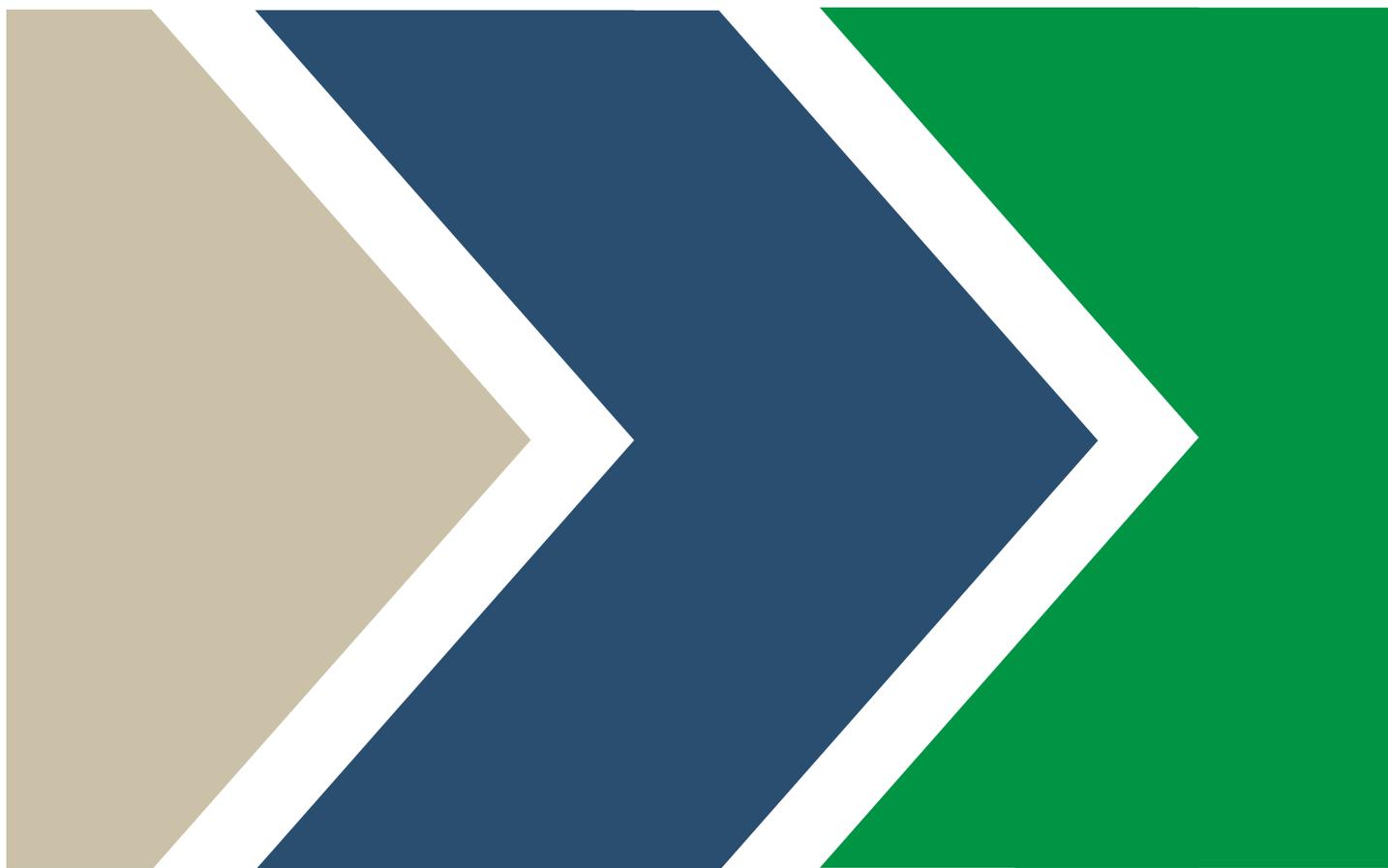




2019

Comprehensive Annual Financial Report



Year ended December 31, 2019

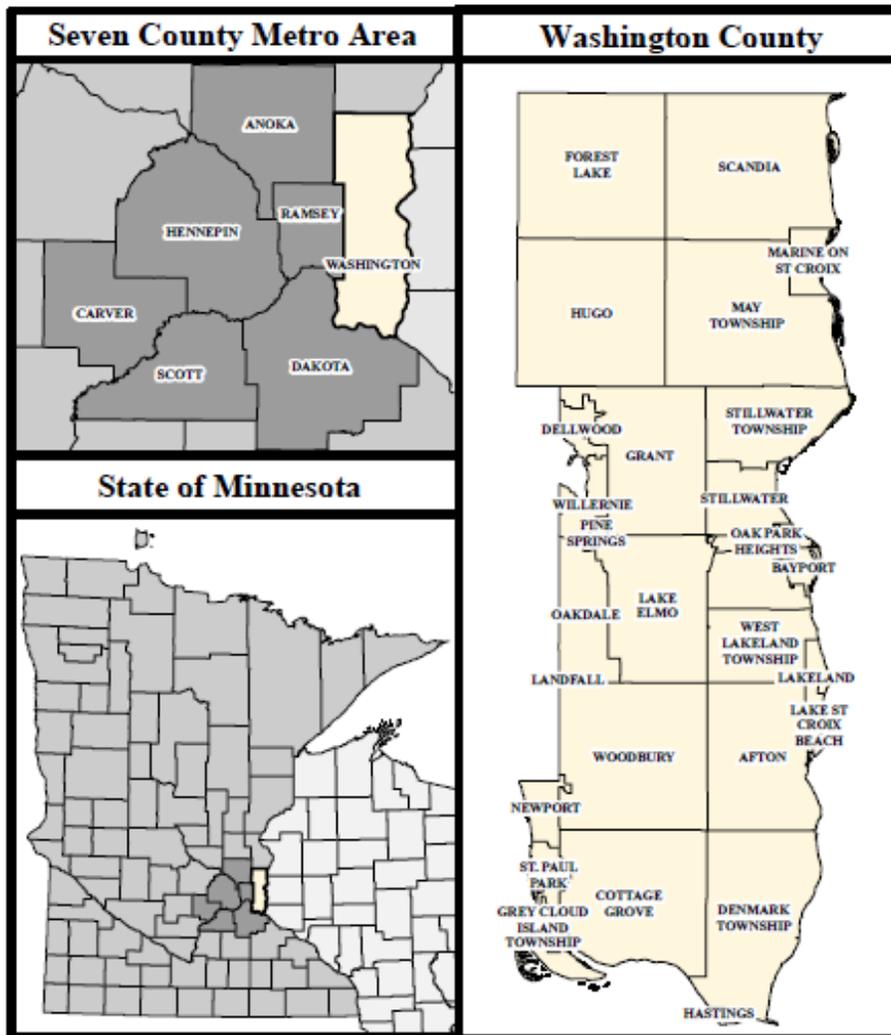
**Comprehensive
Annual Financial Report
of
Washington County
Minnesota**

for the Year Ended December 31, 2019



Accounting and Finance Department
Issued June 2020

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



Established: October 27, 1849

County Seat: Stillwater

Population: 261,512

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

Commissioners: Fran Miron, District 1
 Stan Karwoski, District 2
 Gary Kriesel, District 3
 Wayne Johnson, 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

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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 11, 2020

Honorable Chair and Commissioners
Washington County Board of Commissioners
14949 – 62nd 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, 2019. 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 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 2020 budget employs a workforce of 1,314.73, which is a 1.9% increase over the 2019 levels for full-time equivalents, includes planned expenditures of \$282.2M representing a decrease of 2.09%, and a net levy of \$114.5M, which is an increase of 5.59% over 2019.

The estimated population of Washington County increased from 2018's estimate of 256,905 which keeps its ranking at fifth out of the 87 Minnesota counties. The American Community Survey reports the County's median household income at \$95,124 with an average age of 39.6 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. The economic trends continue to 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 2019 operating budget per capita was \$716, ranking among the lowest of the seven metro counties. The number of households and overall population increased, while the County's unemployment rate, as reflected in the table below, has remained below the statewide level of 3.5%. The following are some key items:

<u>Economic Indicators*</u>	<u>Amount</u>	<u>Percent Increase/ (Decrease)</u>
Unemployment Rate (2019)	2.9%	(16.0%)
Number of Households (2019)	96,424	0.8%
Population (2019)	261,512	1.8%

[*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>
	2015	\$ 27,767,177	12.10%	\$ 297,533
2016	28,527,184	2.74%	306,207	2.92%
2017	29,341,812	2.86%	316,408	3.33%
2018	31,420,940	7.09%	340,485	7.61%
2019	33,499,306	6.61%	364,223	6.97%

[*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 8.1% from pay 2019 to pay 2020 and is projected to increase 4.8% from Pay 2020 to Pay 2021. Taxable market value continues to follow the estimated market value trends in the County. The estimated market value of all taxable property is approximately \$36.2 billion. From Pay 2016 to Pay 2020, the County's estimated market value posted a net increase of 27.0%. 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 2020, new construction added \$662 million in taxable value.

Residential Development

In calendar year 2019, 1,302 new residential properties were started countywide. Of that total, 1,144 were single family units and the remaining 158 were townhomes and condominiums. The City of Woodbury experienced the most residential housing starts with 454 residential starts. The City of Cottage Grove was the second highest with 249 new residential starts.

Commercial Development

The commercial real estate market in Washington County is stable with a 5.9% appreciation in 2019 and adjustments over the last 5 years ranging from 2.4% to 4.6%. In 2019, there were fourteen new commercial properties started in the County. This is down from the thirty-three new starts in 2018 and the twenty-three new commercial starts in 2017.

Tax Rate & Collections

Washington County continues to have the second-lowest county tax rate of all metropolitan counties. For taxes payable in 2020, a home valued at \$297,200 in Washington County would pay a county tax of \$840. By comparison, that same valued home in Dakota County would pay \$692 and would pay more than \$900 in Anoka, Carver, Hennepin, Ramsey, and Scott counties.

The delinquency rate for pay 2019 continues to remain low at 0.5%. Historically, the County's delinquency rate hovers between 1% and 1.25%, but has been less than 1% since 2014. 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 167 tax petitions were filed to contest the value for taxes payable in 2019, this volume has been relatively flat for the past few years and is a significant reduction from the peak level of 327 petitions filed for taxes payable in 2010. The total value under petition remains a manageable figure.

