating expenses of \$41.8M and revenues of \$44.6M.

Complete financial statements for the Resource Recovery Project Board may be obtained from the administrative offices at 2785 White Bear Ave, Suite 350, Maplewood MN, 55109, or calling (651) 266-1195.

**2. Metro Alliance for Healthy Families (MAHF)**

Washington County joined this joint powers agreement in 2007 to establish a home visiting service program whose purpose is the reduction of child maltreatment through the promotion of healthy parent-child attachment. The program also emphasized child development, early learning, and the provision of community resources for significantly stressed expectant mothers and new parents.

This metro-wide alliance includes the following counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, and the City of Bloomington. Dakota County is the fiscal agent with all participating organizations contributing to the process of securing funding and ensuring continuity of services for families moving between jurisdictions.

The Governing Board, consisting of a county commissioner from each member county and a city council member from the City of Bloomington, shall determine the annual budget and approve the disbursement of secured funding to the alliance members. This agreement shall remain in effect until its funding has been expended or upon termination of the agreement by its members.

The County has no ongoing financial interest in this entity. The objective of the entity is to coordinate self-funded efforts of its member organizations. There is no accumulation of resources or fiscal stress related to this entity.

**Washington County, Minnesota  
Notes to the Financial Statements  
December 31, 2016**

Record availability and access may be obtained from Dakota County Community Services, One Mendota Road West, Suite 500, West Saint Paul MN 55118; (651) 554-5742.

**3. Metropolitan Region Homeland Security Emergency Management (MRHSEM)**

Washington County has been a participating member of this joint powers agreement since 2006. The purpose of this agreement is to provide for members to plan, coordinate, and administer expenditures for regional planning, equipment, training, and exercises, to adequately prevent, prepare for, and respond to disasters or emergencies.

The parties of this agreement include the following counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and the cities of Minneapolis and St. Paul. The Governing Board is comprised of one member designated by each participating county and city.

The duties and activities of the Governing Board in accordance with its purpose may be funded by grant monies from the federal and/or state government, and funding from other associations or agencies. This agreement was last reviewed on January 1, 2012 and will be reviewed every five years thereafter.

The County has no ongoing financial interest as the joint powers agreement board acts as an intermediary for grants. All activity is pass-through as such there is no accumulation of resources.

For more information contact the State of Minnesota, Homeland Security and Emergency Management Division, 444 Cedar Street, Suite 223, Saint Paul MN 55101; (651) 201-7447.

**4. I-35 WE Coalition**

The I-35 WE Coalition (Coalition) includes cities and counties along the I-35W and I-35E corridors in Anoka and Washington Counties. The Goals of the I-35 WE Coalition are to:

- Develop a cohesive transportation system in the area.
- Balance land use and the transportation system.
- Identify, develop, and support regional transportation system improvements.

To accomplish these goals, the counties and cities entered into a joint powers agreement under the authority provided by Minnesota Statutes 471.59. This agreement was signed by Washington County in 2005. The Coalition strives to coordinate programming of transportation systems by an interactive process such that the transportation system is capable of supporting land use and development in the northeast metropolitan area.

The parties agree to hold regular meetings for the purpose of monitoring progress on the planning activities, providing guidance for such planning activities, and coordinating between governing bodies, including Mn/DOT and the Metropolitan Council.

Currently, there are no direct costs associated with the work to be performed. Therefore, no financial statements are issued. However, if the parties agree that costs are to be incurred, the parties will amend the existing joint powers agreement or prepare a new agreement for that purpose. Any party may withdraw from the agreement upon thirty days written notice to the other parties of the agreement.

The County retains no fiscal interest and has no stake in the accumulation of resources or fiscal stress of the entity.

For more information contact the project coordinator: Michele Landau, City Clerk, City of Hugo, 14669 Fitzgerald Avenue North, Hugo, MN 55038; [mlindau@ci.hugo.mn.us](mailto:mlindau@ci.hugo.mn.us).

**5. Counties Transit Improvement Board (CTIB)**

Pursuant to Laws of Minnesota 2008, Chapter 152, Article 4, Section 2 metro counties were authorized to impose a Metropolitan Transportation Area Sales Tax for the purpose of facilitating investment in transit-ways, to cooperatively plan and develop policies for transit investments, to advocate for state and federal funding and transportation policies supportive of transit ways, and to provide for public education and information.

The counties of Anoka, Dakota, Hennepin, Ramsey, and Washington officially formed the Counties Transit Improvement Board. Each participating county had to approve the statutorily required joint powers agreement establishing a new board. The statute also requires that the Chair of the Metropolitan Council serve on the Board as a voting member. Each county had to approve the imposition of the ¼ cent sales tax and \$20 motor vehicle excise tax effective July 1, 2008.

The CTIB organization is currently operating through significant county staff involvement, specifically on transit, communications, finance and legal issues, and through county collaboration. Hennepin County provides fiscal agent service with private consultants providing administration, financial advice, and legal counsel.

Annual sales tax revenue administered by CTIB is approximately \$115 million. By provision of the joint powers agreement each county was guaranteed a 1% share of revenues if no grant is awarded for their county for each of the calendar years 2009 - 2011. In addition, through the development of its Transit Investment Framework, CTIB acknowledged the lack of major transit way investment opportunities in the short term in Washington County and guaranteed 3% of the estimated total annual sales tax proceeds for the years 2010 – 2013.

Through these guaranteed grants for the years 2009 - 2013, Washington County was awarded approximately \$11.8 million in grant funds for use on Washington County priority projects. Of this amount, approximately \$7.3 million has been awarded to specific grant projects, while approximately \$4.5 million is being held in reserve by CTIB for future grants to Washington County. The 2009-2016 grants provided funding for the following transit projects in Washington County:

- Route 288 bus service to Minneapolis - \$278,000;
- Forest Lake to St Paul bus service - \$118,050;
- Gateway Corridor Alternatives Analysis - \$625,950;
- Newport Transit Station - \$3,180,000;
- Red Rock Corridor Station Area Planning Study - \$242,000;
- Red Rock Corridor Implementation Plan: \$360,000;
- Gateway Corridor DEIS - \$2,600,000
- Gateway Corridor Pre-Project Development Project- \$1,575,000

Washington County may be assessed a share of the lobbying costs incurred by the CTIB. In 2016, no fee was assessed. The County's sales tax collections are the basis for meeting any obligations associated with its involvement in CTIB. As such, the county has no direct risk related to ongoing financial interest or CTIB's accumulation of resources or fiscal stress.

Further information is available by contacting Washington County's Public Works Department.

**6. Gateway Corridor Commission**

The Gateway Corridor Commission (Commission) is made up of elected officials from St. Paul to the St. Croix River. Commission members are from; the Washington County Regional Railroad Authority (WCRRA), the Ramsey County Regional Railroad Authority (RCRRA) and the cities of Afton, Lake Elmo, Lakeland, Maplewood, Oakdale, St. Paul, West Lakeland and Woodbury. Members from 3M, Baytown Township, Oakdale Business and Professional Association, St. Paul Area Chamber of Commerce, Woodbury Chamber of Commerce, East Side Area Business Association, City of Landfall Village, City of Lakeland Shores, and the WI Gateway Corridor Coalition are ex-officio members of the Commission. The purpose of the Commission is as follows:

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

- Develop comprehensive transportation data to advocate for, plan, and design an effective multi-modal transportation system in the corridor.
- Conduct advocacy and outreach activities to promote coordinated transportation planning and investments of the Corridor.
- Coordinate activities with state and federal agencies to ensure consistency with their policies and guidelines.
- Identify and secure funding to facilitate the planning and development of a transit way in the corridor.
- Collaborate with local communities, business owners and developers to identify local land use planning and economic development opportunities related to transit improvements in the corridor.

To accomplish these goals, the counties and cities entered into a joint powers agreement under the authority provided by Minnesota Statute 471.59. This agreement was signed by Washington County in 2008. The Commission will facilitate the planning and development of a Gateway Corridor transitway that provides increased mobility and access to safe and efficient travel for all area populations and regional travelers, promotes economic development and job growth and improves livability while respecting the land use plans and character of the various communities along the corridor.

The Gateway Corridor Commission meets the 2nd Thursday of each month at 3:30 p.m. at the Woodbury City Hall. Separately issued financial statements are available starting for the years ending December 31, 2012-2016.

Ramsey and Washington Counties are the joint funding partners for the Commission. For the 2016 budget, WCRRA contributed \$130,000 to the Commission's yearly budget.

The County's participation involves modest periodic membership contribution which may be assessed by the Board. However, the primary funding sources for these activities is grant funding for other organizations. The County retains no fiscal interest and has no stake in the accumulation of resources or fiscal stress of the entity.

For more information contact the Gateway Corridor staff lead: Jan Lucke, Transit/Transportation Planning Manager, Washington County (651) 430-4316. [Jan.Lucke@co.washington.mn.us](mailto:Jan.Lucke@co.washington.mn.us)

**7. Red Rock Corridor Commission**

The Red Rock Corridor Commission (RRCC) is comprised of 11 members representing the counties and communities within the corridor. Member communities are; WCRRA, Hennepin, Ramsey and Dakota County Regional Railroad Authorities, Minneapolis, St. Paul, Newport, Cottage Grove, St. Paul Park, Denmark Township, and Hastings. In addition to the 11 members, representatives from Goodhue County, the City of Red Wing, Prairie Island Indian Community, and the Canadian Pacific Railway serve as ex-officio members.

To pursue the goal of developing further transit in the Corridor, the counties and cities entered into a joint powers agreement under the authority provided by Minnesota Statute 471.59. This agreement was signed by Washington County in 2004. The RRCC will work with corridor municipalities, the Counties Transit Improvement Board (CTIB), the Metropolitan Council (Met Council), Metro Transit, the Minnesota Department of Transportation (Mn/DOT) and the Minnesota High Speed Rail Commission (MNHSRC) to continue the advancement of the Red Rock Corridor.

The County's participation involves modest periodic membership contribution which may be assessed by the Board. However, the primary funding sources for these activities is grant funding for other organizations. The County retains no fiscal interest and has no stake in the accumulation of resources or fiscal stress of the entity.

The Red Rock Corridor Commission meets the 4th Thursday of each month at 4:00 p.m. at the Cottage Grove City Hall.

Ramsey, Washington, Hennepin, and Dakota Counties are the joint funding partners for the Commission. For the 2016 budget, WCRRA contributed \$17,500 to the Commission's yearly budget.

For more information contact the Red Rock Corridor staff lead: Lyssa Leitner, Planner, Washington County (651) 430-4314. [Lyssa.Leitner@co.washington.mn.us](mailto:Lyssa.Leitner@co.washington.mn.us)

**8. Rush Line Task Force**

The Rush Line Corridor Task Force is made up of 23 elected officials from counties and municipalities along the corridor, which stretches from Hinckley to St. Paul. Communities include; Ramsey, Anoka, Chisago, Pine and Washington Counties, Centerville, Columbus, Forest Lake, Harris, Hinckley, Hugo, Little Canada, Maplewood, North Branch, Pine City, Rock Creek, Rush City, St. Paul, Sandstone, Stacy, White Bear Lake, White Bear Township, and Wyoming.

To pursue the goal of developing further transit in the Corridor, the counties and cities entered into a joint powers agreement under the authority provided by Minnesota Statute 471.59. This agreement was signed by Washington County in 2006. The task force will work with Corridor municipalities, counties, transit agencies, and the Minnesota Department of Transportation and Metro Transit and the Metropolitan Council to coordinate improved transit service including potential park-and-ride/pool facilities and new express bus routes along the Corridor.

The County's participation involves modest periodic membership contribution which may be assessed by the Board. However, the primary funding sources for these activities is grant funding for other organizations. The County retains no fiscal interest and has no stake in the accumulation of resources or fiscal stress of the entity.

Rush Line Task Force meets every other month at the Maplewood Community Center.

For more information contact the Rush Line Corridor staff lead: Mike Rogers, Ramsey County (651) 266-2773. [Michael.Rogers@co.ramsey.mn.us](mailto:Michael.Rogers@co.ramsey.mn.us)

**9. Metropolitan Library Service Agency (MELSA)**

The County entered into a joint powers agreement with the other six metropolitan area counties and the Cities of Saint Paul and Minneapolis to improve public library services within the various jurisdictions. The Board of Directors of MELSA consists of one representative from each member entity. Financing is provided by gifts, grants, and other assistance from the federal government, the State of Minnesota, or any person or agency for MELSA. The County received grants from MELSA totaling \$80,639 in 2016. The County retains no fiscal interest and has no stake in the accumulation of resources or fiscal stress of the entity. The MELSA agency handles the accounting function for the Board. Current financial statements are available from the MELSA office, 1619 Dayton Avenue, Suite 314, St. Paul, MN 55104-6276.

**F. Jointly Governed Organizations**

**1. ImmuLink**

The County is a participant in the Minnesota Immunization Information Connection (MIIC), which is a system that stores electronic immunization records. MIIC established regions within the state, and the seven county metro area makes up the region known as ImmuLink. The County has no operational or financial control over ImmuLink, and no direct expenditures were associated with the program in 2016.

**2. Minnesota Criminal Justice Data Communications Network (MCJDCN)**

The County is a participant in the Minnesota Criminal Justice Data Communications Network. Minnesota criminal justice agencies must provide certain incident and arrest data to the Bureau of Criminal Apprehension (BCA) to meet state and federal reporting requirements, and the MCJDCN is a vital part of that information sharing process. Washington County has no operational or financial control over the MCJDCN, and no direct expenditures were associated with the program in 2016.

**3. Minnesota Counties Computer Cooperative (MCCC)**

The County participates in the Minnesota Counties Computer Cooperative (MCCC), a joint powers agreement with all Minnesota Counties. MCCC works as a joint powers organization in facilitating services and training, providing software and other cost-effective measures to substantially reduce technology costs for counties, cities, and agencies. For 2016, the County paid MCCC \$79,957 for services received. The County has no operational or financial control over MCCC.

**4. Minnesota Sentence to Service Program**

The County has a joint powers agreement with the State of Minnesota to operate a community work program known as the "Sentencing to Service" Program. The County received \$77,056 for services performed under this agreement.

**G. Related Organization - Watershed Districts**

The County Commissioners appoint managers to the watershed district boards. The appointments are not considered substantive because the County Commissioners must select district managers from a list of nominees submitted by the municipalities that are wholly or partially in the watershed district. The Watershed District comprises a geographic area, which is affected by the watershed from a particular source. The Watershed District Board is responsible for initiating and overseeing certain actions which control or alleviate damage from flooding, control or alleviate damage to water basins, regulate improvements of riparian areas, provide ditch maintenance, or ditch repair, and protect or enhance surface water and groundwater quality and quantity. The costs of these actions, plus the associated administrative costs, must be borne by the "benefited" property owner within the district, through a special assessment against the benefited property. Watershed Improvement Bonds typically finance costs of major capital investments.

Record availability and access may be obtained from the Minnesota Association of Watershed Districts, 540 Diffley Road, Saint Paul MN 55123; (651) 452-8506.

**Note VII – Washington County Community Development Agency - Discretely Presented Component Unit**

**A. Summary of Significant Accounting Policies**

**1. Reporting Entity**

The Washington County Community Development Agency, (formerly the Washington County Housing and Redevelopment Authority-HRA), Woodbury, Minnesota (CDA) operates as a local government unit for the purpose of providing community development services to the Washington County, Minnesota, area. The governing body of the CDA consists of a seven member board of commissioners (Board) appointed by the County Commissioners to serve three-year terms.

**2. Deposits and Investments**

The CDA considers unrestricted cash and highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

The CDA invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under joint powers agreement pursuant to Minnesota Statute 471.59 and regulated by Minnesota state statutes. The MAGIC fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the value of the CDA's position in the pool is the same as the value of the pool shares. A copy of the funds statement is available at [www.magicfund.org](http://www.magicfund.org).