Other Operational Highlights

- Washington County was selected by the Minnesota Safety Council to receive the 2019 Governor's Outstanding Award in Occupational Safety based on a reduction in injury rates over the past several years. In addition, the injury rate reinforces that Washington County's departmental and countywide loss control, case management and return-to-work programs are having a positive impact on work-related injuries/illnesses.
- The County adopted a 2020 budget that adds staff for public safety, provides for an investment in our technology infrastructure and data security, and begins to tackle deferred maintenance in our county buildings and parks, all without an increase in the County's tax rate.
- The County completed a management level organizational assessment and implemented changes to provide better overall support for the county board and the county's twelve departments.

- After much planning by Public Health and Environment and the County Board of Commissioners, the County opened its first yard waste in the City of Hugo, serving the north and west-central parts of the County. In addition to yard waste, this site is one of two new locations collecting residential food scraps (organics). It is operated by a private contractor while Public Health and Environment provides contract management and Building Services provides property services such as snow and lawn service. In addition, the County Board approved a reciprocal use agreement with Ramsey County for yard waste and food scraps (organics) collection sites, further expanding service options for residents. There is no fee for drop off of materials. The service is funded by the County Environmental Charges on waste disposal bills of all county residents and businesses.
- In August 2019, Washington County Library updated its loan periods and renewal policies to allow patrons to keep library materials longer and to make using the library more convenient. Under the library's new loan periods, most materials can be checked out for three weeks instead of the previous loan period of two weeks. The library also instituted auto-renewals for items that don't have a waiting list, so library patrons no longer need to worry about materials showing up as overdue or lost until they need to come back for another user. Items without a waiting list are automatically renew three times. These changes make using the library easier for everyone and contributed to the 2019 increase in checkouts of the library's physical items by over 6%.
- Information Technology continued to partner with our County Business Units supporting the Enterprise Systems including Central Square emergency management, Human Resource Employee Self Service support, building the foundational Point of Sale System, and upgrade to JDE Enterprise 1 to latest release. Continued to support IT security and awareness by increasing the training and education revolving around information security. Updated the Information Technology application inventory and identifying future opportunities to leverage reduction in legacy technology. Fully reviewed and aligned the Elections process to meet federal and State of MN regulations.
- Human Resources has made a number of improvements in the HRIS system such as increased use of workflows and automatic tracking to provide timely information to managers and employees, increase efficiency and reduce errors.
- Undertook a full audit of the benefits system and environment to ensure accuracy and compliance with contracts and industry best practices.
- The Public Works Department continues to deliver transportation, facility, and park investments consistent with the county comprehensive and strategic plans, including, rehabilitation and reconstruction of arterial highways, construction of regional interchanges along Minnesota Trunk Highway 36, construction of a new Wildwood Branch Library, renovation of Lake Elmo Park Reserve campgrounds, and design for replacement of the Cottage Grove Ravine Regional Park picnic shelter with a year-round visitor center.
- The County completed a \$31.3M bond sale for road, parks and building projects throughout the County, retaining the county's AAA bond ratings from Standard and Poor's and Moody's.
- The County completed a number of significant land protection projects, including the purchase of land along the St. Croix River in the City of Bayport.
- The County continued to increase its activity to support business retention and expansion through its work with the County Community Development Agency (CDA).
- After 26 years and more than 5 million meals cooked, the County Jail administration had no choice but to replace three broken pieces of equipment, the steamer, oven and range. Serving more than 600 inmate meals a day, kitchen equipment must be industrial and able to last for decades with minimal downtime. The new equipment was installed in June and the old equipment will be recycled.
- 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 180 hours of training in 2019 to over 7,100 people. In addition, the office regularly provides training over the noon hour on a wide variety of criminal justice topics.

- A group of individuals were selected to move forward with an overall new wellness initiative to benefit all Sheriff's Office Personnel. The group was officially named the "Sheriff's C.O.R.E. (County Occupational Resources for Employees) Team". The CORE Team will focus on peer counseling, on/off boarding assistance, wellness/mental health events (yoga, training, EAP), and many other ideas.

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

The County's bond rating was reviewed in 2019 by both Moody's Investor Service (Moody's) and Standard & Poor's Ratings Services (S&P) rating agencies for the County's bond issuance of \$31.3M. 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 continue to engage in strategic planning to fulfill the County's vision, mission and values that reaffirm key County goals. Focusing on long-term financial planning, the County annually updates the 5-Year Financial Planning Document, 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, 2018. This was the 34th 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 2018 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



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

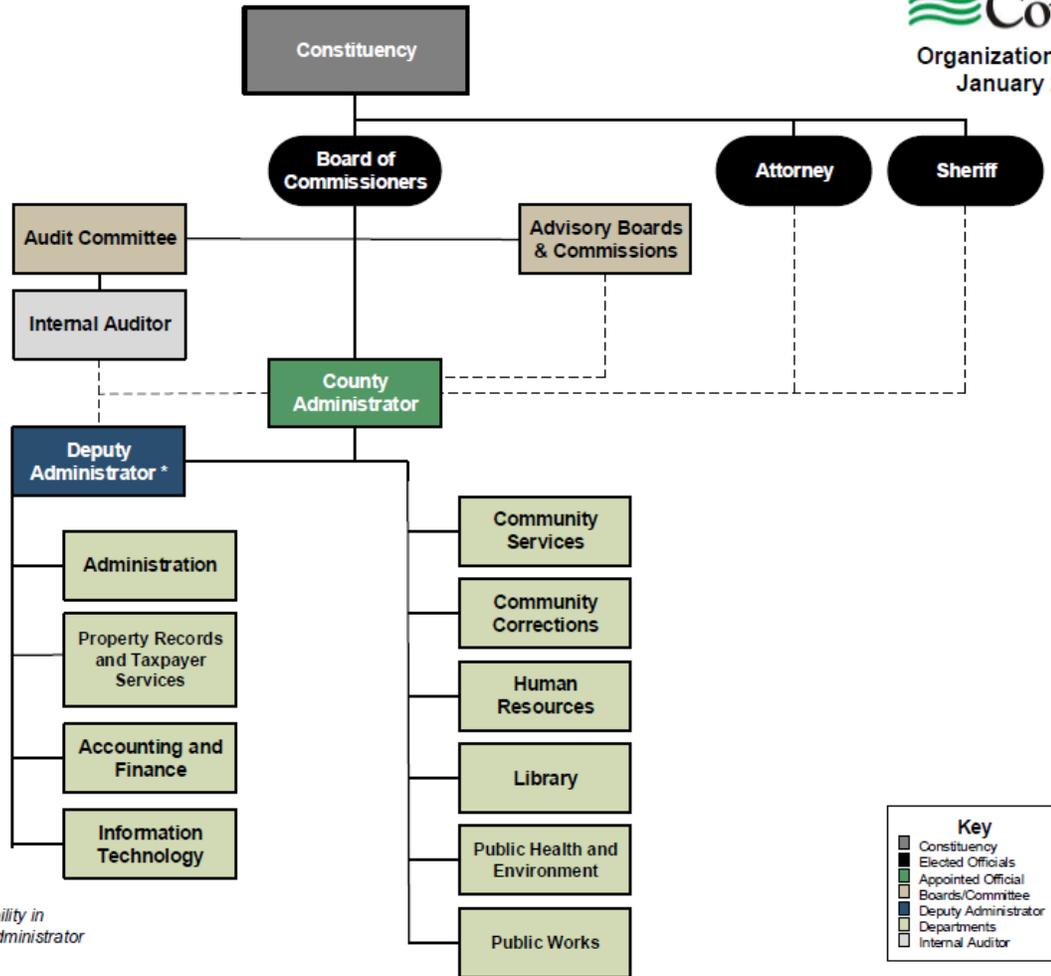
December 31, 2018

Christopher P. Morill

Executive Director/CEO

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County Organizational Chart
Fiscal Year 2019



* Assumes Responsibility in
Absence of County Administrator

Washington County, Minnesota

List of Principal Officials

Office	Name	Term Expires
Commissioners:		
1st District	Fran Miron	December 2020
2nd District	Stan Karwoski	December 2022
3rd District	Gary Kriesel, Chair	December 2020
4th District	Wayne Johnson	December 2022
5th District	Lisa Weik	December 2020
Officers:		
Elected:		
Attorney	Peter Orput	December 2022
District Court Judge	Douglas Meslow	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	Juanita Freeman	January 2021 *
District Court Judge	Sheridan Hawley	January 2021 *
District Court Judge	John C. Hoffman	January 2023 *
District Court Judge	Mary Hannon	January 2023 *
District Court Judge	Tad V. Jude	January 2023 *
District Court Judge	John McBride	January 2023 *
Sheriff	Dan Starry	December 2022
Appointed:		
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 2020
County Engineer	Wayne Sandberg	April 2023
County Surveyor	Samuel E. Gibson	September 2023
Accounting and Finance Director	Tabatha Hansen	Indefinite
Community Services Director	Tom Adkins	Indefinite
Community Corrections Interim Director	Terry Thomas, Jr.	Indefinite
Human Resources Director	Angie Nalezny	Indefinite
Information Technology Director	Renee Heinbuch	Indefinite
Library Director	Amy Stenftenagel	Indefinite
Public Health & Environment Director	Lowell Johnson	Indefinite
Public Works Director	Don Thiesen	Indefinite

*Term expires the first Monday in January

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 2018. 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-four (34) consecutive years.



FINANCIAL SECTION

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



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, 2019, 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.

Opinions

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, 2019, 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.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended December 31, 2019, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note VIII). Our auditors' opinion was not modified with respect to the restatement.

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, other postemployment benefit liability and related ratios, 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 fiduciary net position, combining statements of changes in fiduciary net position, 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.

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.

Other Matters (Continued)

Supplementary Information (Continued)

In our opinion, the budgetary comparison schedules, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Washington County as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated June 10, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The Governmental Funds Comparative Schedule by Source for the year ended December 31, 2018 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The Governmental Funds Comparative Schedule by Source has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Capital Assets Used in Operation of Governmental Funds Comparative Schedule by Source is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2020, 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 this report is solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 11, 2020

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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, 2019. 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, 2018.

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

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

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 custodial 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). 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 and Metro Gold Line are reported as *Special Revenue Funds*.
- *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 (Custodial) – 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 and Statement of Changes in 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.

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 2019. This gave the County a net position of \$487.6M, or an 18.2% increase from 2018. Total revenues increased by 30.9% due to larger grant and cost share funding of capital projects such as the CSAH 35 & Highway 36 project as well as strong investment performance in the OPEB portfolio.

Washington County, Minnesota

- Fund level statements show that total governmental funds, on a modified accrual basis, report a \$57.5M increase in fund balance. The General Fund saw a \$24.8M increase in fund balance, led by the strong investment return on the OPEB portfolio, increases in taxes from the increased tax base, and growth in intergovernmental revenue. The Regional Rail Fund reflected an increase in fund balance of \$204K due to the elimination of 2019 dues for Gold Line Partners and lower than anticipated consultant costs. The Capital Projects Fund saw a \$27.9M increase in fund balance as the result of the issuance of the 2019A Bonds. The Debt Service Fund reflected an increase in fund balance of \$1.0M due to scheduled bond payments. The Metro Gold Line Fund reflects an increase in fund balance of \$3.6M as a result of the collection of sales tax and the unspent portion of funds received in 2017 from the dissolution of CTIB as previously noted.

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 \$487.6M at the end of 2019, an increase of \$74.9M, or 18.2%, from 2018, mostly as a result of the issuance of the 2019A Bonds, strong performance of investments set aside to fund OPEB obligations, and growth in Intergovernmental revenues, most notably grants for Transportation projects.

Net investment in capital assets is \$441.5M, which represents about 90.6% of the total net position. Current and other assets reported a 24.9% increase from the prior year due to the issuance of the 2019A Bonds and strong OPEB investment performance. Bonded debt liabilities increased by \$20.3M, net pension liability increased by \$1.4M, while OPEB liability decreased \$5.5M based on actuarial estimate updates.

Summary of Net Position

Assets	2018	2019	Change	%Change
Current and Other Assets	\$ 244,560,325	\$ 305,159,255	\$ 60,598,930	24.8%
Capital Assets	526,457,774	568,673,842	42,216,068	8.0%
Total Assets	771,018,099	873,833,097	102,814,998	13.3%
Deferred Outflows of Resources	41,720,772	30,253,160	(11,467,612)	-27.5%
Total Assets and Deferred Outflows	812,738,871	904,086,257	91,347,386	11.2%
Liabilities				
Long-Term Liabilities	316,045,360	328,261,333	12,215,973	3.9%
Other Liabilities	45,160,849	51,682,423	6,521,574	14.4%
Total Liabilities	361,206,209	379,943,756	18,737,547	5.2%
Deferred Inflows of Resources	38,888,644	36,586,116	(2,302,528)	-5.9%
Total Liabilities and Deferred Inflows	400,094,853	416,529,872	16,435,019	4.1%
Net Position				
Net Investment in Capital Assets	396,970,242	441,545,633	44,575,391	11.2%
Restricted for:				
General Government	16,800,629	18,618,510	1,817,881	10.8%
Capital Projects	27,492,803	56,232,934	28,740,131	104.5%
Debt Service	12,520,731	13,368,419	847,688	6.8%
Unrestricted	(41,140,387)	(42,209,111)	(1,068,724)	2.6%
Total Net Position	\$ 412,644,018	\$ 487,556,385	\$ 74,912,367	18.2%

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 2019 ending net position increased by \$74.9M over the prior year.

Total revenues were up \$69.3M from the prior year. Grant funds and local cost share increases for capital road and bridge projects and previously noted OPEB investment returns accounted for much of the increase.

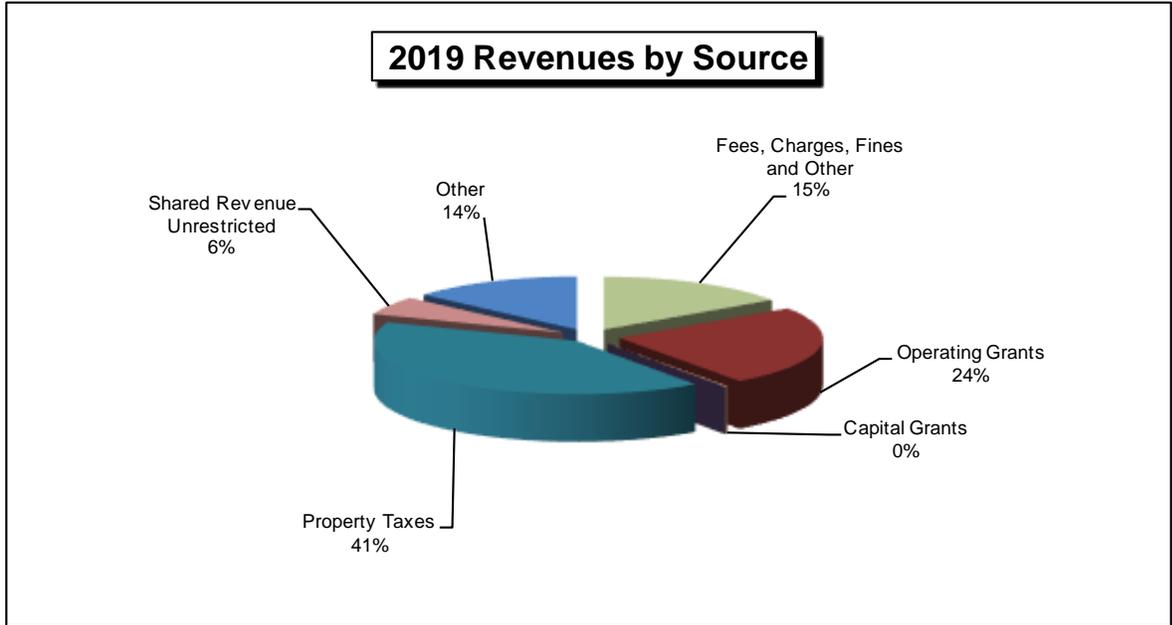
Total expenses increased by \$14.7M from 2018, an increase of 7.2%. Fluctuations in General Government and Highways and Streets reflect on-going projects and how costs of Construction-In-Progress flow through the Statement of Activities. Cost increases related to OPEB and the implementation of GASB 75 were partially offset by savings from pension costs reflecting a stronger performance by the State managed pension plans of PERA.

Summary of Changes in Net Position

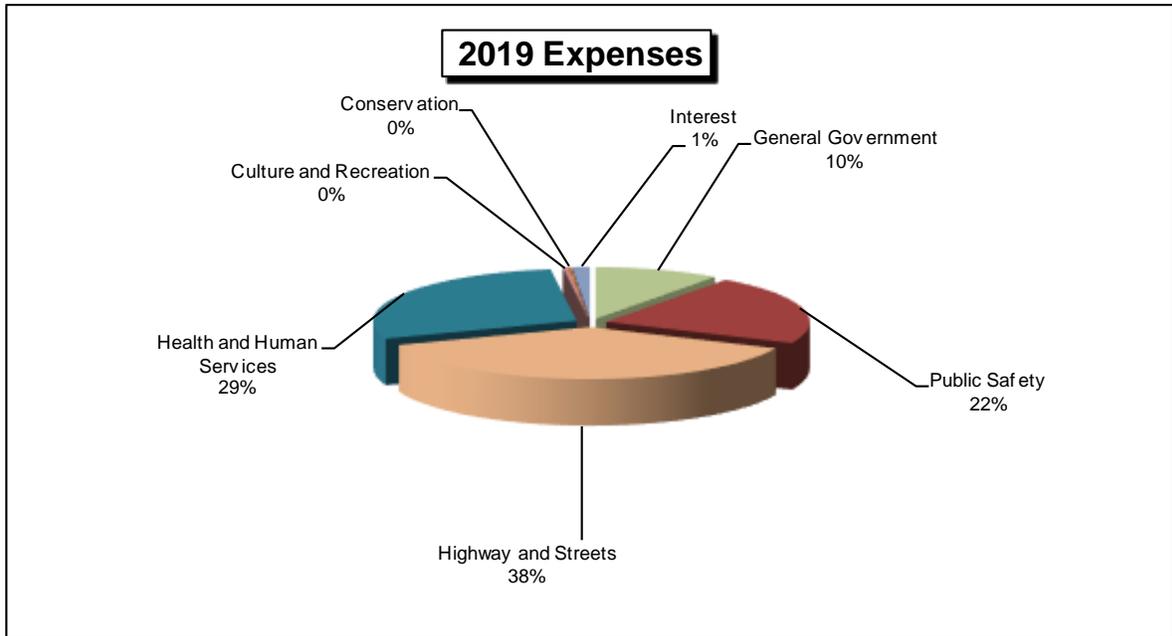
	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>%Change</u>
Program Revenues				
Fees, Charges, Fines and Other	\$ 24,842,988	\$ 45,475,307	\$ 20,632,319	83.1%
Operating Grants	54,445,861	71,727,125	17,281,264	31.7%
Capital Grants	6,441,239	557,104	(5,884,135)	-91.4%
General Revenues				
Property Taxes	112,908,250	118,926,756	6,018,506	5.3%
Shared Revenue Unrestricted	8,274,230	16,563,400	8,289,170	100.2%
Other	17,037,395	39,957,703	22,920,308	134.5%
Total Revenues	<u>223,949,963</u>	<u>293,207,395</u>	<u>69,257,432</u>	<u>30.9%</u>
Expenses				
General Government	36,860,431	21,803,552	(15,056,879)	-40.8%
Public Safety	44,569,866	47,434,648	2,864,782	6.4%
Highway and Streets	50,825,645	82,221,937	31,396,292	61.8%
Health and Human Services	60,810,502	62,361,430	1,550,928	2.6%
Culture and Recreation	7,033,085	994,660	(6,038,425)	-85.9%
Conservation	354,938	446,336	91,398	25.8%
Interest	3,147,217	3,032,465	(114,752)	-3.6%
Total Expenses	<u>203,601,684</u>	<u>218,295,028</u>	<u>14,693,344</u>	<u>7.2%</u>
Change in Net Position	<u>20,348,279</u>	<u>74,912,367</u>	<u>54,564,088</u>	<u>268.2%</u>
Net Position – Beginning	<u>469,718,369</u>	<u>412,644,018</u>	<u>(57,074,351)</u>	<u>-12.2%</u>
Change in Accounting Principle	<u>(77,422,630)</u>	<u>-</u>	<u>77,422,630</u>	<u>100.0%</u>
Net Position – Beginning, as Restated	<u>392,295,739</u>	<u>412,644,018</u>	<u>20,348,279</u>	<u>5.2%</u>
Net Position – Ending	<u>\$ 412,644,018</u>	<u>\$ 487,556,385</u>	<u>\$ 74,912,367</u>	<u>18.2%</u>

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.