**Investments**

The CDA's investment policy requires compliance with state statutes which allow investments in obligations guaranteed by the U.S. Treasury or its agencies, mutual funds, general obligations of state and local governments, bankers' acceptances, commercial paper, repurchase agreements, and the MAGIC Fund.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

As of December 31, 2016, the CDA had the following investments and maturities:

	Rating	Investment Maturities (in Years)			Fair Value
		Less than 1	1-5	Over 5	
Commercial Paper	A1+	\$ 1,905,791	\$ -	\$ -	\$ 1,905,791
Mutual Fund	AAAm	10,960,535	-	-	10,960,535
External Investment Pools	N/R	7,396,132	-	-	7,396,132
Certificates of Deposit	N/R	1,555,733	-	-	1,555,733
Total Investments		<u>\$ 21,818,191</u>	<u>\$ -</u>	<u>\$ -</u>	21,818,191
Deposits	N/R				1,467,609
Total Cash and Investments					<u>\$ 23,285,800</u>

N/R - Not Rated

These amounts are presented on the Statement of Net Position as follows:

	CDA	Discretely Presented Component	Total CDA
		Units	
Cash and Investments	\$ 12,312,010	\$ 217,340	\$ 12,529,350
Restricted Cash and Investments	10,973,790	1,997,892	12,971,682
Total Cash and Investments	<u>\$ 23,285,800</u>	<u>\$ 2,215,232</u>	<u>\$ 25,501,032</u>

**Fair Value**

The CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The CDA has the following recurring fair value measurements as of December 31, 2016:

Investment Type	12/31/2016	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at Fair Value:				
Commercial Paper	\$ 1,905,791	\$ -	\$ 1,905,791	\$ -
Brokered CDs	1,555,733	-	1,555,733	-
Total/Subtotal	3,461,524	<u>\$ -</u>	<u>\$ 3,461,524</u>	<u>\$ -</u>
Investments not Categorized:				
Mutual Fund	10,960,535			
External Investment Pool - MAGIC Fund	7,396,132			
Total	<u>\$ 21,818,191</u>			

**Deposit and Investment Risks**

**Custodial Credit Risk – Investments** – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the CDA will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The CDA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to those listed in footnote III.B. The CDA does not have a formal investment policy that further limits the ratings of their investments.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The CDA places no limit on the amount the CDA may invest in any one issuer. Investments in a single issuer exceeding 5% of the CDA's overall cash and investment portfolio are as follows:

First American Government Obligations	29.7%
First American Treasury Obligations	17.4%
U.S. Bank Commercial Paper	8.2%

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
<b>Governmental activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 424,186	\$ -	\$ -	\$ 424,186
Capital Assets, being Depreciated:				
Buildings and Structures	1,976,676	19,178	-	1,995,854
Furniture and Fixtures	192,225	-	-	192,225
Total Capital Assets, being Depreciated	2,168,901	19,178	-	2,188,079
Less Accumulated Depreciation for:				
Buildings and Structures	148,251	49,551	-	197,802
Furniture and Fixtures	38,445	12,815	-	51,260
Total Accumulated Depreciation	186,696	62,366	-	249,062
Total Capital Assets being Depreciated - Net	1,982,205	(43,188)	-	1,939,017
Governmental Activities Capital Assets - Net	\$ 2,406,391	\$ (43,188)	\$ -	\$ 2,363,203
<b>Business-type activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 4,559,053	\$ -	\$ -	\$ 4,559,053
Construction in Progress	955,861	218,029	(976,798)	197,092
Total Capital Assets, not being Depreciated	5,514,914	218,029	(976,798)	4,756,145
Capital Assets, being Depreciated:				
Buildings and Structures	67,176,211	1,803,067	(815,886)	68,163,392
Furniture and Fixtures	515,702	-	-	515,702
Total Capital Assets, being Depreciated	67,691,913	1,803,067	(815,886)	68,679,094
Less Accumulated Depreciation for:				
Buildings and Structures	28,053,795	1,773,492	(815,886)	29,011,401
Furniture and Fixtures	461,905	17,721	-	479,626
Total Accumulated Depreciation	28,515,700	1,791,213	(815,886)	29,491,027
Total Capital Assets being Depreciated - Net	39,176,213	11,854	-	39,188,067
Business-Type Activities Capital Assets - Net	\$ 44,691,127	\$ 229,883	\$ (976,798)	\$ 43,944,212

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

Depreciation expense was charged to functions/programs of the CDA as follows:

Governmental Activities:	
General Government	\$ 62,366
Total Depreciation Expense - Governmental Activities	<u>\$ 62,366</u>
Business-Type Activities:	
Housing	\$ 1,791,213
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,791,213</u>

**C. Lease Receivables**

The Community Development Fund has receivable balances of \$6,384,648 which are not expected to be collected within one year of December 31, 2016. These receivables relate to several deferred loans the CDA has made to finance privately-owned affordable housing projects. A majority of the funding for the loans comes from federal programs.

The Managing Member Partnership Fund has receivable balances of \$14,105,000, of which \$12,566,024 is not expected to be collected within one year of December 31, 2016. These receivables are the developer fees and the seller note receivable from the Groves Apartments, LLC and the loan receivable and mortgage receivable from Piccadilly Square of Mahtomedi, LLC.

Capital Lease Receivable: Landfall

The CDA disposed of its Landfall capital assets in exchange for a capital lease receivable. In conjunction with Landfall debt refunding in 2010, the terms of the lease were updated to these reflected here. The lease bears an effective interest rate of 3.45% and has monthly principal and interest payments of \$36,000 through January 1, 2024. Future minimum lease payments receivable for each of the years ending December 31 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 432,000
2018	432,000
2019	432,000
2020	432,000
2021	432,000
2022-2024	<u>886,034</u>
Total minimum lease payments	3,046,034
Amounts representing interest	<u>(200,551)</u>
Present value of net minimum lease payments	<u>\$ 2,845,483</u>

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

Capital Lease Receivable: Washington Conservation District

The CDA entered into a lease with Washington Conservation District. Under terms of the lease monthly payments are equal to (i) one-sixth of the amount of interest due on the Series 2013 bonds on the next succeeding interest payment date, plus (ii) one-twelfth of the amount of principal due on the Series 2013 Bonds on the next principal payment date. Future minimum lease payments receivable for each of the years ending December 31, are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 67,108
2018	71,295
2019	70,665
2020	70,452
2021	74,374
2022-2026	381,462
2027-2031	411,153
2032-2036	444,396
2037	<u>85,800</u>
Total minimum lease payments	1,676,705
Amounts representing interest	<u>(519,205)</u>
Present value of net minimum lease payments	<u>\$ 1,157,500</u>

**D. Investment In Limited Partnerships**

The CDA is the general partner and managing member of The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC, low income housing tax credit limited partnerships. The limited partnerships were formed to construct and operate or rehabilitate and operate family and senior housing property in Washington County and were financed, in part, with low-income housing tax credits which place certain restrictions on rental rates and require tenants to qualify for occupancy based on income levels. Contributions and distributions, if any, are recorded as direct adjustments to the investment in limited partnerships on the statement of net position. Any income or loss from the operation of this limited partnership is also recorded as a direct adjustment to the investment in limited partnerships based on the CDA's ownership percentage, which is .01%. Separate financial statements for the limited partnerships can be obtained by contacting the Finance Director of the Washington County Community Development Agency, 7645 Currell Boulevard, Woodbury, MN 55125.

As General Partner, the CDA has an obligation to provide funds for any development and operating deficits that may occur for the Groves Apartments, LLC, and Piccadilly Square of Mahtomedi, LLC, up to \$294,456 and \$200,000, respectively. This obligation will lapse three years after the lease up of the property. A guaranty of housing tax credits and development fees is also provided.

**E. Long-Term Debt**

The CDA issues long-term debt to finance the acquisition and construction of housing developments. The reporting entity's long-term debt is segregated between the amount to be repaid from governmental activities, amounts to be repaid from business-type activities, and the amounts to be repaid by the Discretely Presented Component Unit of the CDA.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

**1. Governmental and Business-Type Activities**

Changes in long-term debt were as follows:

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16	Due Within One Year
Governmental activities:					
Compensated absences	\$ 85,646	\$ 148,627	\$ (132,183)	\$ 102,090	\$ 10,209
Notes Payable	4,716,856	1,300,000	(1,853,305)	4,163,551	309,586
Total	<u>\$ 4,802,502</u>	<u>\$ 1,448,627</u>	<u>\$ (1,985,488)</u>	<u>\$ 4,265,641</u>	<u>\$ 319,795</u>
Business-type activities:					
Notes Payable	\$ 1,192,901	\$ 271,000	\$ (106,600)	\$ 1,357,301	\$ -
Mortgage Payable	9,686,343	-	(168,445)	9,517,898	174,924
Total Notes and Mortgages	<u>\$ 10,879,244</u>	<u>\$ 271,000</u>	<u>\$ (275,045)</u>	<u>\$ 10,875,199</u>	<u>\$ 174,924</u>
Revenue Bonds Payable	\$ 46,205,000	\$ -	\$ (2,090,000)	\$ 44,115,000	\$ 3,510,000
Less: unamortized bond discount	(295,276)			(275,500)	
Plus: unamortized bond premium	962,974			900,990	
Total Bonds, net	<u>\$ 46,872,698</u>			<u>\$ 44,740,490</u>	
Discretely Presented Component Units of the CDA:					
Notes Payable - The Groves Apartments, LLC				\$ 2,745,025	\$ 19,198
Notes Payable - Picadilly Square of Mahtomedi, LLC				12,564,123	1,538,958
Total Notes Payable				<u>\$ 15,309,148</u>	<u>\$ 1,558,156</u>
Summary of CDA and CDA Discrete Component Unit Debt					
Compensated absences				\$ 102,090	\$ 10,209
Notes and Mortgages Payable				28,523,030	1,924,941
Revenue Bonds Payable				44,740,490	3,510,000
Due to Primary Government (in Governmental Activities Notes Payable above)				1,824,868	117,725

Annual debt service requirements to maturity for the above CDA liabilities (excluding forgivable loans) are as follows:

Year	Business Type Activities					
	Governmental Activities		Notes and Mortgages		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 309,586	\$ 152,084	\$ 174,922	\$ 356,767	\$ 3,510,000	\$ 1,458,318
2018	324,658	140,306	181,650	350,039	4,165,000	1,370,764
2019	341,890	128,443	188,637	343,052	2,375,000	1,288,341
2020	316,526	116,041	195,892	335,797	2,265,000	1,222,184
2021	288,236	105,985	203,427	328,262	2,185,000	1,154,997
2022-2026	1,178,948	348,725	1,140,692	1,517,754	10,965,000	4,734,157
2027-2031	485,247	173,804	1,877,591	1,280,854	9,540,000	3,043,028
2032-2036	418,460	42,878	1,934,694	994,754	3,560,000	1,756,538
2037-2041	-	-	2,206,223	649,235	3,550,000	801,510
2042-2046	-	-	2,771,471	231,956	2,000,000	206,000
2047-2051	-	-	-	-	-	-
2052-2056	500,000	-	-	-	-	-
Total	<u>\$ 4,163,551</u>	<u>\$ 1,208,266</u>	<u>\$ 10,875,199</u>	<u>\$ 6,388,470</u>	<u>\$ 44,115,000</u>	<u>\$ 17,035,837</u>

The notes, loans, mortgages, and bonds issued contain various covenants and escrow reserve requirements. As of December 31, 2016, the CDA was in compliance with all such covenant and reserve requirements.

**Washington County, Minnesota  
Notes to the Financial Statements  
December 31, 2016**

Annual principal payments for the debt of the Discretely Presented Component Units of the CDA are as follows:

<u>Year</u>	<u>Groves Principal</u>	<u>Piccadilly Principal</u>	<u>Total Principal</u>
2017	\$ 19,198	\$ 1,538,958	\$ 1,558,156
2018	20,325	2,024,277	2,044,602
2019	21,518	198,198	219,716
2020	22,572	202,198	224,770
2021	24,106	206,280	230,386
Thereafter	2,637,306	8,394,212	11,031,518
Total	<u>\$ 2,745,025</u>	<u>\$ 12,564,123</u>	<u>\$ 15,309,148</u>

**2. Revenues Pledged**

The CDA and Washington County entered into an agreement dated July 24, 2007 relating to the refinancing of a bank loan. Pursuant to Section 3.2 of the agreement, the County issued the \$1,587,577 Tax Increment Revenue Note and the \$612,423 loan. The proceeds of which were used to retire the bank loan. The CDA has pledged future tax increment revenues from TIF District 2.1 for the repayment of the loan. TIF collections in 2016 totaled \$126,926.

The CDA has pledged a portion of future tax increment revenues from TIF District 2.1 to repay a portion of the \$1,192,500 payable to the City of Oakdale. Tax increment revenues were projected to provide \$114,002 for debt service. The total principal and interest remaining on the payable to the City of Oakdale is \$655,647. For the current year, principal and interest paid totaled \$75,367 and \$26,438 and property tax revenues and tax increment revenues collected were \$174,000 and 0, respectively.

The 2010A and 2010B Government Housing Revenue Bonds are special obligations of the CDA, payable solely from project revenues and tax rebates. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the CDA and County entered into a Custodial Agreement, dated July 1, 2010. The Custodial Agreement requires the establishment of debt service and reserve accounts, held in trust, funded by project revenues of the Trailside Senior Living facility and which are to be used for principal and interest payments on the 2010 Bonds and establishing and maintaining required reserve accounts. Property tax revenues may also be allocated to the project in order to supplement operations and ensure compliance with debt service coverage requirements. Principal and interest remaining to be paid on the bonds is \$11,033,644. For the current year, principal and interest paid, total gross operating revenues, tax rebate revenues, property tax revenues and account balances held in trust were \$460,083, \$622,249, \$172,921, \$391,000 and \$1,596,173, respectively.

The 2010C Government Housing Revenue Refunding Bonds are general obligations of the CDA, payable solely from project revenues. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the CDA and County entered into a Custodial Agreement, dated November 1, 1997, amended August 1, 2010. The Custodial Agreement requires the establishment of debt service and reserve accounts, held in trust, funded by lease payments from the Landfall Village Housing and Redevelopment Authority and which are to be used for principal and interest payments on the 2010C Bonds and establishing and maintaining required reserve accounts. Principal and interest remaining to be paid on the bond is \$3,308,683. For the current year, principal and interest paid, total lease payments received and account balances held in trust were \$379,455, \$432,000, and \$810,225, respectively.

**Washington County, Minnesota**  
**Notes to the Financial Statements**  
**December 31, 2016**

The 2012A Government Housing Revenue Refunding Bonds are general obligations of the CDA, payable solely from project revenues. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the CDA and County entered into a Custodial Agreement, dated March 1, 2012. The Custodial Agreement requires the establishment of debt service and reserve accounts, held in trust, funded by all project revenues of Oakhill Cottages, Muller Manor, Park Place I, Ann Bodlovick, John Jergens Estates, Cobble Hill, and Raymie Johnson Estates facilities and which are to be used for principal and interest payments on the 2012A Bonds and establishing and maintaining required reserve accounts. Property tax revenues may also be allocated to a project in order to supplement operations and ensure compliance with debt service coverage requirements. Principal and interest remaining to be paid on the bond is \$10,517,616. For the current year, principal and interest paid, total gross operating revenues, property tax revenues and account balances held in trust were \$1,069,131, \$3,153,865, \$242,095, and \$4,240,960, respectively.

The 2012B Taxable Qualified Energy Conservation Revenue Bonds are special obligations of the CDA, payable from allocated property tax revenues and tax rebates. As additional security, the County has provided a general obligation pledge. The CDA includes in its annual budget, which is submitted to the County, property tax revenues in an amount sufficient to pay principal and interest on the 2012B Bonds. Property tax revenues are deposited in trust until time of payment. Principal and interest remaining to be paid on the bond is \$2,165,780. For the current year, principal and interest paid, tax rebate revenues, property tax revenues and account balances held in trust were \$188,725, \$44,637, \$142,763, and \$142,775, respectively.