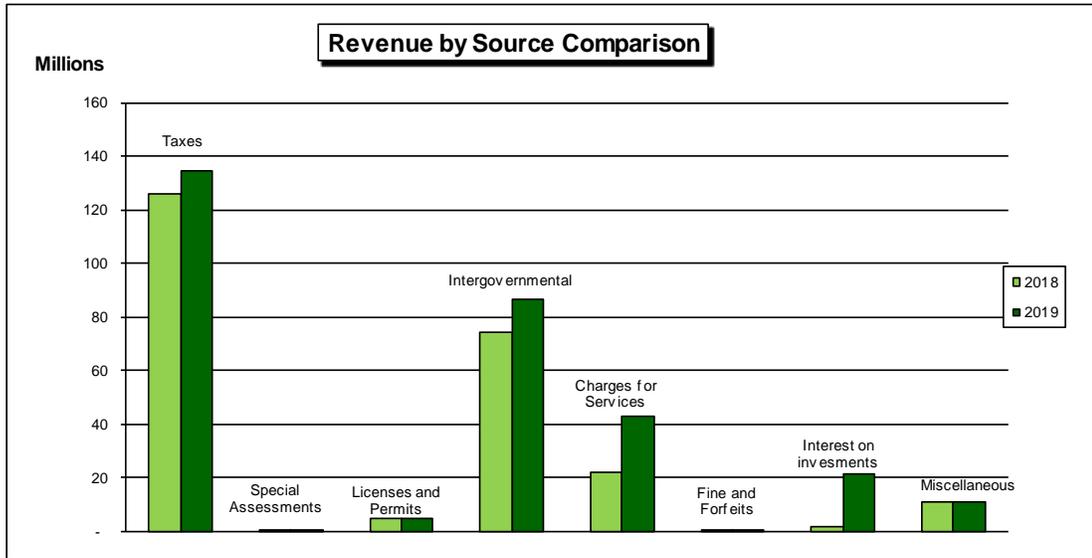
Washington County, Minnesota

Revenue and Expenditure Analysis

Revenue

Per the Statement of Revenues, Expenditures, and Changes in Fund Balances (page 28), the County's total revenues for all Governmental Funds for 2019 totaled \$302.1M, an increase of \$62.6M compared to 2018. Grant revenues increased \$12.2M primarily for road and bridge projects, along with increases in Charges for Services which reflected an increase in cost shares for local portions of road and bridge projects. Market value increases led to an increase of \$20.2M in investment returns.

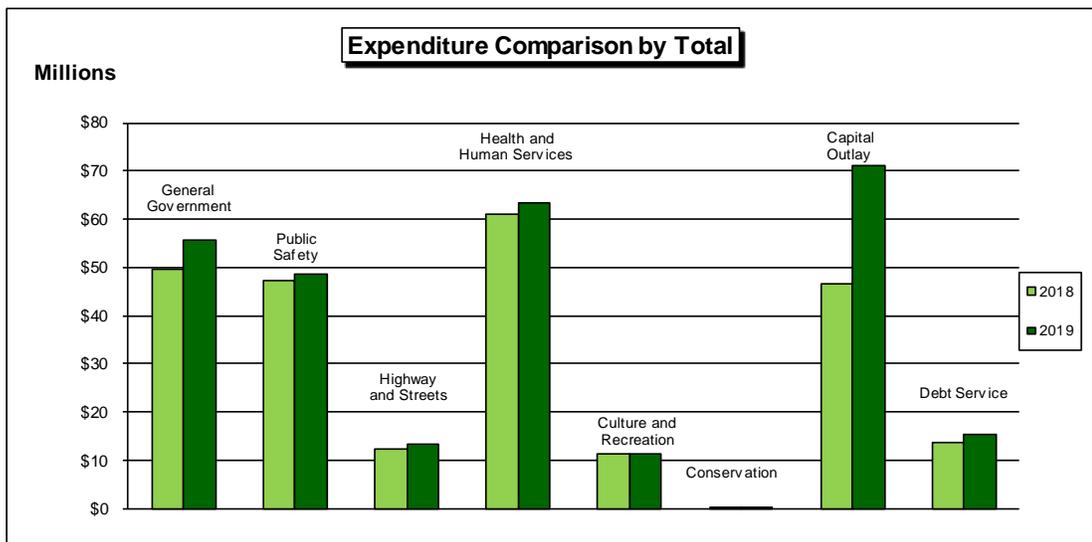
The chart below illustrates that the two largest sources of revenue for the County continue to be in the areas of property taxes and intergovernmental revenues. In 2019, taxes were 45% of the County's revenues versus 53% in 2018. Intergovernmental revenues were 29% as compared to 31% in 2018.



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

Expenditures

The County's total expenditures for 2019 were \$279.1M, which is \$37.1M higher than 2018. Expenditures for capital outlays in general government and highways and streets increased by \$24.6M. Increases in General Government, Public Safety, and other areas largely reflect increased personnel costs as well as changes in state requirements driving growth in Health and Human Services expenditures. A review of the following chart shows that most of the major functions reported an increase in expenditures in 2019.



(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 2019, the Governmental Funds' unassigned fund balance was \$71.0M and the total fund balance was \$272.5M. This is a \$57.5M increase in total fund balance from 2018. The 2019 unassigned balance is 26.1% 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 \$57.5M. The increase was due largely to strong investment returns for the County's OPEB investments, the issuance of the \$31.3M 2019A Bonds, as well as increases in grants and local cost shares related to road and bridge projects. Total revenues increased by \$62.6M.

The General Fund is the main operating fund for Washington County. The General Fund's ending fund balance was \$188.2M, which is an increase of \$24.8M overall. Revenues increased \$31.3M, while expenses increased \$9.4M.

The \$24.8M net increase in fund balance continued the 12 year trend of growth in fund balance in the General Fund. Expenditures in the General Fund were 87.9% 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 \$203.8K, with both revenues and expenditures decreasing modestly from the prior year.

The fund balance of the Metro Gold Line Special Revenue Fund increased by \$3.6M based on local sales tax revenues exceeding expenditures for the year. All funds are restricted for transit project costs.

The fund balance in the Debt Service Fund increased by \$1.0M to pay scheduled bond payments. The total fund balance of \$15.3M is restricted for current and long-term debt service obligations.

In the Capital Projects Fund, expenditures exceeded revenues by \$7.2M as the County utilized the remaining 2016A bond proceeds as well as the 2019A bond proceeds. Including premium received, the issuance of the 2019A bonds provided \$34.1M for current and future capital projects. Total fund balance increased by \$27.9M to \$36.6M, with \$942K of net transfers from the General Fund.

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 2019, the total effect on expenditures was an increase of \$3.1M from the adopted budget of \$189.6M to the final budgeted expenditures of \$192.7M. These adjustments are approved as the timing of projects change, variations in intergovernmental revenues and grants occur, or as unforeseen expenditures happen. In 2019, authorized budgets from the prior year were also carried over to fund capital projects, grants, and contract services.

2019 Adopted and Final Budget Expenditures (millions)

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Actual vs. Final</u>
General Government	\$ 48.8	\$ 50.7	\$ 47.9	\$ 2.8
Public Safety	48.8	49.6	48.7	0.9
Highways and Streets	12.7	13.0	13.1	(0.1)
Health and Human Services	67.5	67.4	63.4	4.0
Culture/Recreation	11.6	11.8	11.3	0.5
Conservation of Natural Resources	0.2	0.2	0.2	-
Debt Service - Human Services	-	-	0.2	(0.2)
Total	\$ 189.6	\$ 192.7	\$ 184.8	\$ 7.9

Washington County, Minnesota

Many factors can influence the variances in actual expenditures versus the final budgeted figures. In 2019, actual expenditures were \$7.8M less than anticipated. The largest savings was \$2.8M 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 2019, the County continued to invest in its capital assets in the areas of: land, equipment, buildings, park facilities, and roads.

Governmental Funds Capital Assets	2018	2019	% Change
Land and Works of Art	\$ 98,032,268	\$ 101,321,896	3.4%
Land Improvements	18,763,140	18,763,140	0.0%
Buildings and Structures	218,352,429	219,502,361	0.5%
Machinery and Equipment	58,063,522	57,406,863	-1.1%
Infrastructure	386,838,543	473,258,215	22.3%
Construction in Progress	44,686,639	21,531,956	-51.8%
Total	\$ 824,736,541	\$ 891,784,431	8.1%

The major increases in capital assets occurred from highway and bridge construction projects. With a large decrease in construction in progress representing capital projects that have been completed. Additional information on the County’s capital assets can be found under Note III F to the financial statements on page 44.

Long-Term Debt

At year-end, the County had \$136.7M in outstanding general obligation bonds. This 17.4% increase is the result of scheduled bond payments. More detailed information about the County’s long-term liabilities is presented on pages 45 to 47 of the notes to the financial statements.

Outstanding Long-Term Debt	2018	2019	Percent Change
General Obligation Bonds	\$ 116,345,000	\$ 136,685,000	17.4%

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 (2019 Budget)	\$ 23,488,063
· 15% of the total gross levy (2019 Budget) (most restrictive policy)	17,975,355
2019 Debt Service	<u>(16,008,200)</u>
Available Debt Service Levy (2019)	<u>\$ 1,967,155</u>

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 2020, the County’s budget includes \$114.5M in net tax levy, which is a 5.9% increase from the 2019 level, and an operating budget of \$282.2M, a decrease of approximately \$5.9M from 2019. The increase in expenditures for the Gold Line Transit Project is offset by the decrease in capital spending. The capital spending reflects the use of the 2019A bond projects. The increased personnel service costs reflect the general adjustments of 2.5% for most employees under most bargaining unit contracts.

Washington County, Minnesota

The 2020 adopted budget funds 1,314.73 full-time employees (FTEs); although this is a 1.5% increase from 2019, this represents 5.0 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.

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency response, facility modifications, information technology capital costs, and shortages of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact and has performed a detail review the 2020 budget with all County departments to make modifications and holds on expenses, including holding personnel vacancies and projects. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

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 62nd Street North, Stillwater, Minnesota 55082; (651) 430-6030 or by accessing our website at 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.

WASHINGTON COUNTY

Basic Financial Statements



BASIC FINANCIAL STATEMENTS

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 - Statement of Activities
- Fund Financial Statements:
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 - Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Activities
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 - Statement of Fiduciary Net Position
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Washington County, Minnesota

Statement of Net Position
December 31, 2019

	<u>Primary Government Governmental Activities</u>	<u>Discretely Presented Component Unit</u>
Assets		
Cash and Pooled Investments	\$ 196,951,339	\$ 17,222,656
Petty Cash and Change Funds	12,860	-
Investments	69,571,928	-
Taxes Receivable:		
Delinquent Taxes Receivable - Net	1,004,342	62,034
Special Assessments Receivable:		
Current - Net	165,037	-
Special Assessments Receivable - Noncurrent	774,024	-
Accounts Receivable - Net	1,316,417	25,902
Note Receivable	7,391,835	-
Capital Lease Receivable - Current	-	1,401,031
Capital Lease Receivable - Long-Term	-	23,934,288
Accrued Interest Receivable	718,059	274,282
Due from Other Governments	23,472,142	325,270
Due from Component Unit	1,448,702	-
Prepaid Items	1,289,826	465,787
Inventories	1,042,744	-
Restricted Assets		
Cash and Pooled Investments	-	12,599,015
Other Assets	-	2,436,100
Capital Assets Not Being Depreciated		
Land and Works of Art	101,321,896	7,753,740
Construction in Progress	21,531,956	57,297
Capital Assets Being Depreciated, Net		
Building	142,033,397	72,771,560
Improvements Other than Buildings	6,392,506	-
Machinery, Vehicles, Furniture and Equipment	17,759,032	725,116
Infrastructure	279,635,055	-
Total Assets	873,833,097	140,054,078
Deferred Outflows of Resources		
Pension Related	17,597,004	-
OPEB Related	11,372,206	-
Unamortized Loss on Refunding	1,283,950	527,541
Total Deferred Outflows of Resources	30,253,160	527,541

Continued on next page

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

Washington County, Minnesota

Statement of Net Position (Continued)
December 31, 2019

	<u>Primary Government Governmental Activities</u>	<u>Discretely Presented Component Unit</u>
Liabilities		
Accounts Payable	\$ 2,913,968	\$ 571,650
Salaries Payable	4,312,514	-
Contracts Payable	9,637,579	505,955
Due to Other Governments	6,648,056	571,313
Due to Primary Government - Due Within One Year	-	100,705
Due to Primary Government - Due in More than One Year	-	1,347,997
Accrued Interest Payable	1,942,201	865,754
Unearned Revenue	611,660	166,825
Customer Deposits - Current	243,491	543,573
Gravel Pit Restoration	128,372	-
Accrued Developer Fee	-	2,347,998
Compensated Absences Payable - Due Within One Year	9,210,545	13,214
Other Postemployment Benefits Payable - Due Within One Year	4,594,000	-
Deferred Gain on Sale of Property	-	245,798
Notes and Mortgages Payable - Due Within One Year	-	666,482
General Obligation Bonds Payable - Due Within One Year	11,275,000	-
Revenue Bonds Payable - Due Within One Year	-	2,265,000
Loans Payable - Due Within One Year	165,037	-
Other Postemployment Benefits Payable - Due in More than One Year	126,632,709	-
Notes and Mortgages Payable - Due in More than One Year	-	32,939,972
General Obligation Bonds Payable - Due in More than One Year (Net)	136,005,647	-
Revenue Bonds Payable - Due in More than One Year	-	32,297,847
Loans Payable - Due in More than One Year	768,525	-
Net Pension Liability - Due in More than One Year	64,527,616	-
Compensated Absences Payable - Due in More than One Year	326,836	118,924
Total Liabilities	379,943,756	75,569,007
Deferred Inflows of Resources		
Pension Related	29,388,745	-
OPEB Related	6,622,588	-
Unamortized Gain on Refunding	574,783	39,086
Total Deferred Inflows of Resources	36,586,116	39,086
Net Position		
Net Investment in Capital Assets	441,545,633	25,684,520
Restricted for:		
General Government	886,975	-
Law Enforcement Authorized Forfeiture Use	397,433	-
Solid Waste and Recycling	9,551,812	-
Recorder's Fund Technology	2,472,298	-
E-911 Funding Technology	1,037,991	-
Other	557,778	-
Parks & Libraries	3,635,159	-
Inmate Funds	79,064	-
Capital Projects	56,232,934	-
Debt Service	13,368,419	11,825,056
Grant Funded Housing Purposes	-	3,836,320
Unrestricted	(42,209,111)	23,627,630
Total Net Position	\$ 487,556,385	\$ 64,973,526

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

Washington County, Minnesota

Statement of Activities
Year Ended December 31, 2019

	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
Functions/Programs						
Primary Government						
Governmental Activities:						
General Government	\$ 21,803,552	\$ 41,974,256	\$ 822,472	\$ 463,848	\$ 21,457,024	\$ -
Public Safety	47,434,648	3,425,632	6,307,047	-	(37,701,969)	-
Highways and Streets	82,221,937	-	30,295,784	93,256	(51,832,897)	-
Health and Human Services	62,361,430	-	29,959,577	-	(32,401,853)	-
Culture and Recreation	994,660	75,419	2,769,599	-	1,850,358	-
Conservation of Natural Resources	446,336	-	1,572,646	-	1,126,310	-
Interest	3,032,465	-	-	-	(3,032,465)	-
Total Primary Government	\$ 218,295,028	\$ 45,475,307	\$ 71,727,125	\$ 557,104	(100,535,492)	-
Component Unit:						
Community Development Agency	\$ 20,098,905	\$ 12,871,428	\$ 6,877,285	\$ 690,678	-	340,486
General Revenues:						
Property Taxes					118,926,756	5,226,844
Tax Increments					-	167,787
Mortgage Registry and Deed Tax					558,384	-
Wheelage Tax					4,562,413	-
Sales Tax					10,720,638	-
Grants and Contributions not Restricted for a Particular Purpose					16,563,400	-
Investment Earnings					21,568,141	867,343
Miscellaneous					2,486,902	-
Gain on Sale of Capital Assets					61,225	57,219
Total General Revenues					175,447,859	6,319,193
Change in Net Position					74,912,367	6,659,679
Net Position - Beginning of Year					412,644,018	58,313,847
Net Position - End of Year					\$ 487,556,385	\$ 64,973,526

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

Washington County, Minnesota

Balance Sheet
Governmental Funds
December 31, 2019

	Major Funds					Total Governmental Funds
	General	Regional Rail Authority	Metro Gold Line	Debt Service	Capital Projects	
Assets						
Cash and Pooled Investments	\$ 112,441,601	\$ 1,847,764	\$ 27,739,233	\$ 15,306,395	\$ 39,616,346	\$ 196,951,339
Petty Cash and Change Funds	12,860	-	-	-	-	12,860
Investments	69,571,928	-	-	-	-	69,571,928
Taxes Receivable	997,858	6,484	-	-	-	1,004,342
Special Assessments Receivable						
Current	165,037	-	-	-	-	165,037
Noncurrent	766,449	-	-	7,575	-	774,024
Accounts Receivable	1,316,417	150	-	-	-	1,316,567
Note Receivable	7,391,835	-	-	-	-	7,391,835
Accrued Interest Receivable	718,059	-	-	-	-	718,059
Due from Other Governments	11,474,820	-	1,950,403	-	10,046,769	23,471,992
Due from Component Unit	1,448,702	-	-	-	-	1,448,702
Inventories	1,042,744	-	-	-	-	1,042,744
Prepaid items	328,364	-	899,873	-	61,589	1,289,826
Total Assets	\$ 207,676,674	\$ 1,854,398	\$ 30,589,509	\$ 15,313,970	\$ 49,724,704	\$ 305,159,255
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable	\$ 2,881,034	\$ 13,138	\$ 29	\$ 3,350	\$ 17,617	\$ 2,915,168
Salaries Payable	4,294,673	8,696	9,145	-	-	4,312,514
Contracts Payable	2,527,178	-	-	-	7,109,201	9,636,379
Due to Other Governments	6,633,310	-	-	-	14,746	6,648,056
Unearned Revenue	611,660	-	-	-	-	611,660
Customer Deposits	243,491	-	-	-	-	243,491
Gravel Pit Restoration	128,372	-	-	-	-	128,372
Total Liabilities	17,319,718	21,834	9,174	3,350	7,141,564	24,495,640
Deferred Inflows of Resources						
Unavailable Revenue - Taxes	997,858	6,484	-	-	-	1,004,342
Unavailable Revenue - Special Assessments	931,487	-	-	7,575	-	939,062
Unavailable Revenue - State Aid Allotments	-	-	-	-	4,814,732	4,814,732
Unavailable Revenue - Grants	277,336	-	-	-	1,175,272	1,452,608
Total Deferred Inflows of Resources	2,206,681	6,484	-	7,575	5,990,004	8,210,744
Fund Balances						
Nonspendable For						
Prepays	328,364	-	899,873	-	61,589	1,289,826
Inventories	1,042,744	-	-	-	-	1,042,744
Note Receivable	7,391,835	-	-	-	-	7,391,835
Advances to Other Governments	1,347,997	-	-	-	-	1,347,997
Restricted For						
Debt Service	-	-	-	15,303,045	-	15,303,045
Capital Projects	-	-	-	-	26,552,472	26,552,472
Law Library and County Library	3,585,987	-	-	-	-	3,585,987
Other Contracts	15,032,523	-	-	-	-	15,032,523
OPEB Trust	72,770,302	-	-	-	-	72,770,302
Transit Project	-	-	29,680,462	-	-	29,680,462
Assigned For						
Regional Rail	-	1,826,080	-	-	-	1,826,080
Capital Improvements	-	-	-	-	9,979,075	9,979,075
Compensated Absences	9,537,382	-	-	-	-	9,537,382
Capital Equipment	3,862,850	-	-	-	-	3,862,850
Employer Liability	2,223,028	-	-	-	-	2,223,028
Unassigned	71,027,263	-	-	-	-	71,027,263
Total Fund Balances	188,150,275	1,826,080	30,580,335	15,303,045	36,593,136	272,452,871
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 207,676,674	\$ 1,854,398	\$ 30,589,509	\$ 15,313,970	\$ 49,724,704	\$ 305,159,255