The 2012C Government Housing Revenue Bonds are general obligations of the CDA, payable solely from project revenues. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the CDA and County entered into a Custodial Agreement, dated October 1, 2012. The Custodial Agreement requires the establishment of debt service and reserve accounts, held in trust, funded by all project revenues of Woodland Park and Brick Pond facilities and which are to be used for principal and interest payments on the 2012C Bonds and establishing and maintaining required reserve accounts. Property tax revenues may also be allocated to a project in order to supplement operations and ensure compliance with debt service coverage requirements. Principal and interest remaining to be paid on the bond is \$13,185,875. For the current year, principal and interest paid, total gross operating revenues, property tax revenues and account balances held in trust were \$912,375, \$2,301,911, \$260,740, and \$2,522,369, respectively.

The 2013 Governmental Facility Lease Revenue Bonds are limited obligations of the CDA. The bonds are secured by rent payments, additional rent, and if any, rents derived from the building after the termination of the lease. Rent payments are deposited into trust until time of payment. Principal and interest remaining to be paid on the bonds is \$1,682,265. For the current year, principal and interest paid, total rent payments received and account balances held in trust were \$67,098, \$67,066, and 6,240 respectively.

The 2015A Multifamily Housing Revenue Bonds are general obligations of the CDA, payable solely from project revenues and surplus cash. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the CDA and County entered into a Reserve Agreement, dated August 1, 2015. The Reserve agreement requires the establishment of a debt service reserve account, held in an account as determined by the CDA. The reserve shall be maintained as long as the bonds are outstanding. In addition, the bond indenture requires the establishment of a debt service account, held in trust, funded by loan payments from the Piccadilly Square of Mahtomedi, LLC and which are to be used for principal and interest payments on the 2015A bonds. Property tax revenues may also be allocated to the project in order to supplement operations and ensure compliance with debt service coverage requirements. Principal and interest remaining to be paid on the bond is \$16,415,169. For the current year, principal and interest paid, total lease payments received, property tax revenues and account balances held in reserve were \$329,211, \$329,211, \$0, and \$356,943, respectively.

**F. Commitments and Contingencies**

**1. Conduit Debt Obligations**

From time to time, the CDA has issued Revenue Bonds to provide financial assistance to private-sector and other governmental entities for the acquisition and construction of industrial, commercial, and housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The CDA is not obligated, in any manner, for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements of the HRA or the County.

As of December 31, 2016, there were three series of Revenue Bonds outstanding; the aggregate principal amount payable is \$18,135,000.

**G. Prior Period Adjustment**

In 2014, the CDA took over administering the Community Development Block Grant program from Washington County, Minnesota. Program administration includes collection of Rehabilitation Loans that were previously issued by the County. These loans had not been recorded as receivables of the County. During 2016, the CDA recorded the receivable. These loans are recorded in the Community Development Fund and are offset with unavailable revenue in the governmental fund financial statements.

Detail of the prior period adjustment are as follows:

	Governmental Activities
Net position - January 1, 2016 - as previously reported	\$ 11,115,973
Loans receivable - CDBG Program	<u>1,183,409</u>
Net position - January 1, 2016 - as restated	<u>\$ 12,299,382</u>

**Washington County, Minnesota**

**Reader's Notes:**

This Page Has Been Intentionally Left Blank.

# **WASHINGTON COUNTY**

**Required  
Supplementary  
Information**



## **REQUIRED SUPPLEMENTARY INFORMATION**

- Schedule of Funding Progress – Other Postemployment Benefit Plan
- Budgetary Comparison Schedules:
  - General Fund
  - Regional Rail Authority Fund
  - Note to the Required Supplementary Information
- Pension Related Schedules:
  - Proportionate Share of Net Pension Liability
  - Contributions

Washington County, Minnesota

**Schedule of Funding Progress  
Other Postemployment Benefit Plan  
December 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
1/1/2008	\$ -	\$ 67,509,146	\$ 67,509,146	0.00%	\$ 59,609,114	113.25%
1/1/2010	-	66,110,038	66,110,038	0.00%	60,212,217	109.80%
1/1/2012	-	71,825,097	71,825,097	0.00%	57,977,059	123.89%
1/1/2014	-	72,606,320	72,606,320	0.00%	66,183,700	109.70%
1/1/2016	-	69,143,965	69,143,965	0.00%	74,623,300	92.70%

# Washington County, Minnesota

## Budgetary Comparison Schedule General Fund Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 85,728,129	\$ 85,728,129	\$ 85,603,359	\$ (124,770)
Special Assessments	-	-	99,105	99,105
Licenses and Permits	4,419,400	4,419,400	4,537,994	118,594
Intergovernmental	44,923,571	47,778,571	48,157,920	379,349
Charges for Services	14,064,600	15,798,600	16,178,281	379,681
Fines and Forfeits	233,600	233,600	306,249	72,649
Interest on Investments	823,300	823,300	4,525,189	3,701,889
Miscellaneous	9,521,200	9,653,500	9,977,077	323,577
<b>Total Revenues</b>	<b>159,713,800</b>	<b>164,435,100</b>	<b>169,385,174</b>	<b>4,950,074</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
Assessment, Taxation and Elections	8,776,000	8,769,400	8,652,280	117,120
Administration	1,761,200	1,761,200	1,806,627	(45,427)
County Attorney	5,495,600	5,557,100	5,473,594	83,506
Commissioners	438,300	438,300	384,588	53,712
Facilities	7,139,200	7,139,200	6,594,382	544,818
Financial Services	1,708,900	1,804,500	1,748,879	55,621
General Operation	5,239,300	6,986,100	4,641,247	2,344,853
Human Resources	1,500,400	1,500,400	1,493,758	6,642
Information Technologies	6,559,200	6,604,500	6,355,162	249,338
Internal Auditor	51,200	51,200	34,863	16,337
Law Library	278,600	280,600	277,536	3,064
Mission Directed Budget Program	-	1,060,500	1,060,878	(378)
Surveyor	1,363,300	1,363,300	1,265,723	97,577
Veteran's Services	276,700	292,000	280,626	11,374
<b>Total General Government</b>	<b>40,587,900</b>	<b>43,608,300</b>	<b>40,070,143</b>	<b>3,538,157</b>
<b>Public Safety</b>				
Sheriff	29,819,100	31,724,300	31,411,951	312,349
Community Corrections	10,135,300	10,197,900	9,774,234	423,666
Other Public Safety	899,700	960,000	893,776	66,224
<b>Total Public Safety</b>	<b>40,854,100</b>	<b>42,882,200</b>	<b>42,079,961</b>	<b>802,239</b>
<b>Highway and Streets</b>				
Administration	1,320,800	1,320,800	1,522,953	(202,153)
Engineering	2,483,300	2,483,300	2,131,605	351,695
Maintenance	3,013,900	3,144,800	2,539,300	605,500
Equipment and Maintenance Shops	2,302,700	2,870,300	2,648,117	222,183
Transportation Planning Unit	208,900	208,900	182,229	26,671
Traffic	1,300,800	1,304,000	1,310,455	(6,455)
Work for Others	180,000	180,000	368,651	(188,651)
<b>Total Highways and Streets</b>	<b>10,810,400</b>	<b>11,512,100</b>	<b>10,703,310</b>	<b>808,790</b>

Continued on next page

The notes to the required supplementary information are an integral part of this schedule.

Washington County, Minnesota

Budgetary Comparison Schedule (Continued)  
 General Fund  
 Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Health and Human Services</b>				
Public Health and Environment	\$ 28,760,900	\$ 29,799,600	\$ 28,279,988	\$ 1,519,612
Workforce Center	26,856,800	28,333,400	28,513,255	(179,855)
<b>Total Health and Human Services</b>	<b>55,617,700</b>	<b>58,133,000</b>	<b>56,793,243</b>	<b>1,339,757</b>
<b>Culture and Recreation</b>				
Parks	2,866,700	3,489,500	3,705,044	(215,544)
County/Regional Library	7,389,600	7,408,000	7,171,912	236,088
<b>Total Culture and Recreation</b>	<b>10,256,300</b>	<b>10,897,500</b>	<b>10,876,956</b>	<b>20,544</b>
<b>Conservation of Natural Resources</b>				
County Extension	137,800	170,500	170,482	18
<b>Total Conservation of Natural Resources</b>	<b>137,800</b>	<b>170,500</b>	<b>170,482</b>	<b>18</b>
<b>Economic Development</b>				
Community Development	126,800	187,900	181,388	6,512
<b>Total Economic Development</b>	<b>126,800</b>	<b>187,900</b>	<b>181,388</b>	<b>6,512</b>
<b>Capital outlay</b>				
Human services	-	1,541,700	1,541,700	-
<b>Total Capital Outlay</b>	<b>-</b>	<b>1,541,700</b>	<b>1,541,700</b>	<b>-</b>
<b>Debt Service</b>				
Principal	-	-	91,197	(91,197)
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>91,197</b>	<b>(91,197)</b>
<b>Total Expenditures</b>	<b>158,391,000</b>	<b>168,933,200</b>	<b>162,508,380</b>	<b>6,424,820</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,322,800</b>	<b>(4,498,100)</b>	<b>6,876,794</b>	<b>11,374,894</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	938,300	2,938,300	-	(2,938,300)
Transfers Out	(1,791,200)	(5,121,400)	(2,240,105)	2,881,295
Issuance of Loans	360,000	360,000	367,139	7,139
<b>Total Other Financing Sources (Uses)</b>	<b>(492,900)</b>	<b>(1,823,100)</b>	<b>(1,872,966)</b>	<b>(49,866)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 829,900</b>	<b>\$ (6,321,200)</b>	5,003,828	<b>\$ 11,325,028</b>
<b>Fund Balance - Beginning of Year</b>			146,101,328	
<b>Fund Balance - End of Year</b>			<b>\$ 151,105,156</b>	

The notes to the required supplementary information are an integral part of this schedule.

Washington County, Minnesota

Budgetary Comparison Schedule  
 Regional Rail Authority Fund  
 Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 750,600	\$ 750,600	\$ 742,749	\$ (7,851)
Licenses and Permits	5,200	5,200	5,646	446
Intergovernmental	-	-	3,023	3,023
Miscellaneous	-	-	2,328	2,328
<b>Total Revenues</b>	<b>755,800</b>	<b>755,800</b>	<b>753,746</b>	<b>(2,054)</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	755,800	1,022,600	800,338	222,262
<b>Total Expenditures</b>	<b>755,800</b>	<b>1,022,600</b>	<b>800,338</b>	<b>222,262</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(266,800)</b>	<b>(46,592)</b>	<b>220,208</b>
<b>Other Financing Sources (Uses)</b>				
Sources from Sale of Assets	-	552,900	552,900	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 286,100</b>	<b>506,308</b>	<b>\$ 220,208</b>
<b>Fund Balance - Beginning of Year</b>			<b>911,096</b>	
<b>Fund Balance - End of Year</b>			<b>\$ 1,417,404</b>	

The notes to the required supplementary information are an integral part of this schedule.

**Washington County, Minnesota**

**Note to the Required Supplementary Information  
December 31, 2016**

**General Budget Policies**

The County Board adopts budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds by December 20th of the previous year. The County's budget is appropriated annually by County Board resolution at the fund level, while budgetary controls are maintained at a department level. All budgets are adopted in conformance with generally accepted accounting principles. Each appropriation lapses at the close of the fiscal year to the extent it has not been expended, with the exception of County Board approved capital projects that have not been finalized. Transfers to capital objects are limited to \$10,000 per item or project. Transfers for road and building projects require County Board approval. Expenditures may not exceed budgeted appropriations at the fund level.

Departments may request carry-forward of fund balance from one fiscal year to the next for projects that were started but not completed in the current fiscal year. Any requests for carryover of fund balance for those items with a contractual obligation that was not fulfilled in the current fiscal year must also be forwarded to the County Administrator.

The County Board is responsible for amending budgets during the year to reflect changes in financial condition and in revenue sources.

Supplementary budgetary appropriations were made throughout the year. The net effect of these appropriations is as follows:

General Fund	\$ (7,151,100)
Regional Rail Fund	286,100

The budget increases in the General Fund were due to additional expenditures related to grants received mid-year and capital spending for roads, bridges, and parks and more significantly for the loan advance made to the Ramsey/Washington Recycling and Energy Board. The budget increases in the Regional Rail Fund were due to additional expenditures related to grants received mid-year and capital spending for the completion of the transit station.

**Washington County, Minnesota**

**Schedule of Proportionate Share of Net Pension Liability  
PERA General Employees Plan,  
PERA Police and Fire Plan,  
and PERA Correctional Plan  
December 31, 2016**

	Measurement Date June 30, 2016	Measurement Date June 30, 2015
<b>General Employees Plan</b>		
County's Proportion of the Net Pension Liability	0.898%	0.896%
County's Proportionate Share of the Net Pension Liability	\$ 72,888,787	\$ 46,419,823
State's Proportionate Share of the Net Pension Liability Associated with the County	951,929	-
County's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability	\$ 73,840,716	\$ 46,419,823
County's Covered-Employee Payroll	\$ 55,705,850	\$ 52,635,874
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	130.85%	88.20%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	68.90%	78.20%
<b>Police and Fire Plan</b>		
County's Proportion of the Net Pension Liability	0.871%	0.879%
County's Proportionate Share of the Net Pension Liability	\$ 34,954,746	\$ 9,987,497
County's Covered-Employee Payroll	\$ 8,389,874	\$ 8,050,033
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	416.63%	124.07%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	63.90%	86.60%
<b>Correctional Plan</b>		
County's Proportion of the Net Pension Liability	2.670%	2.670%
County's Proportionate Share of the Net Pension Liability	\$ 9,753,884	\$ 412,785
County's Covered-Employee Payroll	\$ 5,039,988	\$ 4,794,321
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	193.53%	8.61%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	58.20%	96.90%

This schedule is intended to reflect ten years of data. Amounts for years prior to 2015 are not available. Additional years will be added as they occur.

**Washington County, Minnesota**

**Schedule of Contributions  
PERA General Employees Plan,  
PERA Police and Fire Plan,  
and PERA Correctional Plan  
December 31, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>General Employees Plan</b>			
Contractually Required Contribution	\$ 4,325,573	\$ 4,215,086	\$ 3,669,064
Contributions in Relation to the Contractually Required Contribution	<u>(4,325,573)</u>	<u>(4,215,086)</u>	<u>(3,669,064)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 57,674,263	\$ 56,201,053	\$ 50,607,779
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.50%	7.25%
<b>Police and Fire Plan</b>			
Contractually Required Contribution	\$ 1,463,323	\$ 1,375,775	\$ 1,197,728
Contributions in Relation to the Contractually Required Contribution	<u>(1,463,323)</u>	<u>(1,375,775)</u>	<u>(1,197,728)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 9,032,862	\$ 8,493,225	\$ 7,828,296
Contributions as a Percentage of Covered Employee Payroll	16.20%	16.20%	15.30%
<b>Correctional Plan</b>			
Contractually Required Contribution	\$ 440,226	\$ 448,524	\$ 409,289
Contributions in Relation to the Contractually Required Contribution	<u>(440,226)</u>	<u>(448,524)</u>	<u>(409,289)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 5,031,510	\$ 5,126,363	\$ 4,677,589
Contributions as a Percentage of Covered Employee Payroll	8.75%	8.75%	8.75%

This schedule is intended to reflect ten years of data. Amounts for years prior to 2014 are not available. Additional years will be added as they occur.

**Washington County, Minnesota**

**Reader's Notes:**

# **WASHINGTON COUNTY**

**Supplementary  
Information**



## **SUPPLEMENTARY INFORMATION**

- Budgetary Comparison Schedules:
  - Debt Service Fund
  - Capital Projects Fund
  
- Combining Statement of Changes in Assets and Liabilities - All Agency Funds

Washington County, Minnesota

Budgetary Comparison Schedule  
 Debt Service Fund  
 Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 13,754,000	\$ 13,754,000	\$ 13,754,000	\$ -
Interest on Investments	-	-	434,182	434,182
<b>Total Revenues</b>	<b>13,754,000</b>	<b>13,754,000</b>	<b>14,188,182</b>	<b>434,182</b>
<b>Expenditures</b>				
<b>Debt Service</b>				
Principal	7,010,000	7,010,000	7,010,000	-
Interest	6,750,200	6,750,200	6,750,119	81
Administrative (Fiscal) Charges	-	-	8,300	(8,300)
<b>Total Debt Service</b>	<b>13,760,200</b>	<b>13,760,200</b>	<b>13,768,419</b>	<b>(8,219)</b>
<b>Total Expenditures</b>	<b>13,760,200</b>	<b>13,760,200</b>	<b>13,768,419</b>	<b>(8,219)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (6,200)</b>	<b>\$ (6,200)</b>	<b>419,763</b>	<b>\$ 425,963</b>
<b>Fund Balance - Beginning of Year</b>			53,671,223	
<b>Fund Balance - End of Year</b>			<b>\$ 54,090,986</b>	

Washington County, Minnesota

Budgetary Comparison Schedule  
 Capital Projects Fund  
 Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 4,181,700	\$ 4,181,700	\$ 4,181,351	\$ (349)
Intergovernmental	18,926,000	35,204,400	30,439,792	(4,764,608)
Charges for Services	-	198,800	1,744,508	1,545,708
Interest on Investments	-	-	70,613	70,613
Miscellaneous	25,000	25,000	13,581	(11,419)
<b>Total Revenues</b>	<b>23,132,700</b>	<b>39,609,900</b>	<b>36,449,845</b>	<b>(3,160,055)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Capital Outlay</b>				
General Government	24,776,000	16,316,600	16,085,754	230,846
Highways and Streets	19,731,700	37,930,100	35,029,509	2,900,591
<b>Total Capital Outlay</b>	<b>44,507,700</b>	<b>54,246,700</b>	<b>51,115,263</b>	<b>3,131,437</b>
<b>Debt Service</b>				
Bond Issuance Costs	-	78,100	183,652	(105,552)
<b>Total Expenditures</b>	<b>44,507,700</b>	<b>54,324,800</b>	<b>51,298,915</b>	<b>3,025,885</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(21,375,000)</b>	<b>(14,714,900)</b>	<b>(14,849,070)</b>	<b>(134,170)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	852,900	2,260,700	2,240,105	(20,595)
Transfers Out	-	(77,600)	-	77,600
Issuance of Bonds	20,000,000	20,000,000	20,000,000	-
Premium on Bonds Issued	-	474,200	579,765	105,565
<b>Total Other Financing Sources (Uses)</b>	<b>20,852,900</b>	<b>22,657,300</b>	<b>22,819,870</b>	<b>162,570</b>
<b>Net Change in Fund Balance</b>	<b>\$ (522,100)</b>	<b>\$ 7,942,400</b>	<b>7,970,800</b>	<b>\$ 28,400</b>
<b>Fund Balance - Beginning of Year</b>			17,896,810	
<b>Fund Balance - End of Year</b>			<b>\$ 25,867,610</b>	

## **Washington County, Minnesota**

### **Agency Funds**

#### **Inmate-Sheriff's Account**

The Inmate-Sheriff's Account is used to account for the collection and payment of funds related to county inmates.

#### **I-94 Corridor**

The I-94 Corridor Fund is used to account for the collection and payment of funds related to the I-94 Corridor commission.

#### **Sheriff Forfeiture Fund**

The Sheriff's Forfeiture Fund is used to maintain compliance with State guidelines regarding the proper handling of seized currency. The State of Minnesota Drug-Gang Oversight Council provides guidelines and procedures for local law enforcement whereas Washington County deposits and retains these funds until such time as a ruling is made by the courts.

#### **Red Rock Corridor**

The County's Regional Rail Authority, which is a blended component unit, acts as fiscal agent for the Red Rock Corridor Commission. This fund is used to account for the collection and payment of funds for the commission.

#### **Agency Other**

The Agency Other Fund is used to account for the collection and payment of funds of various other entities.

#### **Taxes and Penalties**

The Taxes and Penalties Fund is used to account for the collection of taxes and penalties and their payment to various taxing districts.

#### **MESB**

The MESB Fund is used to account for the collection and payment of funds relating to the Metropolitan Emergency Services Board.

Washington County, Minnesota

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
Year Ended December 31, 2016**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>Inmate - Sheriff's Account</b>				
<b><u>Assets</u></b>				
Cash and Pooled Investments	\$ 15,415	\$ 707,804	\$ 704,604	\$ 18,615
Total Assets	<u>\$ 15,415</u>	<u>\$ 707,804</u>	<u>\$ 704,604</u>	<u>\$ 18,615</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 15,415	\$ 707,804	\$ 704,604	\$ 18,615
Total Liabilities	<u>\$ 15,415</u>	<u>\$ 707,804</u>	<u>\$ 704,604</u>	<u>\$ 18,615</u>
<b>I-94 Corridor</b>				
<b><u>Assets</u></b>				
Cash and Pooled Investments	\$ 375,765	\$ 1,271,430	\$ 785,285	\$ 861,910
Accounts Receivable	500	162,500	163,000	-
Total Assets	<u>\$ 376,265</u>	<u>\$ 1,433,930</u>	<u>\$ 948,285</u>	<u>\$ 861,910</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 376,265	\$ 1,433,930	\$ 948,285	\$ 861,910
Total Liabilities	<u>\$ 376,265</u>	<u>\$ 1,433,930</u>	<u>\$ 948,285</u>	<u>\$ 861,910</u>
<b>Sheriff Forfeiture Fund</b>				
<b><u>Assets</u></b>				
Cash and Pooled Investments	\$ 55,779	\$ 107,974	\$ 21,364	\$ 142,389
Accounts Receivable	1,778	-	1,778	-
Total Assets	<u>\$ 57,557</u>	<u>\$ 107,974</u>	<u>\$ 23,142</u>	<u>\$ 142,389</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 57,557	\$ 107,974	\$ 23,142	\$ 142,389
Total Liabilities	<u>\$ 57,557</u>	<u>\$ 107,974</u>	<u>\$ 23,142</u>	<u>\$ 142,389</u>
<b>Red Rock Corridor</b>				
<b><u>Assets</u></b>				
Cash and Pooled Investments	\$ 280,395	\$ 64,231	\$ 235,672	\$ 108,954
Total Assets	<u>\$ 280,395</u>	<u>\$ 64,231</u>	<u>\$ 235,672</u>	<u>\$ 108,954</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 280,395	\$ 64,231	\$ 235,672	\$ 108,954
Total Liabilities	<u>\$ 280,395</u>	<u>\$ 64,231</u>	<u>\$ 235,672</u>	<u>\$ 108,954</u>

Continued on next page

Washington County, Minnesota

Combining Statement of Changes in Assets and Liabilities (Continued)  
 All Agency Funds  
 Year Ended December 31, 2016

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>Agency Other</b>				
<b><u>Assets</u></b>				
Cash and Pooled Investments	\$ 12,597	\$ 2,626,464	\$ 2,625,000	\$ 14,061
Total Assets	<u>\$ 12,597</u>	<u>\$ 2,626,464</u>	<u>\$ 2,625,000</u>	<u>\$ 14,061</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 3,745	\$ -	\$ -	\$ 3,745
Due to Other Governments	8,852	2,626,464	2,625,000	10,316
Total Liabilities	<u>\$ 12,597</u>	<u>\$ 2,626,464</u>	<u>\$ 2,625,000</u>	<u>\$ 14,061</u>
<b>Taxes and Penalties</b>				
<b><u>Assets</u></b>				
Cash and Pooled Investments	\$ 880,995	\$ 251,600,869	\$ 251,963,920	\$ 517,944
Accounts Receivable	382,716	112,959	382,716	112,959
Total Assets	<u>\$ 1,263,711</u>	<u>\$ 251,713,828</u>	<u>\$ 252,346,636</u>	<u>\$ 630,903</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ -	\$ 491,316	\$ 462,701	\$ 28,615
Due to Other Governments	1,263,711	251,222,512	251,883,935	602,288
Total Liabilities	<u>\$ 1,263,711</u>	<u>\$ 251,713,828</u>	<u>\$ 252,346,636</u>	<u>\$ 630,903</u>
<b>MESB</b>				
<b><u>Assets</u></b>				
Cash and Pooled Investments	\$ 1,415,815	\$ 1,297,152	\$ 1,253,065	\$ 1,459,902
Accounts Receivable	2,911	539,390	534,701	7,600
Due from Other Governments	77,967	102,238	77,967	102,238
Total Assets	<u>\$ 1,496,693</u>	<u>\$ 1,938,780</u>	<u>\$ 1,865,733</u>	<u>\$ 1,569,740</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 1,496,693	\$ 1,938,780	\$ 1,865,733	\$ 1,569,740
Total Liabilities	<u>\$ 1,496,693</u>	<u>\$ 1,938,780</u>	<u>\$ 1,865,733</u>	<u>\$ 1,569,740</u>
<b><u>Total All Agency Funds</u></b>				
<b><u>Assets</u></b>				
Cash and Pooled Investments	\$ 3,036,761	\$ 257,675,924	\$ 257,588,910	\$ 3,123,775
Accounts Receivable	387,905	814,849	1,082,195	120,559
Due from Other Governments	77,967	102,238	77,967	102,238
Total Assets	<u>\$ 3,502,633</u>	<u>\$ 258,593,011</u>	<u>\$ 258,749,072</u>	<u>\$ 3,346,572</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 1,573,410	\$ 3,245,874	\$ 3,056,180	\$ 1,763,104
Due to Other Governments	1,929,223	255,347,137	255,692,892	1,583,468
Total Liabilities	<u>\$ 3,502,633</u>	<u>\$ 258,593,011</u>	<u>\$ 258,749,072</u>	<u>\$ 3,346,572</u>

**Washington County, Minnesota**

**Reader's Notes:**

# WASHINGTON COUNTY

**Capital Assets**



## **CAPITAL ASSETS**

- Capital Assets Used in the Operation of Governmental Funds:

Comparative Schedule by Source

Schedule by Function and Activity

Schedule of Changes by Function and Activity

Washington County, Minnesota

**Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedule by Source  
December 31, 2016 and 2015**

<b>Governmental Funds Capital Assets</b>	<u>2015</u>	<u>2016</u>	<u>% Change</u>
Land and Works of Art	\$ 84,943,849	\$ 86,163,009	1.4%
Land Improvements	17,702,727	17,702,727	0.0%
Buildings and Structures	197,623,204	199,222,759	0.8%
Machinery and Equipment	52,742,335	54,730,913	3.8%
Infrastructure	309,952,247	327,749,326	5.7%
Construction in Progress	31,115,184	57,017,395	83.2%
<b>Total</b>	<b><u>\$ 694,079,546</u></b>	<b><u>\$ 742,586,129</u></b>	<b><u>7.0%</u></b>

**Investments in Capital Assets By Fund Type**

General Fund	\$ 646,794,284	\$ 684,423,817	5.8%
Special Revenue Fund	10,456,250	10,285,432	-1.6%
Capital Projects Fund	36,829,012	47,876,880	30.0%
<b>Total Investments in Capital Assets</b>	<b><u>\$ 694,079,546</u></b>	<b><u>\$ 742,586,129</u></b>	<b><u>7.0%</u></b>

# Washington County, Minnesota

## Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity December 31, 2016

Department	Total	Land and Works of Art	Land Improvements	Buildings and Structures	Machinery and Equipment	Infrastructure	Construction In Progress
<b>General Government:</b>							
Accounting & Finance	\$ 2,416,923	\$ -	\$ -	\$ -	\$ 2,416,923	\$ -	\$ -
Administration	178,555	-	-	-	178,555	-	-
Attorney	222,726	-	-	-	222,726	-	-
Property Records & Taxpayer Services	2,913,200	-	61,425	1,223,764	1,628,011	-	-
Building Maintenance	87,444,493	-	2,290,694	83,578,234	329,264	1,246,301	-
Commissioners	35,200	35,200	-	-	-	-	-
Court Administration	343,001	-	-	137,959	205,042	-	-
General Operations	88,725,112	6,267,946	922,781	54,531,330	2,836,968	-	24,166,087
Historic Courthouse	1,878,918	243,914	301,392	1,299,586	34,026	-	-
Human Resources	32,015	-	-	-	32,015	-	-
Information Technology	7,538,430	-	-	-	6,677,581	860,849	-
Law Library	48,793	-	-	-	48,793	-	-
Recorder	367,850	-	-	-	367,850	-	-
Surveyor	292,022	-	-	-	292,022	-	-
Veterans Services	5,000	-	-	-	5,000	-	-
<b>Total General Government</b>	<b>192,442,238</b>	<b>6,547,060</b>	<b>3,576,292</b>	<b>140,770,873</b>	<b>15,274,776</b>	<b>2,107,150</b>	<b>24,166,087</b>
<b>Public Safety:</b>							
Community Corrections	2,219,632	-	-	1,499,749	719,883	-	-
Sheriff	61,053,397	1,543,256	4,971,614	32,481,424	22,057,103	-	-
<b>Total Public Safety</b>	<b>63,273,029</b>	<b>1,543,256</b>	<b>4,971,614</b>	<b>33,981,173</b>	<b>22,776,986</b>	<b>-</b>	<b>-</b>
<b>Highways and Streets:</b>							
Administration	3,232,388	323,410	150,097	1,725,111	520,333	513,437	-
Equipment	12,065,633	-	-	-	12,065,633	-	-
Infrastructure	386,666,739	32,777,773	13,000	4,000	-	323,937,668	29,934,298
<b>Total Highways and Streets</b>	<b>401,964,760</b>	<b>33,101,183</b>	<b>163,097</b>	<b>1,729,111</b>	<b>12,585,966</b>	<b>324,451,105</b>	<b>29,934,298</b>
<b>Health and Welfare:</b>							
Health, Environment, and Land Management	724,315	203,200	-	85,992	435,123	-	-
Social Services	236,002	-	-	-	236,002	-	-
Workforce Center	205,438	-	-	-	205,438	-	-
<b>Total Health and Welfare</b>	<b>1,165,755</b>	<b>203,200</b>	<b>-</b>	<b>85,992</b>	<b>876,563</b>	<b>-</b>	<b>-</b>
<b>Culture and Recreation:</b>							
Library	14,376,273	569,182	434,812	11,924,533	1,447,746	-	-
Parks	69,352,674	44,199,128	8,556,912	10,731,077	1,757,476	1,191,071	2,917,010
<b>Total Culture and Recreation</b>	<b>83,728,947</b>	<b>44,768,310</b>	<b>8,991,724</b>	<b>22,655,610</b>	<b>3,205,222</b>	<b>1,191,071</b>	<b>2,917,010</b>
<b>Conservation of Natural Resources:</b>							
Agriculture Extension	11,400	-	-	-	11,400	-	-
<b>Total Capital Assets</b>	<b>\$ 742,586,129</b>	<b>\$ 86,163,009</b>	<b>\$ 17,702,727</b>	<b>\$ 199,222,759</b>	<b>\$ 54,730,913</b>	<b>\$ 327,749,326</b>	<b>\$ 57,017,395</b>

Washington County, Minnesota

Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes by Function and Activity  
 Year Ended December 31, 2016

	Balance January 1	*Interdepartmental Transfers	Additions	Deletions	Balance December 31
<b>General Government:</b>					
Accounting & Finance	\$ 2,396,103	\$ -	\$ 209,652	\$ (188,832)	\$ 2,416,923
Administration	163,475	(2,213)	24,079	(6,786)	178,555
Attorney	222,726	-	-	-	222,726
Property Records & Taxpayer Services	2,818,322	-	133,784	(38,906)	2,913,200
Building Maintenance	87,370,926	3,275	70,292	-	87,444,493
Commissioners	35,200	-	-	-	35,200
Court Administration	343,001	-	-	-	343,001
General Operations	80,231,132	-	9,937,341	(1,443,361)	88,725,112
Historic Courthouse	1,878,918	-	-	-	1,878,918
Human Resources	32,015	-	-	-	32,015
Information Technology	7,168,327	-	1,475,517	(1,105,414)	7,538,430
Law Library	48,793	-	-	-	48,793
Recorder	367,850	-	-	-	367,850
Surveyor	326,008	(10,061)	5,845	(29,770)	292,022
Veteran Services	5,000	-	-	-	5,000
<b>Total General Government</b>	<b>183,407,796</b>	<b>(8,999)</b>	<b>11,856,510</b>	<b>(2,813,069)</b>	<b>192,442,238</b>
<b>Public Safety:</b>					
Community Corrections	2,132,143	-	87,489	-	2,219,632
Sheriff	60,920,145	370,094	756,828	(993,670)	61,053,397
<b>Total Public Safety</b>	<b>63,052,288</b>	<b>370,094</b>	<b>844,317</b>	<b>(993,670)</b>	<b>63,273,029</b>
<b>Highways and Streets:</b>					
Administration	3,031,477	(361,095)	562,006	-	3,232,388
Equipment	10,807,865	-	1,370,532	(112,764)	12,065,633
Infrastructure	353,864,458	-	49,961,209	(17,158,928)	386,666,739
<b>Total Highways and Streets</b>	<b>367,703,800</b>	<b>(361,095)</b>	<b>51,893,747</b>	<b>(17,271,692)</b>	<b>401,964,760</b>
<b>Health and Welfare:</b>					
Health, Environment, and Land Management	666,076	-	58,239	-	724,315
Social Services	250,809	-	21,308	(36,115)	236,002
Workforce Center	205,438	-	-	-	205,438
<b>Total Health and Welfare</b>	<b>1,122,323</b>	<b>-</b>	<b>79,547</b>	<b>(36,115)</b>	<b>1,165,755</b>
<b>Culture and Recreation:</b>					
Library	14,294,809	-	81,464	-	14,376,273
Parks	64,487,130	-	7,322,812	(2,457,268)	69,352,674
<b>Total Culture and Recreation</b>	<b>78,781,939</b>	<b>-</b>	<b>7,404,276</b>	<b>(2,457,268)</b>	<b>83,728,947</b>
<b>Conversation of Natural Resources:</b>					
Agriculture Extension	11,400	-	-	-	11,400
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 694,079,546</b>	<b>\$ -</b>	<b>\$ 72,078,397</b>	<b>\$ (23,571,814)</b>	<b>\$ 742,586,129</b>

\* Interdepartmental transfers represent transfers of assets among departments with no overall effect in the total balances.