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, 2019**

Fund Balances- Total Governmental Funds		\$ 272,452,871
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.		568,673,842
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		17,597,004
Deferred outflows of resources resulting from OPEB obligations are not available resources and, therefore, are not reported in the governmental funds.		11,372,206
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the governmental funds.		8,210,744
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	\$ (136,685,000)	
Loans Payable	(933,562)	
Other Postemployment Benefits	(126,632,709)	
Compensated Absences	(9,537,381)	
Net Pension Liability	(64,527,616)	
Accrued Interest Payable	(1,942,201)	
Unamortized Bond Premium	<u>(10,595,647)</u>	(350,854,116)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(29,388,745)
Deferred inflows resulting from OPEB obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(6,622,588)
Unamortized gain/loss on Bond Refunding not reflected in the governmental funds.		<u>709,167</u>
Net Position of Governmental Activities		<u>\$ 492,150,385</u>

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

Washington County, Minnesota

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2019

	General	Regional Rail Authority	Metro Gold Line	Debt Service	Capital Projects	Total Governmental Funds
Revenues						
Taxes	\$100,868,349	\$ 696,730	\$10,681,638	\$16,008,200	\$ 6,502,413	\$134,757,330
Special Assessments	146,664	-	-	-	-	146,664
Licenses and Permits	4,918,849	26,383	-	-	-	4,945,232
Intergovernmental	55,353,882	2,681	317,184	-	30,814,831	86,488,578
Charges for Services	16,243,463	-	-	-	26,381,360	42,624,823
Fines and Forfeits	462,730	-	-	-	-	462,730
Interest on Investments	21,439,052	-	-	-	143,781	21,582,833
Miscellaneous	10,827,389	460	-	-	291,979	11,119,828
Total Revenues	210,260,378	726,254	10,998,822	16,008,200	64,134,364	302,128,018
Expenditures						
Current						
General Government	47,881,725	522,455	7,402,200	-	-	55,806,380
Public Safety	48,717,173	-	-	-	-	48,717,173
Highways and Streets	13,161,452	-	-	-	-	13,161,452
Health and Human Services	63,418,317	-	-	-	-	63,418,317
Culture and Recreation	11,265,551	-	-	-	-	11,265,551
Conservation	163,451	-	-	-	-	163,451
Capital outlay						
General Government	-	-	-	-	17,067,878	17,067,878
Highways and Streets	-	-	-	-	54,077,719	54,077,719
Debt service						
Principal	213,226	-	-	10,975,000	-	11,188,226
Interest	-	-	-	3,984,934	-	3,984,934
Bond Issue Costs	-	-	-	-	196,504	196,504
Administrative (Fiscal) Charges	-	-	-	6,100	-	6,100
Total Expenditures	184,820,895	522,455	7,402,200	14,966,034	71,342,101	279,053,685
Excess of Revenues Over (Under) Expenditures	25,439,483	203,799	3,596,622	1,042,166	(7,207,737)	23,074,333
Other Financing Sources (Uses)						
Transfers In	175,000	-	-	-	1,117,300	1,292,300
Transfers Out	(1,117,300)	-	-	-	(175,000)	(1,292,300)
Issuance of Loans	282,885	-	-	-	-	282,885
Issuance of Bonds	-	-	-	-	31,315,000	31,315,000
Premium on Bonds Issued	-	-	-	-	2,818,261	2,818,261
Total Other Financing Sources (Uses)	(659,415)	-	-	-	35,075,561	34,416,146
Net Change in Fund Balances	24,780,068	203,799	3,596,622	1,042,166	27,867,824	57,490,479
Fund Balance - Beginning of Year	163,370,207	1,622,281	26,983,713	14,260,879	8,725,312	214,962,392
Fund Balance - End of Year	\$188,150,275	\$ 1,826,080	\$30,580,335	\$15,303,045	\$36,593,136	\$272,452,871

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

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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, 2019**

Net Change in Fund Balances - Total Governmental Funds **\$ 57,490,479**

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	\$ 69,862,133	
Net Book Value of Assets Disposed	(710,898)	
Current Year Depreciation	<u>(26,935,167)</u>	42,216,068

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	147,083	
Changes in State Aid Allotments and Grants	<u>1,954,983</u>	2,102,066

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	(31,315,000)	
Premium on Bonds Issued	(2,818,261)	
Loans Issued	<u>(282,885)</u>	(34,416,146)

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	10,975,000	
Loans Payable	<u>213,226</u>	11,188,226

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	(194,478)	
Amortization of Premiums and Discounts	1,190,656	
Amortization of Bond Refunding Gains and Losses	(37,608)	
Change In Compensated Absences	398,483	
Change In Net Pension Liability	(2,442,287)	
Change OPEB Liability	<u>(2,583,092)</u>	<u>(3,668,326)</u>

Change in Net Position of Governmental Activities **\$ 74,912,367**

Washington County, Minnesota

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2019

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and Pooled Investments	\$ 3,255,967
Accounts Receivable	376,871
Due from Other Governments	111,414
Taxes Receivable	2,357,259
Total Assets	<u>\$ 6,101,511</u>
<u>Liabilities</u>	
Accounts Payable	\$ 335,285
Funds Held in Trust	348,858
Due to Other Governments	4,838
Total Liabilities	<u>\$ 688,981</u>
<u>Deferred Inflows of Resources</u>	
Taxes Collected in Advance of Levy	<u>771,751</u>
<u>Net Position</u>	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 4,640,779</u>

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

Washington County, Minnesota

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2019

<u>Additions</u>	<u>Custodial Funds</u>
Contributions:	
Individuals	\$ 1,677,593
Property Tax Collections for Other Governments	391,056,453
Special Assessments	1,269,649
License and Fees Collected for State	52,531,278
Intergovernmental Revenue	2,138,626
Fees for Services	15,250
Fines & Forfeitures	58,387
Interest Earnings	41,244
Miscellaneous	53,277
Total Additions	448,841,757
<u>Deductions</u>	
Beneficiary Payments to individuals	940,156
Administrative Expense	970,495
Payments to State	53,252,357
Operating Expense	1,999,502
Special Item - Loss on Termination of Agreement	699,618
Property Tax Payments to Other Governments	390,455,842
Total Deductions	448,317,970
Net Increase (Decrease) In Fiduciary Net Position	523,787
Fiduciary Net Position - Beginning of Year	-
Change in Accounting Principle (See Note VIII)	4,116,992
Fiduciary Net Position - Beginning of Year, As Restated	4,116,992
Fiduciary Net Position - End of Year	\$ 4,640,779

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

Washington County, Minnesota
Notes to the Financial Statements
December 31, 2019

Notes to the Financial Statements

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Washington County, Minnesota
Notes to the Financial Statements
December 31, 2019

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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) (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, 2019. 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.

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. Fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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 and expenditures of the Regional Rail Authority, which is a blended component unit of Washington County.

Metro Gold Line Fund. The Metro Gold Line Special Revenue Fund accounts for the tax receipts, restricted grants, and other revenues and expenditures of the Metro Gold Line Transit Project.

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:

Custodial Funds. Custodial 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: Sheriff's Inmate Account, Gold Line Partners, Gold Line Joint Powers, Sheriff Forfeiture Fund, Red Rock Corridor, Medical Assistance Estate Recovery, Agency Other, Taxes and Penalties, and Metropolitan Emergency Services Board (MESB).

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, 2019, 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.

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 acquisition 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.

Washington County, Minnesota
Notes to the Financial Statements
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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. Other Postemployment Benefits Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

12. 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.

13. 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 2019 of \$1,434. 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 existing debt service funds for administrative costs related to bond servicing accounts.

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 2019, there were 7 TIF districts within the County. The Tax Increment taxes collected during 2019 totaled \$1,861,348. The County's portion of the captured tax capacity and related property taxes was approximately 27.0%.

Washington County, Minnesota
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TIF agreements of other local governments have resulted in reductions of the County property tax revenues for the year ended December 31, 2019, as shown below:

Tax Abatement Program	Number of Pay-As-You- Go TIF	Taxes Abated	Impact to Washington County
Tax Increment Financing (TIF)			
City of:			
Bayport	1	\$ 76,946	\$ 24,912
Cottage Grove	2	284,918	78,039
Forest Lake	1	121,341	34,708
Oak Park Heights	1	189,774	55,144
Stillwater	1	1,148,849	298,045
Woodbury	1	39,520	11,408
	7	\$ 1,861,348	\$ 502,256

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, 2019, the County's bank balances totaled \$1,537,897 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
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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, 2019 the County had the following investments:

S.B.I. Internal Fixed Pool	\$ 12,272,028
S.B.I. Internal Equity Pool	<u>57,299,900</u>
Total	<u>\$ 69,571,928</u>

Concentration of 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 \$59,681,722 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, 2019

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	\$ 5,100	\$ 5,100	#
U.S. Government Instrumentalities					
Federal Home Loan Bank**	Aaa/AAA	Custodian	12,584,627	12,611,153	4.71%
Federal National Mtg. Assn.**	Aaa/AAA	Custodian	6,091,022	6,092,526	2.28%
Federal Ag Mtg. Corp.**	Aaa/AAA	Custodian	2,497,553	2,510,250	0.94%
Federal Farm Credit Bank**	Aaa/AAA	Custodian	14,504,220	14,529,541	5.43%
Freddie Mac	Aaa/AAA	Custodian	2,536,938	2,538,537	0.95%
Municipal Securities**	Aaa/AAA	Custodian	52,570,691	52,403,386	19.58%
Negotiable Certificates of Deposit **	n/a	Custodian	19,135,000	19,195,232	7.17%
State Board of Investments	n/a	County Held	38,337,583	69,571,928	25.99%
External Investment Pool					
MAGIC Fund - Term	n/a	County Held	10,000,000	10,000,000	3.74%
MAGIC Fund - Portfolio	n/a	County Held	18,550,541	18,550,541	6.93%
Mutual Fund Money Markets	n/a	Custodian/Broker	59,681,722	59,681,722	#
Total Investments			<u>236,494,997</u>	<u>267,689,916</u>	
Cash for Operations	n/a	Collateralized	2,041,971	2,041,971	
Petty Cash and Inmate Funds	n/a	County Held	<u>60,207</u>	<u>60,207</u>	
Total Cash and Investments			<u>\$ 238,597,175</u>	<u>\$ 269,792,094</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, 2019

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	\$ 5,100	\$ -	\$ -	\$ 5,100
U.S. Government Instrumentalities				
Federal Home Loan Bank	12,611,153	-	12,611,153	-
Federal National Mtg. Assn.	6,092,526	999,661	5,092,865	-
Federal Ag Mtg Corp	2,510,250	-	2,510,250	-
Federal Farm Credit Bank	14,529,541	4,048,984	10,480,557	-
Freddie Mac	2,538,537	-	2,538,537	-
Municipal Securities	52,403,386	20,182,030	32,221,356	-
Negotiable Certificates of Deposit	19,195,232	8,338,400	10,831,832	25,000
State Board of Investments	69,571,928	69,571,928	-	-
External Investment Pool				
MAGIC Fund - Term	10,000,000	10,000,000	-	-
MAGIC Fund - Portfolio	18,550,541	18,550,541	-	-
Mutual Fund Money Markets	59,681,722	59,681,722	-	-
Total Investments	<u>267,689,916</u>	<u>191,373,266</u>	<u>76,286,550</u>	<u>30,100</u>
Cash for Operations	2,041,971	2,041,971	-	-
Petty Cash and Inmate Funds	60,207	60,207	-	-
Total Cash and Investments	<u>\$ 269,792,094</u>	<u>\$ 193,475,444</u>	<u>\$ 76,286,550</u>	<u>\$ 30,100</u>

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, 2019:

	Level 1	Level 2	Level 3	Total
U.S. Agencies	\$ -	\$ 38,287,107	\$ -	\$ 38,287,107
Municipal Securities	-	52,403,386	-	52,403,386
Negotiable Certificates of Deposit	-	19,195,232	-	19,195,232
	<u>\$ -</u>	<u>\$ 109,885,725</u>	<u>\$ -</u>	<u>109,885,725</u>
Investments Measured at Amortized Cost:				
State Board of Investments				69,571,928
MAGIC Fund - Portfolio				18,550,541
Mutual Fund Money Markets				59,681,722
				<u>\$ 147,804,191</u>
Investments Measured at net asset value (NAV):				
MAGIC Term				10,000,000
Total Investments				<u>\$ 267,689,916</u>

Note: Cash and Cash Equivalents are not leveled per GASB 72. The County had \$1,598,104 in cash and cash equivalents on December 31, 2019.

Washington County, Minnesota
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Debt and equity securities classified as Level 1 are valued using a market approach quoted in active markets for identical assets or liabilities. Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies, Municipal/Public Bonds, Corporate Bonds, Asset-Backed Securities: a market approach by utilizing quoted prices for identical securities in markets that are not active;
- Negotiable Certificates of Deposit: a market approach using quoted prices for similar securities in markets that are not active

The MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet the redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its new asset value not reasonably practical.

The MAGIC term investment pool is valued at net asset value (NAV) as it does not meet the liquidity criteria to be valued at amortized cost. The County would face penalties if early redemptions were made from the term investment pool. There are no unfunded commitments related to this investment. The County reports its investment in the term investment pool at the NAV per share, the fair value established by the pool.

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely they must provide notice at least 7 days prior to the premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon, at the projected yield less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

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 CDA 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, 2019, the balance of this advance is \$1,448,702, and \$1,347,997 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. During 2018, the County advanced an additional \$414,500 to fund renovations at the facility, to be repaid without interest over five years. As of December 31, 2019, the balance of all advances is \$7,391,835.

Washington County, Minnesota
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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	\$ 1,004,342	\$ -
Special Assessments Not Yet Due	939,062	-
Grant Receivables That Do Not Provide Current Financial Resources	6,267,340	-
Unearned Revenue	-	611,660
Total	<u>\$ 8,210,744</u>	<u>\$ 611,660</u>

F. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental activities	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets not being Depreciated:				
Land	\$ 97,753,154	\$ 3,469,261	\$ (179,633)	\$ 101,042,782
Works of Art	279,114	-	-	279,114
Construction in Progress	<u>44,686,639</u>	<u>67,177,543</u>	<u>(90,332,226)</u>	<u>21,531,956</u>
Total Capital Assets not being Depreciated	<u>142,718,907</u>	<u>70,646,804</u>	<u>(90,511,859)</u>	<u>122,853,852</u>
Capital Assets being Depreciated:				
Infrastructure	386,838,543	86,419,672	-	473,258,215
Improvements Other than Buildings	18,763,140	-	-	18,763,140
Buildings	218,352,429	1,222,316	(72,384)	219,502,361
Machinery, Vehicles, Furniture and Equipment	<u>58,063,522</u>	<u>2,085,200</u>	<u>(2,741,859)</u>	<u>57,406,863</u>
Total Capital Assets being Depreciated	<u>682,017,634</u>	<u>89,727,188</u>	<u>(2,814,243)</u>	<u>768,930,579</u>
Less Accumulated Depreciation for:				
Infrastructure	176,723,915	16,899,245	-	193,623,160
Improvements Other than Buildings	11,932,235	438,399	-	12,370,634
Buildings	72,376,922	5,115,264	(23,222)	77,468,964
Machinery, Vehicles, Furniture and Equipment	<u>37,245,695</u>	<u>4,482,259</u>	<u>(2,080,123)</u>	<u>39,647,831</u>
Total Accumulated Depreciation	<u>298,278,767</u>	<u>26,935,167</u>	<u>(2,103,345)</u>	<u>323,110,589</u>
Total Capital Assets being Depreciated, Net	<u>383,738,867</u>	<u>62,792,021</u>	<u>(710,898)</u>	<u>445,819,990</u>
Governmental Activity Capital Assets, Net	<u>\$ 526,457,774</u>	<u>\$ 133,438,825</u>	<u>\$ (91,222,757)</u>	<u>\$ 568,673,842</u>
Depreciation Expense was Charged to Functions as Follows:				
General Government	\$ 6,361,719			
Public Safety	1,814,179			
Highways and Streets	17,996,074			
Health and Human Services	53,207			
Culture and Recreation	<u>709,988</u>			
Total Depreciation Expense	<u>\$ 26,935,167</u>			

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

Transfers to/from other funds for the year ended December 31, 2019, consisted of the following:

Transfer to Capital Projects Fund from General Fund	<u>\$ 1,117,300</u>
<i>To fund capital projects</i>	
Transfer to General Fund from Capital Projects Fund	<u>\$ 175,000</u>
<i>To fund Snow Plow Storage Space Lease</i>	

H. Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2019 are as follows:

<u>Governmental Activities</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One Year</u>
General Obligation Bonds	\$ 116,345,000	\$ 31,315,000	\$ (10,975,000)	\$ 136,685,000	\$ 11,275,000
Unamortized Premium on Bonds	8,968,041	2,818,261	(1,190,655)	10,595,647	1,240,087
AgBMP Loans Payable	863,903	282,885	(213,226)	933,562	165,037
Compensated Absences	9,935,865	9,953,726	(10,352,210)	9,537,381	9,210,545
Other Postemployment Benefits	136,755,986	-	(5,529,277)	131,226,709	4,594,000
Total Long-Term Liabilities	<u>\$ 272,868,795</u>	<u>\$ 44,369,872</u>	<u>\$ (28,260,368)</u>	<u>\$ 288,978,299</u>	<u>\$ 26,484,669</u>

1. Debt Service

The County is subject to the federal arbitrage regulations, but does not have any arbitrage liability as of December 31, 2019.

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.

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In addition, the County is subject to a legal debt limit of 3% of the total taxable market value. At December 31, 2019, the County was in compliance with this requirement. General obligation bonds payable at December 31, 2019 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 12/31/2019</u>	<u>Balance Due Within One Year</u>
\$34,275,000 Series 2011A GO Capital Improvement Bonds	2020	\$1,375,000 to \$1,770,000	2.00 - 5.00	\$ 34,275,000	\$ 1,770,000	\$ 1,770,000
\$4,470,000 Series 2011A GO Land and Water Legacy Bonds	2020	\$345,000 to \$365,000	2.00 - 5.00	4,740,000	365,000	365,000
\$22,475,000 Series 2012A GO Capital Improvement Refunding Bonds	2024	\$485,000 to \$3,045,000	2.00 - 3.00	22,475,000	13,825,000	2,670,000
\$39,155,000 Series 2014A GO Capital Improvement Refunding Bonds	2026	\$975,000 to \$7,275,000	1.00 - 5.00	39,155,000	30,755,000	2,560,000
\$4,775,000 Series 2015A GO Land and Water Legacy Bonds	2026	\$225,000 to \$1,135,000	3.00	4,775,000	2,035,000	585,000
\$20,000,000 Series 2016A GO Capital Improvement Bonds	2031	\$805,000 to \$2,480,000	2.00 - 5.00	20,000,000	14,240,000	2,480,000
\$15,560,000 Series 2017A GO Capital Improvement Refunding Bonds (Refunded 2007A)	2028	\$7,570,000 to \$7,990,000	2.25 - 5.00	15,560,000	15,560,000	-
\$745,000 Series 2017A GO Land and Water Legacy Refunding Bonds (Refunded 2011A LWL)	2022	\$365,000 to \$380,000	4.00 - 5.00	745,000	745,000	-
\$26,075,000 Series 2017A GO Capital Improvement Refunding Bonds (Refunded 2011A CIP)	2032	\$1,575,000 to \$3,085,000	2.25 - 5.00	26,075,000	26,075,000	-
\$2,075,000 Series 2019A GO Land and Water Legacy Bonds	2030	\$25,000 to \$300,000	4.00 - 5.00	2,075,000	2,075,000	-
\$29,240,000 Series 2019A GO Capital Improvement Bonds	2039	\$615,000 to \$3,005,000	2.00 - 5.00	29,240,000	29,240,000	845,000
Total General Obligation Bonds				<u>\$ 199,115,000</u>	<u>136,685,000</u>	<u>\$ 11,275,000</u>
					Plus: Unamortized Premium	<u>10,595,647</u>
					Total General Obligation Bonds, Net	<u><u>\$ 147,280,647</u></u>