**Washington County, Minnesota**

**Reader's Notes:**

# **WASHINGTON COUNTY**

**Governmental  
Revenue  
Schedules**



## **GOVERNMENTAL REVENUE SCHEDULES**

- Schedule of Intergovernmental Revenue
- Schedule of Expenditures of Federal Awards

Washington County, Minnesota

Schedule of Intergovernmental Revenue  
Year Ended December 31, 2016

	General Fund	Regional Rail Authority	Capital Project Fund	Total All Funds
<b>Shared Revenues</b>				
<b>State</b>				
Disparity Reduction Aid	\$ 363	\$ -	\$ -	\$ 363
Highway Users Tax	5,218,857	-	17,112,343	22,331,200
County Program Aid	9,038,577	-	-	9,038,577
Market Value Credit - Real	111,035	-	-	111,035
Local Performance Aid	25,000	-	-	25,000
PERA Rate Increase Aid	570,485	904	-	571,389
State Police Aid	783,469	-	-	783,469
County Aquatic ISP Aid	139,013	-	-	139,013
E-911	375,063	-	-	375,063
<b>Total Shared Revenues</b>	<b>16,261,862</b>	<b>904</b>	<b>17,112,343</b>	<b>33,375,109</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Minnesota Dept of Human Services	4,706,453	-	-	4,706,453
<b>Total Reimbursements for Services</b>	<b>4,706,453</b>	<b>-</b>	<b>-</b>	<b>4,706,453</b>
<b>State Grants</b>				
<b>Minnesota Department of</b>				
Agriculture	21,895	-	-	21,895
Commerce Department	92,563	-	-	92,563
Corrections	2,517,308	-	-	2,517,308
Environmental Assistance	1,193,011	-	-	1,193,011
Housing Finance Agency	105,948	-	-	105,948
Health	855,000	-	-	855,000
Human Services	6,083,175	-	-	6,083,175
Natural Resources	329,948	-	-	329,948
Peace Officers (POST)	32,404	-	-	32,404
Public Safety	348,893	-	-	348,893
Trade and Economic Development	915,496	-	-	915,496
Veteran's Affairs	11,992	-	-	11,992
Water and Soil Resources	93,791	-	-	93,791
<b>Total State</b>	<b>12,601,424</b>	<b>-</b>	<b>-</b>	<b>12,601,424</b>
<b>Federal Grants</b>				
<b>Federal Department of</b>				
Agriculture	1,640,231	-	-	1,640,231
Housing and Development	154,877	-	-	154,877
Justice	78,277	-	-	78,277
Labor	759,695	-	-	759,695
Transportation	245,144	-	1,827,173	2,072,317
National Endowment for the Humanities	4,904	-	-	4,904
Education	7,416	-	-	7,416
Health and Human Services	9,807,967	-	-	9,807,967
Homeland Security	428,736	-	-	428,736
<b>Total Federal</b>	<b>13,127,247</b>	<b>-</b>	<b>1,827,173</b>	<b>14,954,420</b>
<b>Local</b>				
Cities	16,268	-	6,894,500	6,910,768
Metropolitan Council / MELSA	449,819	-	2,809,078	3,258,897
Miscellaneous Agencies	119,916	1,000	1,796,698	1,917,614
Counties	33,873	-	-	33,873
Tax Forfeited Land	215,275	-	-	215,275
<b>Total Local</b>	<b>835,151</b>	<b>1,000</b>	<b>11,500,276</b>	<b>12,336,427</b>
<b>Total Grants</b>	<b>26,563,822</b>	<b>1,000</b>	<b>13,327,449</b>	<b>39,892,271</b>
Payments in Lieu of Taxes	625,783	1,119	-	626,902
<b>Total Intergovernmental Revenues</b>	<b>\$ 48,157,920</b>	<b>\$ 3,023</b>	<b>\$ 30,439,792</b>	<b>\$ 78,600,735</b>

**Washington County, Minnesota**

**Washington County  
Schedule of Expenditures of Federal Awards  
for the Year Ended December 31, 2016**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grant Numbers	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	16162MN004W1003	10.557	\$ 534,424	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	16162MN127Q7503, 16162MN101S2514, and 16162MN101S2520	10.561	1,102,502	-
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	16162MN992Y8604	10.572	1,000	-
<b>Total Department of Agriculture</b>			<u>1,637,926</u>	<u>-</u>
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through Washington County Community Development Agency Community Development Block Grants/Entitlement Grants (Part of CDBG - Entitlement Grants Cluster)	078692282DUNS	14.218	154,877	-
<b>U.S. Department of Justice</b>				
Crime Victim Assistance	A-CVS-2016-WASHAO-00117	16.575	60,680	-
Direct State Criminal Alien Assistance Program	N/A Direct	16.606	17,597	-
<b>Total Department of Justice</b>			<u>78,277</u>	<u>-</u>
<b>U.S. Department of Labor</b>				
Passed Through Minnesota Department of Employment and Economic Development Senior Community Service Employment Program	7165100	17.235	65,279	-
WIA/WIOA Adult Program (Total WIA Cluster 17.258, 17.259 and 17.278 \$533,192)	AA267871555A27	17.258	172,991	-
WIA/WIOA Youth Activities (Total WIA Cluster 17.258, 17.259 and 17.278 \$533,192)	5163600, 6163600	17.259	156,245	-
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	5167200	17.277	156,820	-
WIA/WIOA Dislocated Worker Formula Grants (Total WIA Cluster 17.258, 17.259 and 17.278 \$533,192)	AA267871555A27	17.278	203,956	-
<b>Total Department of Labor</b>			<u>755,291</u>	<u>-</u>
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Total Highway Planning and Construction Cluster 20.205 and 20.219 \$1,873,458)	082-585-002,082-615-028	20.205	1,817,223	-
Passed Through Minnesota Department of Natural Resources Recreational Trails Program (Total Highway Planning and Construction Cluster 20.205 and 20.219 \$1,873,458)	27TRAL021Q9404	20.219	56,235	56,235
Passed Through Minnesota Department of Public Safety Alcohol Traffic Safety and Drunk Driving Prevention State and Community Highway Safety (Part of Highway Safety Cluster)	A-ENFRC16-2016-WASHD-00035	20.600	29,140	18,203
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	18X9205464MN15 18X9205464MN16	20.608	126,116	75,489
National Priority Safety Programs	18X920405CMN15	20.616	33,653	22,859
<b>Total Department of Transportation</b>			<u>2,062,367</u>	<u>172,786</u>
<b>National Endowment for the Humanities</b>				
Passed Through Minnesota Department of Education Grants to States	LS-00-16-0024-16	45.310	4,904	-
<b>U.S. Department of Education</b>				
Passed Through Minnesota Department of Health Special Education - Grants for Infants and Families	HA181A160029	84.181	2,416	-
Passed Through Minnesota Department of Education Race to the Top - Early Learning Challenge	078692282DUNS	84.412	5,000	-
<b>Total Department of Education</b>			<u>7,416</u>	<u>-</u>

Continued on Next Page

**Washington County, Minnesota**

**Schedule of Expenditures of Federal Awards (Continued)  
for the Year Ended December 31, 2016**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grant Numbers	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	NU90TP921843	93.069	\$ 177,422	\$ -
Maternal and Child Health Federal Consolidation Programs	H6MMC27440, D70MC27547	93.110	39,167	-
Universal Newborn Hearing Screening	H61MC00035	93.251	2,100	-
Immunization Cooperative Agreements	H23IP000737	93.268	10,875	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	UR3DD000842, NUR3DD000842	93.314	825	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	56444, 3-335114, 3-44653	93.505	352,744	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	H23IP000737, NH23IP000737	93.539	3,955	-
Temporary Assistance for Needy Families (TANF) (Total TANF Cluster 93.558 \$1,561,305)	1601MNTANF	93.558	182,520	-
Maternal and Child Health Services Block Grant to the States	33484	93.994	170,110	-
Passed Through Minnesota Department of Human Services				
Projects for Assistance in Transition from Homelessness (PATH)	SM016024-16	93.150	22,700	-
Promoting Safe and Stable Families	G-1501MNFPS	93.556	29,598	-
Temporary Assistance for Needy Families (TANF) (Total TANF Cluster 93.558 \$1,561,305)	1601MNTANF	93.558	1,378,785	-
	1604MNCES, 1604MNCSES			
Child Support Enforcement	1504MNCSES	93.563	2,635,980	-
Child Care and Development Block Grant (Part of CCDF Cluster)	G1601MNCDF	93.575	173,620	-
Community-Based Child Abuse Prevention Grants	G-1502MNFPG	93.590	43,250	-
Stephanie Tubbs Jones Child Welfare Services Program	G-1601MNCWSS	93.645	16,603	-
Foster Care Title IV-E	1601MNFOS	93.658	426,315	-
Social Services Block Grant	G-1601MNSOSR	93.667	769,564	-
Child Abuse and Neglect State Grants	G-1601MNCA01	93.669	1,401	-
Chafee Foster Care Independence Program	G-1601MNCILP	93.674	16,237	5,068
Medical Assistance Program (Part of Medicaid Cluster)	05-1505MN5ADM	93.778	4,018,709	26,100
<b>Total Department of Health and Human Services</b>			<b>10,472,480</b>	<b>31,168</b>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	3316FAS160127	97.012	42,750	-
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	EMC2016EP00002	97.042	103,224	-
	EMW2015SS00100			
Homeland Security Grant Program	EMW2016SS00022	97.067	271,730	-
<b>Total Department of Homeland Security</b>			<b>417,704</b>	<b>-</b>
<b>Total Cash Type Federal Awards</b>			<b>\$ 15,591,242</b>	<b>\$ 147,719</b>

**Notes:**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Washington County excluding the Washington County Community Development Agency. The County's reporting entity is defined in Note 1 to the basic financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected to not use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to the Schedule of Intergovernmental Revenues:

Federal Grant Revenues per the Schedule of Intergovernmental Revenue	\$ 14,954,420
Expenditures included on the Schedule of Expenditures of Federal Awards that are Not Considered Intergovernmental Revenues (Deferred Inflows of Resources)	636,822
Expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 15,591,242</u>

**Washington County, Minnesota**

**Reader's Notes:**

# **WASHINGTON COUNTY**

**Statistical Section**



## **STATISTICAL SECTION**

- Statistical Section Index
- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- Market Value and Tax Capacity of Taxable Property
- Property Tax Rates – Direct and Overlapping Governments
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Computation of Legal Debt Limitation
- Demographic and Economic Statistics
- Principal Employers
- Employees by Function
- Operating Indicators by Function
- Capital Asset Statistics by Function

**Washington County, Minnesota**

Statistical Section Index

	<b><u>Page</u></b>
Financial Trends <i>These schedules contain trend data to help the reader understand how the government's financial performance and well-being have changed over time.</i>	94
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	98
Debt Capacity <i>These schedules present information to help the ready assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	104
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	108
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services the government provides and the activities it performs.</i>	111

**Net Position by Component**  
**Last Ten Fiscal Years**  
 (Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 165,685,395	\$ 225,706,257	\$ 246,339,531	\$ 262,747,612	\$ 270,915,340	\$ 277,828,433	\$ 288,512,731	\$ 299,306,065	\$ 335,867,717	\$ 360,876,722
Restricted	65,442,209	29,205,886	19,566,336	12,867,572	25,892,877	51,725,491	32,723,537	80,700,496	35,599,589	44,572,087
Unrestricted	36,510,417	39,878,901	53,525,470	67,699,681	70,787,886	58,699,573	90,450,705	53,425,232	55,455,284	28,686,647
Total Governmental Activities Net Position	<u>\$ 267,638,021</u>	<u>\$ 294,791,044</u>	<u>\$ 319,431,337</u>	<u>\$ 343,314,865</u>	<u>\$ 367,596,103</u>	<u>\$ 388,253,497</u>	<u>\$ 411,686,973</u>	<u>\$ 433,431,793</u>	<u>\$ 426,922,590</u>	<u>\$ 434,135,456</u>

Source: Washington County Accounting and Finance Department, prior years' CAFR and current year government-wide Statement of Net Position.

**Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 36,903,645	\$ 38,452,297	\$ 34,529,947	\$ 42,593,558	\$ 42,867,160	\$ 42,768,996	\$ 51,564,315	\$ 44,559,127	\$ 47,017,013	\$ 55,002,909
Public Safety	33,880,707	35,785,768	34,698,139	35,119,216	34,968,995	37,934,572	37,843,300	38,387,190	40,004,487	49,095,388
Highways and Streets	7,900,989	12,978,505	10,550,175	17,692,979	12,352,763	11,640,654	5,202,170	22,889,381	19,142,890	22,121,135
Human Services	50,041,802	55,325,367	53,962,040	49,809,446	48,232,784	47,988,410	48,400,711	50,329,609	54,021,113	57,758,157
Culture and Recreation	8,748,021	8,408,614	8,372,315	3,697,283	7,729,835	9,456,600	7,883,946	2,457,674	3,935,750	6,137,767
Conservation of Natural Resources	203,591	174,734	119,789	30,713	35,598	42,850	70,125	305,505	162,894	537,621
Economic Development	1,691,778	794,115	394,621	1,267,990	734,659	692,598	506,219	501,002	136,164	176,935
Interest	4,739,306	6,146,017	5,908,756	5,141,768	5,930,787	6,747,218	6,146,894	5,499,991	6,130,486	6,424,584
Total Governmental Activities Expenses	<u>144,109,839</u>	<u>158,065,417</u>	<u>148,535,782</u>	<u>155,352,953</u>	<u>152,852,581</u>	<u>157,271,898</u>	<u>157,617,680</u>	<u>164,929,479</u>	<u>170,550,797</u>	<u>197,254,496</u>
Total Primary Government Expenses	<u>\$ 144,109,839</u>	<u>\$ 158,065,417</u>	<u>\$ 148,535,782</u>	<u>\$ 155,352,953</u>	<u>\$ 152,852,581</u>	<u>\$ 157,271,898</u>	<u>\$ 157,617,680</u>	<u>\$ 164,929,479</u>	<u>\$ 170,550,797</u>	<u>\$ 197,254,496</u>
<b>Program Revenues</b>										
Governmental Activities:										
Fees, Fines, Charges, and Other										
General Government	\$ 10,007,531	\$ 12,580,921	\$ 13,071,910	\$ 13,311,510	\$ 15,959,298	\$ 16,526,528	\$ 17,109,370	\$ 15,393,150	\$ 16,352,719	\$ 18,749,720
Public Safety	5,466,331	2,745,092	3,333,329	3,245,814	2,748,072	3,241,615	3,004,392	1,981,496	2,185,060	3,152,629
Highways and Streets	651,429	41,815	129,406	360,913	-	-	-	-	61,760	-
Human Services	507,331	850,760	1,890,150	2,158,029	-	-	43,400	-	-	-
Culture and Recreation	1,108,166	1,189,416	1,365,341	1,435,153	66,803	74,537	69,601	67,852	71,651	71,252
Operating Grants and Contributions	27,161,011	34,291,765	29,552,909	33,639,652	35,233,662	36,109,114	37,421,634	38,799,033	61,641,977	34,571,660
Capital Grants and Contributions	6,582,453	26,179,062	15,767,537	16,605,905	14,614,262	12,455,162	6,485,181	10,548,205	12,302,421	10,747,375
Total Governmental Activities Program Revenues	<u>51,484,252</u>	<u>77,878,831</u>	<u>65,110,582</u>	<u>70,756,976</u>	<u>68,622,097</u>	<u>68,406,956</u>	<u>64,133,578</u>	<u>66,789,736</u>	<u>92,615,588</u>	<u>67,292,636</u>
Total Primary Government Program Revenues	<u>\$ 51,484,252</u>	<u>\$ 77,878,831</u>	<u>\$ 65,110,582</u>	<u>\$ 70,756,976</u>	<u>\$ 68,622,097</u>	<u>\$ 68,406,956</u>	<u>\$ 64,133,578</u>	<u>\$ 66,789,736</u>	<u>\$ 92,615,588</u>	<u>\$ 67,292,636</u>
Total Primary Government Net Expense	<u>\$ (92,625,587)</u>	<u>\$ (80,186,586)</u>	<u>\$ (83,425,200)</u>	<u>\$ (84,595,977)</u>	<u>\$ (84,230,484)</u>	<u>\$ (88,864,942)</u>	<u>\$ (93,484,102)</u>	<u>\$ (98,139,743)</u>	<u>\$ (77,935,209)</u>	<u>\$ (129,961,860)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 82,163,121	\$ 88,290,069	\$ 91,327,105	\$ 92,487,987	\$ 93,184,861	\$ 95,588,230	\$ 95,578,870	\$ 95,295,140	\$ 98,569,307	\$ 101,495,977
Mortgage Registry and Deed Tax	363,544	316,047	301,975	358,469	227,596	362,651	375,017	314,211	368,986	441,311
Wheelage Tax	-	-	-	-	-	-	-	2,134,478	2,238,700	2,199,651
Grants & Contributions not Restricted for a Particular Purpose	18,181,525	10,109,110	12,523,459	12,030,454	10,678,128	9,485,717	14,856,824	16,003,232	18,143,387	25,995,607
Investment Earnings	9,492,299	7,206,023	2,834,188	2,200,015	1,310,143	3,393,437	5,988,895	4,416,982	2,251,818	5,029,984
Miscellaneous	1,412,697	1,418,360	1,078,766	1,402,580	961,080	761,519	117,972	1,720,520	1,324,909	1,459,296
Gain on Sale of Capital Assets	-	-	-	-	122,302	-	-	-	-	552,900
Total Governmental Activities	<u>111,613,186</u>	<u>107,339,609</u>	<u>108,065,493</u>	<u>108,479,505</u>	<u>106,484,110</u>	<u>109,591,554</u>	<u>116,917,578</u>	<u>119,884,563</u>	<u>122,897,107</u>	<u>137,174,726</u>
Total Primary Government	<u>\$ 111,613,186</u>	<u>\$ 107,339,609</u>	<u>\$ 108,065,493</u>	<u>\$ 108,479,505</u>	<u>\$ 106,484,110</u>	<u>\$ 109,591,554</u>	<u>\$ 116,917,578</u>	<u>\$ 119,884,563</u>	<u>\$ 122,897,107</u>	<u>\$ 137,174,726</u>
Change in Net Position - Total Primary Government	<u>\$ 18,987,599</u>	<u>\$ 27,153,023</u>	<u>\$ 24,640,293</u>	<u>\$ 23,883,528</u>	<u>\$ 22,253,626</u>	<u>\$ 20,726,612</u>	<u>\$ 23,433,476</u>	<u>\$ 21,744,820</u>	<u>\$ 44,961,898</u>	<u>\$ 7,212,866</u>

Source: Washington County Accounting and Finance Department, prior years' CAFR and current year government-wide Statement of Activities.

**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
 (Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Nonspendable	\$ 53,206	\$ 110,957	\$ 52,699	\$ 67,507	\$ 3,144,021	\$ 3,022,076	\$ 2,755,830	\$ 2,975,831	\$ 9,314,657	\$ 10,540,443
Restricted (Reserved 2003 - 2009)	799,389	674,995	2,502,200	2,735,386	31,078,283	35,108,835	53,395,552	64,648,115	65,342,465	63,724,399
Assigned (Designated 2003 - 2009)	20,507,173	25,948,939	32,408,706	37,634,905	12,182,064	19,002,151	15,654,649	16,030,225	19,898,602	17,980,227
Unassigned (Undesignated 2002 - 2009)	26,421,756	24,890,582	21,132,871	22,158,221	55,076,524	57,156,009	55,771,086	57,173,233	51,545,604	58,860,087
Total General Fund	<u>\$ 47,781,524</u>	<u>\$ 51,625,473</u>	<u>\$ 56,096,476</u>	<u>\$ 62,596,019</u>	<u>\$ 101,480,892</u>	<u>\$ 114,289,071</u>	<u>\$ 127,577,117</u>	<u>\$ 140,827,404</u>	<u>\$ 146,101,328</u>	<u>\$ 151,105,156</u>
All Other Government Funds										
Nonspendable	\$ 774,775	\$ 739,579	\$ 779,209	\$ 645,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (Reserved 2003 - 2009)										
Special Revenue Funds	77,804,874	41,530,109	31,815,836	15,052,704	20,400	92,617	92,617	92,617	61,865	61,865
Debt Service Funds	-	-	-	-	13,539,845	35,790,318	13,082,931	59,652,307	53,671,223	54,090,986
Capital Project Funds	-	-	-	-	30,011,809	20,581,913	6,112,659	3,772,240	2,658,106	18,109,307
Committed										
Capital Project Funds	-	-	-	-	-	-	-	-	500,000	500,000
Assigned (Designated 2003 - 2009)										
Special Revenue Funds	2,562,742	2,573,433	3,229,451	2,353,548	899,558	956,825	909,422	936,247	849,231	1,355,539
Capital Project Funds	31,576,685	17,934,444	6,112,342	-	3,382,996	5,741,101	7,514,976	2,661,870	14,738,704	7,258,303
Unassigned (Undesignated 2003 - 2009)										
Special Revenue Funds	12,304,130	8,345,970	13,768,871	21,762,494	-	-	-	-	-	-
	<u>\$ 125,023,206</u>	<u>\$ 71,123,535</u>	<u>\$ 55,705,709</u>	<u>\$ 39,814,506</u>	<u>\$ 47,854,608</u>	<u>\$ 63,162,774</u>	<u>\$ 27,712,605</u>	<u>\$ 67,115,281</u>	<u>\$ 72,479,129</u>	<u>\$ 81,376,000</u>

Table 4

**Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes	\$ 81,922,215	\$ 88,019,543	\$ 90,939,803	\$ 92,691,027	\$ 94,298,582	\$ 96,502,624	\$ 95,914,265	\$ 98,178,034	\$ 101,306,879	\$ 104,281,459
Special Assessments	-	-	-	-	-	-	-	20,435	35,534	99,105
Licenses and Permits	3,851,432	3,646,113	3,714,922	3,744,125	3,868,240	4,121,501	4,192,039	4,270,301	4,458,106	4,543,640
Intergovernmental	51,663,841	58,489,818	58,098,913	67,142,071	59,766,622	53,155,607	57,283,852	65,048,280	88,742,444	78,600,735
Charges for Services	13,064,346	13,547,813	14,686,960	15,037,594	14,488,228	15,454,741	15,638,752	14,857,495	14,720,253	17,922,789
Fines and Forfeits	536,252	337,014	307,659	335,649	417,705	266,438	395,972	292,975	289,104	306,249
Gifts and Contributions	33,365	15,458	35,533	48,922	-	-	-	-	-	-
Interest on Investments	9,492,299	7,206,023	2,834,188	2,200,015	1,310,143	3,393,437	5,988,895	4,416,982	2,251,818	5,029,984
Miscellaneous	8,340,046	9,571,792	10,131,026	11,308,526	11,412,958	10,439,190	10,103,082	9,989,797	9,775,376	9,992,986
<b>Total Revenues</b>	<b>168,903,796</b>	<b>180,833,574</b>	<b>180,749,004</b>	<b>192,507,929</b>	<b>185,562,478</b>	<b>183,333,538</b>	<b>189,516,857</b>	<b>197,074,299</b>	<b>221,579,514</b>	<b>220,776,947</b>
<b>Expenditures</b>										
General Government	33,229,679	34,367,245	33,363,574	39,003,132	35,191,718	34,656,825	35,882,500	40,548,616	36,895,242	40,870,481
Public Safety	32,744,202	35,959,438	35,442,378	35,955,075	36,381,265	38,396,811	38,340,161	39,186,886	40,178,346	42,079,961
Highways and Streets	20,647,546	29,631,104	18,778,584	14,342,450	12,345,370	9,007,122	10,136,886	9,844,025	10,606,025	10,703,310
Health and Human Services	49,773,164	54,137,888	54,513,025	49,896,575	48,544,934	48,201,191	48,850,165	49,957,956	53,865,396	56,818,492
Culture and Recreation	8,956,684	8,319,217	8,790,895	9,180,757	10,556,971	10,184,493	8,594,495	9,666,323	10,435,800	10,876,956
Conservation of Natural Resources	199,027	175,352	121,836	30,080	34,965	42,217	69,492	304,872	160,968	170,482
Economic Development	1,676,227	779,341	395,394	1,297,542	734,659	639,001	505,255	509,882	176,978	181,388
Capital Outlay	27,064,579	53,874,761	30,543,242	30,868,516	29,374,494	24,829,336	34,817,201	28,332,624	43,891,100	52,656,963
Debt Service:										
Principal	6,304,556	6,778,648	3,706,540	3,541,540	3,361,540	5,603,270	27,905,000	5,585,000	6,150,284	7,075,948
Interest	2,808,941	6,859,821	6,033,377	5,530,172	5,049,340	6,923,025	6,569,242	5,605,590	6,324,442	6,750,119
Bond Issue Costs	-	-	-	-	-	-	-	148,237	1,142	183,652
Other Charges	352,063	6,481	6,982	3,750	127,437	111,392	8,583	3,176	3,875	8,300
<b>Total Expenditures</b>	<b>183,756,668</b>	<b>230,889,296</b>	<b>191,695,827</b>	<b>189,649,589</b>	<b>181,702,693</b>	<b>178,594,683</b>	<b>211,678,980</b>	<b>189,693,187</b>	<b>208,689,598</b>	<b>228,376,052</b>
Excess of Revenue Over (Under) Expenditures	(14,852,872)	(50,055,722)	(10,946,823)	2,858,340	3,859,785	4,738,855	(22,162,123)	7,381,112	12,889,916	(7,599,105)
<b>Other Financing Sources (Uses)</b>										
Transfers In	9,010,032	2,644,903	2,644,903	5,679,791	2,402,500	4,412,000	1,009,000	700,504	5,489,100	2,240,105
Transfers Out	(9,010,032)	(2,644,903)	(2,644,903)	(5,679,791)	(2,402,500)	(4,412,000)	(1,009,000)	(700,504)	(5,489,100)	(2,240,105)
Sources from Capital Lease/Installment Purchase	32,700	-	-	-	-	-	-	-	-	-
Sources from Sale of Assets	-	-	-	-	-	-	-	-	-	552,900
Issuance of Loans	-	-	-	-	-	-	-	162,048	114,933	367,139
Issuance of Bonds	79,385,000	-	-	-	40,055,000	-	-	-	4,775,000	20,000,000
Issuance of Refunding Bonds	-	-	-	(12,250,000)	-	22,475,000	-	39,155,000	-	-
Payment on Refunded Bonds	-	-	-	-	-	-	-	-	(7,380,000)	-
Premium on Bonds/Notes Issued	1,519,903	-	-	-	1,091,127	1,011,713	-	6,089,724	237,923	579,765
Discount on Bonds/Notes Issued	-	-	-	-	(108,549)	(40,005)	-	(134,921)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>80,937,603</b>	<b>-</b>	<b>-</b>	<b>(12,250,000)</b>	<b>41,037,578</b>	<b>23,446,708</b>	<b>-</b>	<b>45,271,851</b>	<b>(2,252,144)</b>	<b>21,499,804</b>
<b>Net Change in Fund Balances</b>	<b>\$ 66,084,731</b>	<b>\$ (50,055,722)</b>	<b>\$ (10,946,823)</b>	<b>\$ (9,391,660)</b>	<b>\$ 44,897,363</b>	<b>\$ 28,185,563</b>	<b>\$ (22,162,123)</b>	<b>\$ 52,652,963</b>	<b>\$ 10,637,772</b>	<b>\$ 13,900,699</b>
Capital Asset Adjustments *	\$ 46,475,260	\$ 76,411,837	\$ 45,149,984	\$ 41,263,396	\$ 37,240,430	\$ 27,505,959	\$ 38,005,721	\$ 33,049,166	\$ 49,617,692	\$ 51,007,089
Debt Service as a Percentage of Noncapital Expenditures	6.64%	8.83%	6.65%	6.11%	5.82%	8.29%	19.85%	7.14%	7.84%	7.80%

\* Debt Service and a Percentage of Noncapital Expenditures is calculated using Capital Asset Adjustments amount from the Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balance to the Government-Wide Statement of Activities. See page 29.

Source: Washington County Accounting and Finance Department.

**Market Value and Tax Capacity of Taxable Property  
Taxable Property (in \$000)  
Last Ten Fiscal Years**

Tax Payable Year	Estimated Market Value	Taxable Market Value	Referendum Market Value	Tax Capacity					Total Direct Tax Rate	Direct Referendum Tax Rate	Tax Capacity as a percentage of Estimated Market Value
				Real Property			Personal Property	Total Tax Capacity			
				Residential	Commercial	All Other					
2007	\$ 28,223,870	\$ 26,728,914	\$ 26,197,859	\$ 234,967	\$ 53,073	\$ 7,529	\$ 3,619	\$ 299,188	25.67%	-	1.06%
2008	29,491,837	28,236,839	27,646,777	246,823	59,813	8,081	3,500	318,217	25.94%	-	1.08%
2009	29,934,799	28,857,582	28,203,529	249,959	65,636	8,332	3,528	327,455	26.37%	-	1.09%
2010	28,410,328	27,759,942	27,029,482	238,541	66,107	8,017	3,632	316,297	27.78%	0.0031%	1.11%
2011	26,458,948	25,892,220	25,103,579	220,250	62,464	8,461	3,885	295,060	29.77%	0.0023%	1.12%
2012	25,550,570	23,906,464	24,314,804	202,532	61,363	6,165	4,046	274,106	31.94%	0.0018%	1.07%
2013	24,082,877	22,395,813	22,901,675	186,483	61,469	6,169	4,332	258,453	34.23%	0.0019%	1.07%
2014	24,770,773	23,176,815	23,596,897	194,177	60,850	6,453	4,409	265,889	32.81%	0.0045%	1.07%
2015	27,767,177	26,277,082	26,417,930	224,626	61,027	7,395	4,485	297,533	30.19%	0.0040%	1.07%
2016	28,527,184	27,046,954	27,170,439	231,914	62,265	7,323	4,705	306,207	30.56%	0.0039%	1.07%

**Note:**

**Estimated Market Value** is the fair market value of all taxable property. It does not include exempt property.

Certain state programs allow reductions from Estimated Market Value to arrive at **Taxable Market Value**, which is what taxes are based on.

**Referendum Market Value** is the tax base for referendum levies. Certain property classifications are excluded or receive a value reduction.

Taxable Market Value on each parcel of property is multiplied by class rates based on property classification to arrive at **Tax Capacity**. Class rates are uniform statewide:

2007 class rates for major property types: 1st 500,000 of residential homestead property @ 1.00%, remainder of value @ 1.25%; 1st 150,000 of commercial/industrial property @ 1.50%; remainder of value @ 2.00%.

2016 class rates for major property types: 1st 500,000 of residential homestead property @ 1.00%, remainder of value @ 1.25%; 1st 150,000 of commercial/industrial property @ 1.50%, remainder of value @ 2.00%.

Tax capacity is multiplied by the tax capacity tax rate to arrive at the tax liability. Referendum market value is multiplied by the referendum rate to arrive at the referendum tax.

**Source:** Washington County Department of Property Records and Taxpayer Services.

Table 6

**Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

<u>Jurisdiction</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>Tax Rates Based on Percentage of Tax Capacity</u></b>										
<b><u>Washington County:</u></b>										
General	14.427%	14.404%	15.237%	16.239%	16.368%	17.435%	18.177%	17.803%	16.255%	16.352%
Debt	2.732%	2.747%	2.697%	2.978%	3.261%	3.717%	4.138%	4.319%	3.821%	3.979%
Road and Bridge	1.633%	1.764%	1.347%	1.414%	2.000%	2.120%	2.386%	1.792%	1.693%	1.729%
Social Services	4.009%	4.082%	4.107%	4.148%	5.108%	5.443%	5.921%	5.598%	4.892%	4.999%
Social Services Administration	0.667%	0.711%	0.725%	0.785%	0.513%	0.542%	0.590%	0.587%	0.786%	0.751%
Library	1.809%	1.941%	1.982%	1.972%	2.168%	2.340%	2.676%	2.568%	2.373%	2.579%
Library Debt	0.329%	0.287%	0.276%	0.239%	0.354%	0.343%	0.337%	0.145%	0.366%	0.174%
HRA/Landfall	0.067%	-	-	-	-	-	-	-	-	-
Total	25.673%	25.936%	26.371%	27.775%	29.772%	31.939%	34.225%	32.811%	30.186%	30.564%
<b><u>Overlapping Rates:</u></b>										
<b><u>Cities of:</u></b>										
Afton	22.349%	22.510%	24.037%	25.357%	27.044%	30.078%	30.059%	30.092%	27.737%	29.373%
Bayport	31.014%	30.206%	30.488%	32.358%	35.650%	40.671%	43.923%	41.699%	40.468%	37.107%
Birchwood	23.055%	22.746%	22.572%	19.128%	21.824%	22.514%	27.615%	27.012%	27.627%	23.893%
Cottage Grove (Urban)	35.813%	35.189%	34.632%	35.415%	38.255%	41.446%	45.046%	43.812%	41.591%	43.140%
Dellwood	8.599%	8.217%	7.924%	8.007%	9.331%	10.578%	11.641%	15.224%	17.853%	16.757%
Forest Lake	30.415%	29.439%	30.109%	31.534%	33.548%	37.735%	43.508%	44.653%	42.839%	43.385%
Grant	9.970%	9.943%	10.348%	10.761%	11.119%	13.227%	14.540%	14.598%	13.321%	13.755%
Hastings	49.235%	49.475%	49.732%	52.677%	55.196%	66.078%	68.547%	66.246%	62.581%	63.577%
Hugo (Urban)	35.144%	34.941%	34.443%	34.274%	34.236%	36.498%	36.512%	36.417%	36.318%	36.323%
Lake Elmo	19.274%	20.553%	19.878%	20.479%	21.832%	27.272%	27.818%	27.761%	23.798%	23.121%
Lake St Croix Beach	39.617%	43.551%	39.256%	42.536%	40.962%	51.493%	55.145%	52.781%	48.039%	45.774%
Lakeland	34.312%	32.522%	35.125%	38.420%	40.375%	44.462%	48.194%	47.028%	43.489%	42.451%
Lakeland Shores	11.456%	11.079%	13.755%	15.141%	17.204%	20.150%	23.396%	26.417%	24.969%	25.696%
Landfall	55.273%	57.603%	40.512%	38.701%	40.389%	39.046%	37.704%	47.787%	48.731%	55.903%
Mahtomedi	25.771%	26.748%	26.979%	28.498%	31.386%	33.679%	34.656%	36.414%	38.022%	34.657%
Marine on St Croix	32.147%	35.519%	34.407%	35.478%	38.842%	45.202%	53.537%	57.734%	55.427%	56.752%
Newport	45.944%	47.213%	44.046%	53.643%	60.261%	64.662%	70.803%	72.054%	69.973%	61.660%
Oak Park Heights	35.733%	36.343%	38.732%	43.845%	45.028%	51.710%	54.898%	59.641%	56.804%	57.725%
Oakdale	29.104%	30.207%	30.593%	32.979%	35.868%	39.252%	44.065%	41.201%	39.131%	39.492%
Pine Springs	5.426%	5.891%	5.943%	6.148%	6.528%	7.139%	7.901%	7.451%	6.850%	7.235%
Scandia	-	25.092%	28.521%	28.446%	33.557%	35.785%	37.294%	40.976%	34.619%	36.722%
St. Mary's Point	19.132%	19.006%	19.254%	20.888%	22.275%	24.430%	26.791%	27.976%	24.677%	24.743%
St. Paul Park	31.516%	32.734%	32.831%	35.028%	43.221%	49.481%	57.471%	48.754%	45.677%	45.560%
Stillwater (Urban)	46.498%	48.186%	47.930%	49.493%	52.539%	54.674%	61.503%	58.359%	55.225%	57.016%
White Bear Lake	17.706%	16.524%	15.302%	16.591%	17.702%	19.942%	21.493%	21.102%	20.368%	19.690%
Willernie	33.415%	27.199%	32.511%	33.916%	37.534%	47.363%	51.464%	52.165%	45.054%	53.691%
Woodbury	28.122%	28.169%	28.474%	31.033%	34.921%	35.921%	39.440%	38.076%	34.657%	35.287%

Continued on next page

Table 6

**Property Tax Rates  
Direct and Overlapping Governments (Continued)  
Last Ten Fiscal Years**

Jurisdiction	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Townships of:</b>										
Baytown	8.173%	8.551%	9.455%	9.571%	10.650%	10.899%	11.682%	11.960%	10.352%	9.245%
Denmark	12.726%	14.318%	13.851%	13.035%	13.088%	13.696%	13.678%	13.135%	12.490%	11.236%
Grey Cloud Island	24.592%	23.657%	23.017%	23.875%	23.773%	27.277%	25.691%	26.196%	23.581%	23.481%
May	9.880%	9.442%	9.823%	10.135%	9.394%	11.823%	12.360%	11.775%	10.151%	10.645%
New Scandia	23.997%	-	-	-	-	-	-	-	-	-
Stillwater	14.346%	14.373%	15.865%	17.468%	18.118%	20.419%	20.860%	21.725%	18.542%	20.672%
West Lakeland	0.459%	4.880%	4.774%	4.527%	5.285%	7.676%	8.112%	7.546%	6.643%	8.183%
<b>School Districts of:</b>										
SD 200 Hastings	18.157%	16.676%	16.735%	20.206%	22.140%	25.433%	23.932%	23.052%	20.965%	20.938%
SD 622 N St Paul/Mpwd/Oakdale	17.698%	20.426%	24.816%	25.280%	27.785%	28.340%	32.553%	37.643%	35.864%	35.569%
SD 624 White Bear Lake	16.887%	15.422%	19.396%	21.756%	22.520%	26.103%	28.622%	28.562%	26.660%	26.236%
SD 831 Forest Lake	12.299%	15.137%	13.455%	12.895%	15.411%	17.331%	22.018%	23.896%	21.146%	24.902%
SD 832 Mahtomedi	22.628%	22.691%	24.480%	26.389%	34.330%	38.360%	37.105%	39.770%	34.496%	34.107%
SD 833 South Washington County	31.101%	29.841%	30.708%	31.650%	35.216%	37.894%	41.286%	39.169%	35.675%	36.812%
SD 834 Stillwater	19.004%	17.404%	17.714%	19.734%	20.300%	22.333%	22.018%	23.150%	21.124%	19.849%
SD 2144 Chisago Lakes	26.346%	18.250%	20.119%	20.363%	22.933%	27.459%	27.603%	27.589%	26.764%	25.700%
<b>Special Districts of:</b>										
Washington County HRA	0.934%	1.004%	1.016%	1.071%	1.143%	1.224%	1.311%	1.290%	1.181%	1.529%
Washington County Regional Rail	0.082%	0.077%	0.075%	0.193%	0.196%	0.211%	0.226%	0.233%	0.212%	0.247%
Metro Council	0.838%	0.804%	0.788%	0.818%	0.832%	0.937%	1.043%	1.050%	0.943%	0.932%
Metro Mosquito Control	0.477%	0.482%	0.472%	0.477%	0.494%	0.536%	0.583%	0.553%	0.490%	0.487%
Metro Airports	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Metro Council Transit District	1.232%	1.259%	1.264%	1.334%	1.364%	1.509%	1.694%	1.514%	1.357%	1.373%
Carnelian-Marine WS	4.028%	3.232%	2.967%	2.964%	2.694%	2.918%	2.997%	3.049%	2.815%	2.843%
South Washington WS	0.530%	0.580%	0.653%	0.608%	0.687%	0.720%	0.779%	0.761%	0.693%	0.753%
Ramsey-Washington Metro WS	2.230%	1.995%	2.056%	2.370%	2.719%	3.009%	4.740%	4.253%	4.494%	4.460%
Rice Creek WS	1.315%	1.608%	1.545%	1.511%	1.725%	2.340%	2.517%	2.387%	2.185%	2.192%
Valley Branch WS w/addl debt	1.293%	1.259%	1.217%	1.215%	1.508%	1.831%	2.125%	1.899%	1.701%	1.761%
Bowns Creek WS	4.580%	4.532%	4.002%	4.153%	4.276%	4.906%	5.307%	5.066%	4.769%	5.111%
Comfort Lake-Forest Lake WS	1.260%	1.458%	3.629%	3.649%	3.910%	4.220%	4.870%	4.437%	4.173%	4.159%

Continued on next page

**Property Tax Rates  
Direct and Overlapping Governments (Continued)  
Last Ten Fiscal Years**

<u>Jurisdiction</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Hastings HRA	1.183%	1.169%	1.141%	1.510%	1.487%	1.639%	1.428%	1.613%	1.379%	1.551%
Woodbury EDA	-	-	-	-	-	-	-	-	-	-
Woodbury HRA	-	0.446%	0.400%	0.426%	0.320%	0.344%	0.365%	0.343%	0.295%	0.289%
<b>State of Minnesota:</b>										
Commercial/Industrial property	48.032%	45.949%	45.535%	45.881%	49.043%	51.100%	52.523%	52.160%	50.840%	48.641%
Seasonal property	24.225%	20.385%	18.214%	17.755%	19.145%	20.750%	22.327%	22.836%	21.703%	21.167%

**Tax Rates Based on Percentage of Referendum Market Value**

<u>Jurisdiction</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>Washington County:</u></b>	-	-	-	0.003%	0.002%	0.002%	0.002%	0.004%	0.004%	0.004%
<b><u>Overlapping Rates:</u></b>										
City of Woodbury	0.025%	0.023%	0.022%	0.024%	0.026%	0.026%	0.027%	0.026%	0.013%	0.012%
<b><u>School Districts of:</u></b>										
SD 200 Hastings	0.230%	0.227%	0.224%	0.259%	0.266%	0.286%	0.295%	0.261%	0.253%	0.260%
SD 622 N St Paul/Mpwd/Oakdale	0.152%	0.140%	0.149%	0.146%	0.150%	0.148%	0.167%	0.151%	0.144%	0.137%
SD 624 White Bear Lake	0.116%	0.213%	0.174%	0.191%	0.241%	0.248%	0.264%	0.273%	0.240%	0.235%
SD 831 Forest Lake	0.150%	0.138%	0.134%	0.137%	0.153%	0.154%	0.174%	0.146%	0.134%	0.140%
SD 832 Mahtomedi	0.178%	0.168%	0.169%	0.170%	0.184%	0.187%	0.182%	0.169%	0.292%	0.266%
SD 833 South Washington County	0.188%	0.190%	0.192%	0.208%	0.208%	0.199%	0.219%	0.223%	0.210%	0.340%
SD 834 Stillwater	0.115%	0.125%	0.126%	0.120%	0.159%	0.176%	0.166%	0.227%	0.200%	0.206%
SD 2144 Chisago Lakes	0.100%	0.101%	0.101%	0.104%	0.117%	0.123%	0.126%	0.126%	0.167%	0.170%

**Notes:**  
 Overlapping rates are those of other governments that apply to property owners within Washington County. Not all overlapping rates apply to all Washington County property owners.  
 Tax capacity rates are multiplied by the tax capacity of a property to arrive at the tax capacity based tax. Referendum market value rates are multiplied by the referendum market value to arrive at the market value based tax. The total tax liability is the tax capacity based tax plus the market value based tax.

**Source:** Washington County Department of Property Records and Taxpayer Services.

Washington County, Minnesota

Table 7

Principal Property Taxpayers  
Taxes Payable in 2016 and Nine Years Ago

Taxpayer	Property Classification	2016					2007				
		Rank	Net Tax	Taxable Market Value	Tax Capacity	% of County Total Tax Capacity	Rank	Net Tax	Taxable Market Value	Tax Capacity	% of County Total Tax Capacity
Xcel Energy	Public Utility	1	\$14,975,565	\$ 456,065,300	\$ 9,115,472	3.0%	1	\$7,503,185	\$ 273,378,700	\$ 5,457,281	1.8%
Tamarack Village Shopping Center LP	Commercial	2	\$3,089,113	86,442,500	1,728,100	0.6%	2	2,022,131	68,918,300	1,377,616	0.5%
Ramco-Gershenson Properties LP	Commercial	3	\$2,235,440	62,564,100	1,250,532	0.4%					
Woodbury Village Shopping Center LP	Commercial	4	\$1,485,438	38,704,400	773,197	0.3%	6	1,159,325	36,543,400	730,118	0.2%
Menard Inc	Commercial	5	\$1,417,677	38,352,900	764,058	0.2%	7	1,150,861	38,688,400	770,768	0.3%
Dayton Hudson Corp	Commercial	6	\$1,317,378	35,111,900	699,238	0.2%					
3M Company	Industrial	7	\$1,245,586	51,749,500	762,312	0.2%	8	960,481	50,629,000	729,165	0.2%
Wal-Mart Real Estate Business Trust	Commercial	8	\$1,214,264	33,139,500	660,540	0.2%					
Ax Oakdale Village LP	Commercial	9	\$1,193,970	32,858,600	656,422	0.2%					
Larson Family Real Estate LLLP	Commercial	10	\$1,136,306	40,055,100	672,160	0.2%					
Imation Corp	Commercial						3	1,247,196	43,712,500	858,669	0.3%
Woodbury Lakes Retail LLC	Commercial						4	1,223,784	41,722,900	833,708	0.3%
State Farm Mutual Automobile	Commercial						5	1,168,782	39,849,300	796,236	0.3%
Andersen Corporation	Industrial						9	668,268	25,111,400	478,803	0.2%
Inland Real Estate LB I LLC	Commercial						10	658,442	22,420,600	447,662	0.1%
<b>Totals</b>			<b>\$ 29,310,737</b>	<b>\$ 875,043,800</b>	<b>\$17,082,031</b>	<b>5.5%</b>		<b>\$ 17,762,455</b>	<b>\$ 640,974,500</b>	<b>\$12,480,026</b>	<b>4.2%</b>

Note: If a taxpayer has property consisting of more than one classification, only one classification is shown. This list does not reflect tax reductions due to abatements or court petitions.

Source: Washington County Department of Property Records and Taxpayers Services.

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	State Paid Credits	Adjustments	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$75,895,000	\$ (2,787,636)	\$ (277,741)	\$ 72,829,623	\$ 71,595,452	98.3%	\$1,226,405	\$ 72,821,857	100.0%
2008	81,131,800	(2,734,282)	(409,423)	77,988,095	76,394,962	98.0%	1,579,601	77,974,563	100.0%
2009	85,131,600	(2,832,936)	(542,783)	81,755,881	80,025,928	97.9%	1,705,967	81,731,895	100.0%
2010	86,783,800	(3,057,169)	(905,103)	82,821,528	81,653,522	98.6%	1,131,727	82,785,249	100.0%
2011	86,783,800	(3,372,550)	(710,512)	82,700,738	81,979,533	99.1%	672,159	82,651,692	99.9%
2012	86,523,700	(75,577)	(871,296)	85,576,827	85,256,421	99.6%	261,534	85,517,955	99.9%
2013	86,523,700	(77,898)	(966,302)	85,479,500	85,318,073	99.8%	71,941	85,390,014	99.9%
2014	87,713,700	(77,104)	(600,721)	87,035,875	86,728,969	99.6%	203,177	86,932,146	99.9%
2015	90,738,000	(118,005)	(380,523)	90,239,472	89,880,354	99.6%	196,514	90,076,868	99.8%
2016	93,871,900	(117,857)	(181,790)	93,572,253	93,025,272	99.4%	-	93,025,272	99.4%

Source: Washington County Department of Property Records and Taxpayer Services.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Personal Income ( c )	Percent of Personal Income	Net Tax Capacity	Percent of Net Tax Capacity	Population (a)(b)(c)(d)	Debt Per Capita
	General Obligation Bonds	Loans Payable	Capital Leases							
2007	\$ 141,150,389	\$ -	\$ 81,538	\$ 141,231,927	\$ 10,736,049,000	1.32%	\$ 299,188,000	47%	233,104	\$ 606
2008	134,338,671	-	22,890	134,361,561	11,200,728,000	1.20%	318,217,000	42%	234,311	573
2009	130,555,288	-	16,350	130,571,638	10,907,061,000	1.20%	327,455,000	40%	236,917	551
2010	114,698,602	-	9,810	114,708,412	11,318,413,000	1.01%	316,297,000	36%	238,136	482
2011	152,267,865	-	3,270	152,271,135	12,230,548,000	1.25%	295,060,000	52%	240,640	633
2012	169,911,370	-	-	169,911,370	12,718,858,000	1.34%	274,106,000	62%	243,313	698
2013	141,789,577	-	-	141,789,577	12,718,858,000	1.11%	258,453,000	55%	248,095	572
2014	181,097,587	141,613	-	181,239,200	13,086,534,000	1.38%	265,889,000	68%	249,109	728
2015	171,854,751	246,261	-	172,101,012	13,967,125,000	1.23%	297,533,000	58%	251,015	686
2016	184,843,943	522,204	-	185,366,147	14,633,536,000	1.27%	306,207,000	61%	252,921	733

Source: (a) Washington County Office of Administration.  
 (b) Metropolitan Council.  
 (c) Bureau of Economic Analysis.  
 (d) MN State Demographic Center.

Washington County Department of Property Records and Taxpayer Services.  
 Washington County Accounting and Finance Department.

Table 10

**Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Restricted to Repaying Principal</b>	<b>Net General Bonded Debt</b>	<b>Personal Income</b>	<b>Percent of Personal Income</b>	<b>Net Tax Capacity</b>	<b>Percent of Net Tax Capacity</b>	<b>Population (b)</b>	<b>Net General Bonded Debt Per Capita</b>
2007	\$ 141,150,389	\$ 11,994,720	\$ 129,155,669	\$ 10,736,049,000	1.20%	\$ 299,188,000	43%	233,104	\$ 554
2008	134,338,671	8,336,555	126,002,116	11,200,728,000	1.12%	318,217,000	40%	234,311	538
2009	130,555,288	8,602,139	121,953,149	10,907,061,000	1.12%	327,455,000	37%	236,917	515
2010	114,698,602	8,718,996	105,979,606	11,318,413,000	0.94%	316,297,000	34%	238,136	445
2011	152,267,865	10,453,998	141,813,867	12,230,548,000	1.16%	295,060,000	48%	240,640	589
2012	169,911,370	32,713,999	137,197,371	12,718,858,000	1.08%	274,106,000	50%	243,313	564
2013	141,789,577	10,707,365	131,082,212	12,718,858,000	1.03%	258,453,000	51%	248,095	528
2014	181,097,587	57,315,410	123,782,177	13,086,534,000	0.95%	265,889,000	47%	249,109	497
2015	171,854,751	50,820,424	121,034,327	13,967,125,000	0.87%	297,533,000	41%	251,015	482
2016	184,843,943	50,984,786	133,859,157	14,633,536,000	0.91%	306,207,000	44%	252,921	529

**Source:** Washington County Accounting and Finance Department.  
(b) Metropolitan Council.

Gross Tax Capacity = Total Net Tax Capacity

Direct and Overlapping Governmental Activities Debt  
December 31, 2016

Jurisdiction	Total GO. Bonds Outstanding (1)	Applicable to Washington County	
		Percent (2)	Amount
<b>Underlying Debt:</b>			
<b>Cities of:</b>			
Afton	\$ 6,565,000	100.00%	\$ 6,565,000
Bayport	2,025,000	100.00%	2,025,000
Cottage Grove	4,660,000	100.00%	4,660,000
Dellwood	500,000	100.00%	500,000
Forest Lake	22,305,000	100.00%	22,305,000
Hugo	5,465,000	100.00%	5,465,000
Lake Elmo	2,360,000	100.00%	2,360,000
Lakeland	540,000	100.00%	540,000
Marine	80,000	100.00%	80,000
Newport	6,720,000	100.00%	6,720,000
Oakdale	2,645,000	100.00%	2,645,000
Oak Park Heights	5,560,000	100.00%	5,560,000
St Paul Park	600,000	100.00%	600,000
Scandia	577,000	100.00%	577,000
Stillwater	24,900,000	100.00%	24,900,000
Woodbury	33,330,000	100.00%	33,330,000
<b>Townships of:</b>			
Baytown	430,000	100.00%	430,000
<b>School Districts of:</b>			
832 Mahtomedi	53,720,033	100.00%	53,720,033
833 South Washington	329,995,000	100.00%	329,995,000
834 Stillwater	113,990,000	100.00%	113,990,000
<b>Special Districts of:</b>			
South Washington Watershed	3,698,135	100.00%	3,698,135
<b>Underlying Debt Subtotal:</b>			<b>\$ 620,665,168</b>
<b>Overlapping Debt:</b>			
<b>Cities of:</b>			
Hastings	\$ 6,100,000	0.28%	\$ 17,065
<b>School Districts of:</b>			
200 Hastings	36,745,000	13.48%	4,951,611
622 N. St. Paul/Maplewood/Oakdale	138,410,000	48.19%	66,693,382
624 White Bear Lake	67,525,000	17.57%	11,864,027
831 Forest Lake	162,965,000	56.17%	91,540,129
2144 Chisago Lakes	10,675,000	4.42%	472,088
<b>Special Districts of:</b>			
Metropolitan Council/Transit	189,226,614	8.94%	16,908,554
<b>Overlapping Debt Subtotal:</b>			<b>192,446,855</b>
<b>Direct Debt:</b>			
Washington County	184,843,943	100.00%	184,843,943
<b>Direct Debt Subtotal:</b>			<b>184,843,943</b>
<b>Total</b>			<b>\$ 997,955,966</b>

Notes: (1) Does not include Revenue Debt, Special Assessment Debt, Tax Increment Debt, or State Aid and Tax Anticipation Certificates, but does include county's loans payable.

(2) Determined by ratio of net tax capacity of property subject to taxation in overlapping unit to net tax capacity of property subject to taxation in reporting unit.

Source: Washington County Property Records and Taxpayer Services Department and Ramsey, Dakota, Chisago Counties Taxation Division.

Computation of Legal Debt Limitation  
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 534,578,280	\$ 847,105,170	\$ 865,727,460	\$ 832,798,260	\$ 776,766,600	\$ 717,193,920	\$ 671,874,390	\$ 695,304,450	\$ 788,312,460	\$ 811,408,620
Total Net Debt Applicable to Limit	111,755,280	112,266,266	108,378,572	102,656,472	136,685,155	134,386,001	126,112,069	113,112,693	110,348,777	130,752,957
Legal Debt Margin	<u>\$ 422,823,000</u>	<u>\$ 734,838,904</u>	<u>\$ 757,348,888</u>	<u>\$ 730,141,788</u>	<u>\$ 640,081,445</u>	<u>\$ 582,807,919</u>	<u>\$ 545,762,321</u>	<u>\$ 582,191,757</u>	<u>\$ 677,963,683</u>	<u>\$ 680,655,663</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	20.91%	13.25%	12.52%	12.33%	17.60%	18.74%	18.77%	16.27%	14.00%	16.11%

	Amount	Percent
Total Taxable Market Value	\$ 27,046,954,000	
Debt limit- 3% of Total Market Value	811,408,620	100.0%
Amount of Debt Applicable to 3% Debt Limit: Total Bonded Debt	184,843,943	
Less: Amounts Available for Repayment of General Obligation	<u>54,090,986</u>	
Total Amount of Debt Applicable to Debt Limit	<u>130,752,957</u>	<u>16.11%</u>
<b>Legal Debt Margin</b>	<b><u>\$ 680,655,663</u></b>	<b><u>83.89%</u></b>

Table 13

**Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (a) (b) (c) (d)</b>	<b>Personal Income (thousands of dollars) (c)</b>	<b>Per Capita Personal Income (c)</b>	<b>Area (Sq. Mi.)</b>	<b>Density (Person/Sq. Mi.)</b>	<b>Number of Households (a)(b)</b>	<b>Unemployment Rate (e)</b>
2007	233,104	\$ 10,736,049	\$ 47,424	423	551	83,762	4.1%
2008	234,311	11,200,728	48,118	423	553	86,709	5.4%
2009	236,917	10,907,061	46,278	423	560	88,120	7.2%
2010	238,136	11,318,413	47,374	423	563	87,859	6.7%
2011	240,640	12,230,548	50,666	423	569	88,921	5.9%
2012	243,313	12,718,858	51,817	423	575	89,875	5.1%
2013	248,095	13,086,534	52,060	423	587	91,292	4.4%
2014	249,109	13,967,125	56,068	423	589	91,710	3.6%
2015	251,015	14,633,536	58,297	423	593	92,669	3.2%
2016	252,921 *	15,299,947 *	60,493 *	423	598	93,628 *	3.3%

- Sources:** (a) Washington County Office of Administration.  
 (b) Metropolitan Council.  
 (c) Bureau of Economic Analysis.  
 (d) MN State Demographic Center.  
 (e) US Department of Labor - Bureau of Labor Statistics.

\* Indicates estimates based on the two previous years or percent change from prior year.

Table 14

**Principal Employers  
Current Year and Nine Years Ago**

Taxpayer	Fiscal Year 2016			Fiscal Year 2007		
	Rank	Employees	% of Total County Employment	Rank	Employees	% of Total County Employment
Andersen Corporation (Bayport, Cottage Grove)	1	5,700	4.19%	1	4,268	3.32%
Independent School District 833	2	2,513	1.85%	2	2,843	2.21%
Wal-Mart (Forest Lake, Oak Park Heights, Woodbury and Cottage Grove)	3	1,245	0.92%	-	-	0.00%
Independent School District 831	4	1,200	0.88%	3	1,225	0.95%
Washington County, Government	5	1,172	0.86%	4	1,158	0.90%
Independent School District 834	6	1,000	0.74%	5	1,001	0.78%
Target (Cottage Grove, Forest Lake, Stillwater, Woodbury, and Oakdale)	7	958	0.70%	-	-	0.00%
Healtheast Woodwinds Hospital	8	925	0.68%	-	-	0.00%
Fairview Lakes Regional Health Care (Wyoming)	9	900	0.66%	-	-	0.00%
Bailey Nurseries, Inc. (Newport)	10	800	0.59%	-	-	0.00%
The Hardford		-	0.00%	6	1,000	0.78%
3M Chemolite (Cottage Grove)		-	0.00%	7	750	0.58%
Minnesota Correctional Facility (Bayport)		-	0.00%	8	538	0.42%
Imation Corporation		-	0.00%	9	397	0.31%
Minnesota Correctional Facility (Oak Park Heights)		-	0.00%	10	360	0.28%
<b>Totals</b>		<b>16,413</b>	<b>12.07%</b>		<b>13,540</b>	<b>10.53%</b>

**Source:** (a) Municipal Securities Rulemaking Board: EMMA.  
 (b) MN Department of Employment and Economic Development.  
 (c) Survey of individual employers, November 2007 and December 2016.

Table 15

Employees by Function  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Total</u>
2007	388	237	55	310	87	1,076
2008	401	237	53	328	87	1,106
2009	397	240	55	328	88	1,107
2010	386	234	51	327	85	1,084
2011	377	233	51	327	81	1,068
2012	376	233	53	329	75	1,066
2013	375	237	53	335	81	1,081
2014	384	240	53	364	87	1,127
2015	384	242	56	370	88	1,140
2016	392	243	62	381	92	1,170

**Note:** Employee count is based on authorized Full Time Equivalent (FTE) positions.

**Source:** Washington County Office of Administration; Adopted Budget.

Operating indicators by Function  
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Government</b>										
Number of Cities	27	27	27	27	27	27	27	27	27	27
Number of Towns	6	6	6	6	6	6	6	6	6	6
<b>Public Safety</b>										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Licensed Deputies	91	92	91	91	90	92	97	98	100	111
<b>Highways and Streets</b>										
Miles of County Roads:										
Bituminous	280.50	280.50	280.50	280.50	271.00	268.10	268.10	268.10	276.40	278.40
Concrete	0.50	0.50	0.50	0.50	1.00	3.90	3.90	3.90	3.90	3.90
Total	281.00	281.00	281.00	281.00	272.00	272.00	272.00	272.00	280.30	282.30
<b>Culture and Recreation</b>										
Number of County Parks	9	9	9	9	9	9	9	9	9	9
Number of State Parks	2	2	2	2	2	2	2	2	2	2
Number of Branch Libraries	9	9	9	9	9	6	6	6	6	6
Number of Associated Libraries	2	2	2	2	2	2	2	2	2	2
Number of Library Express Stations	-	-	-	-	1	3	3	3	3	3
Number of Items Available to Citizens	475,429	441,089	474,583	458,277	468,805	476,482	461,896	479,423	493,207	495,442

**Source:** Washington County Public Works Department.  
Washington County Sheriff Department.  
Washington County Libraries.

**Capital Asset Statistics by Function  
Last Ten Fiscal Years**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Public Safety</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	39	39	39	39	39	35	35	39	39	42
<b>Highways and Streets</b>										
Streets (Miles)	281.00	281.00	281.00	281.00	272.00	272.00	272.00	272.00	280.30	282.30
County Traffic Signals	59	59	59	59	59	60	61	63	72	76
<b>Culture and Recreation</b>										
Parks Acreage	4,338	4,357	4,357	4,412	4,412	4,355	4,355	4,355	4,382	4,382
County Parks	9	9	9	9	9	9	9	9	9	9

**Source:** Washington County Public Works Department.  
Washington County Sheriff Department.  
Washington County Libraries.

**Washington County, Minnesota**

**Reader's Notes**

This Page Has Been Intentionally Left Blank.