Debt service requirements on general obligation long-term debt at December 31, 2019, are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 11,275,000	\$ 4,623,579
2021	11,565,000	4,299,982
2022	12,825,000	3,823,778
2023	10,135,000	3,384,588
2024	10,675,000	2,974,862
2025-2029	55,060,000	7,534,899
2030-2034	16,990,000	1,805,309
2035-2039	8,160,000	524,143
Total	<u>\$ 136,685,000</u>	<u>\$ 28,971,140</u>

4. Refunding Bonds

During 2017, the County issued \$42,380,000 of General Obligation Refunding Bonds, Series 2017A. These bonds were issued to crossover refund \$17,220,000 of General Obligation Bonds, Series 2007A, \$28,115,000 of General Obligation Bonds, Series 2011A, and \$775,000 of General Obligation Bonds, Series 2011A Land and Water Legacy. The refunding proceeds were placed in an irrevocable trust account with an escrow agent and used to purchase U.S. Government Securities to provide for all future debt service payments for the specified bonds. As a result, the specified bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The total cash flow savings to the County attributable to the refunding of these bonds was \$5,698,396 with a net present value of approximately \$4,623,692. In February 2018, \$17,220,000 was disbursed to retire the 2007A bonds, with the remaining \$28,890,000 to be disbursed in February 2021 to retire the designated portions of the 2011A 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 Other than Pensions (OPEB)

Plan Description

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. Retirees hired after January 1, 2002 are required to pay 100% of the total premium cost. Washington County contributed \$4,594,000 towards retiree health insurance. Since the premium is a blended rate and determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

As of the January 1, 2018 actuarial valuation report there were 512 retirees receiving health benefits from the County's health plan. There are 1,037 active employees, zero inactive employees, and zero inactive employees entitled to but not yet receiving benefits.

Funding Policy

The County's OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. Separate stand-alone financial statements are not issued for the plan.

Actuarial Methods and Assumptions

The County's OPEB liability was measured as of January 1, 2019, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2018.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary	3.25%
Health Care Trend Rates	6.80% Decreasing to 4.40% by 2075

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Mortality rates for General Plan employees were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments. Rates for Police and Fire and Correctional employees were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2016, and other adjustments.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2017.

The discount rate used to measure the total OPEB liability was 3.31%. The discount rate is equal to the 20-Year Municipal Bond Yield.

Since the most recent GASB 45 valuation, the following assumption changes have been made:

- The actuarial cost method changed from using the Entry Age Normal level dollar cost method to the Entry Age Normal level percent of pay cost method due to new GASB 74/75 accounting rules.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement and mortality increase rates were updated from the rates used in the 7/1/2015 PERA Correctional Plan valuations to the rates used in the 7/1/2017 valuations.
- A salary scale assumption was added to reflect the cost method change. Rates are from the 7/1/2017 PERA General Employees Retirement Plan, 7/1/17 PERA Police and Fire Plan, and 7/1/2017 PERA Correctional Service Retirement Plan valuations.
- The percent of future retirees electing each medical plan changed to reflect plan experience and a change in plan offerings.

Changes in Total OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at January 1,2019	\$ 136,755,896	\$ -	\$ 136,755,896
Changes for the year:			
Service Cost	2,502,766	-	2,502,766
Interest	4,533,431	-	4,533,431
Changes of assumptions	(7,971,384)	-	(7,971,384)
Employee contributions	-	4,594,000	(4,594,000)
Benefit payments	(4,594,000)	(4,594,000)	-
Net changes	(5,529,187)	-	(5,529,187)
Balance at December 31,2019	<u>\$ 131,226,709</u>	<u>\$ -</u>	<u>\$ 131,226,709</u>

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The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in Discount Rate (2.71%)	\$ 152,557,213		\$ 152,557,213
Current Discount Rate (3.71%)	131,226,709		131,226,709
1% increase in Discount Rate (4.71%)	114,048,509		114,048,509

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.5% decreasing to 4.00% over 6 years) or 1% higher (7.5% decreasing to 6.00% over 6 years) than the current healthcare cost trend rates:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in Trend Rate	\$ 111,801,152		\$ 111,801,152
Current Trend Rate	131,226,709		131,226,709
1% increase in Trend Rate	155,716,420		155,716,420

For the year ended December 31, 2019, the County recognized OPEB expense of \$7,349,969. At December 31, 2019, the County reported the following deferred inflows and outflows related to OPEB:

	Balances at December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions between Measurement Date and Reporting Date	\$ 4,871,565	\$ -
Change of assumptions	6,500,641	6,622,588
	<u>\$ 11,372,206</u>	<u>\$ 6,622,588</u>

Deferred outflows of resources resulting from County contributions subsequent to the measurement date of \$4,871,565 will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019, while deferred (inflows) outflows of resources resulting from changes of assumptions will be recognized in OPEB expense as follows:

Year Ending December 31	Amount
2020	\$ 313,772
2021	313,772
2022	313,772
2023	164,141
2024	<u>(1,227,404)</u>
	<u>\$ (121,947)</u>

Note IV – Defined Benefit 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

All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

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

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. 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 Plan members. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

Benefits for the Police and Fire 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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 100 percent of the COLA announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5 percent. If the plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.5 percent to 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

Coordinated Plan members were required to contribute 6.50 percent, respectively, of their annual covered salary in fiscal year 2019 and the County was required to contribute 7.50 percent for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2019, were \$5,338,808. The County's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The County's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$1,758,620. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Plan members were required to contribute 5.83 percent of their annual covered salary, and the County was required to contribute 8.75 percent of pay for plan members in fiscal year 2019. The County's contributions to the Correctional Fund for the year ended December 31, 2019, were \$490,900. 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, 2019, the County reported a liability of \$53,861,336 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 \$16 million to the fund in 2019. 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 \$1,673,927. The net pension liability was measured as of June 30, 2019 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 proportionate share 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019 the County's proportion share was 0.974 percent which was a decrease of 0.022 percent from its proportion measured as of June 30, 2018.

County's proportionate share of the net pension liability	\$ 53,861,336
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>1,673,927</u>
Total	<u>\$ 55,535,263</u>

For the year ended December 31, 2019, the County recognized pension expense of \$7,743,934 for its proportionate share of General Employees Plan's pension expense. In addition, the County recognized an additional \$125,361 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2019, 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	\$ 1,492,696	\$ -
Changes in Actuarial Assumptions	-	4,233,537
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	5,459,481
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	1,886,819	217,371
County Contributions Subsequent to the Measurement Date	<u>2,685,513</u>	<u>-</u>
Total	<u>\$ 6,065,028</u>	<u>\$ 9,910,389</u>

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The \$2,685,513 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, 2020. 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
2020	\$ (1,770,367)
2021	(4,106,623)
2022	(740,680)
2023	86,796

2. Police and Fire Fund Pension Costs

At December 31, 2019, the County reported a liability of \$10,304,273 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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 proportionate share 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportionate share was 0.968 percent which was a decrease of .046 percent from its proportionate share measured as of June 30, 2018. The County also recognized \$130,666 for the year ended December 31, 2019, as revenue 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 until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the County recognized pension expense of \$1,754,496 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, 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	\$ 437,509	\$ 1,568,421
Changes in Actuarial Assumptions	8,550,913	11,568,536
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,146,136
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	1,391,793	416,360
County Contributions Subsequent to the Measurement Date	895,493	-
Total	<u>\$ 11,275,708</u>	<u>\$ 15,699,453</u>

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The \$895,493 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, 2020. 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
2020	\$ (417,078)
2021	(1,219,058)
2022	(3,837,031)
2023	28,650
2024	125,279

3. Corrections Plan Pension Costs

At December 31, 2019, the County reported a liability of \$362,007 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2018, 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 proportionate share 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 2.615 percent, which was a 0.01 percent decrease from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the County recognized pension expense of \$670,749 for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2019, 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	\$ 13,308	\$ 59,184
Changes in Actuarial Assumptions	-	3,213,981
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	465,814
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	-	39,924
County Contributions Subsequent to the Measurement Date	242,960	-
Total	<u>\$ 256,268</u>	<u>\$ 3,778,903</u>

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The \$242,960 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, 2019. 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
2020	\$ (1,953,157)
2021	(1,698,149)
2022	(117,801)
2023	3,512

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was \$10,294,540.

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and 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 males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25 percent per year for the General Employees Plan, 1.0 percent per year for the Police and Fire Plan, and 2.0 percent per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2019 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 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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Correctional Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	2.0	0.00
Totals	100.0 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50%. 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 positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were 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.

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 one percentage point lower or one 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	\$ 88,545,135	\$ 53,861,336	\$ 25,222,963
County's Proportionate Share of the Police and Fire Fund Net Pension Liability	22,523,227	10,304,273	199
County's Proportionate Share of the Correctional Fund Net Pension Liability	3,858,225	362,007	(2,435,541)

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.

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 who are paid for their services 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 (0.25%) of the assets in each member's account annually.

Total contributions made by the County during the year ended December 31, 2019 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$ 16,315	\$ 16,315	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.

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 2019. 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.

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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.

During 2019, counties were notified by the Minnesota Department of Human Services (DHS) that DHS made errors in the calculation of Substance Use Disorder (SUD) for Institutes of Mental Disease (IMD) claims from January 2014 to June 2019. Based on these errors, DHS is requesting Minnesota counties repay \$8.8 million back to DHS. Washington County's share of the \$8.8 million is \$147,780. Minnesota counties have raised concerns over how the amount was calculated, the accuracy of the calculations, and whether DHS has legal/statutory authority to require the counties to repay the amounts. The Association of Minnesota Counties (AMC) has recommended counties to not repay this amount until these concerns have been addressed and after the conclusion of the 2020 Minnesota Legislative Session in hopes this matter is resolved by other means. Therefore, this amount has not been booked as a payable.

C. Construction Commitments

The County has several active construction projects as of December 31, 2019. 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:

	Spent To Date	Remaining Commitment
Roads	\$ 97,354,607	\$ 10,227,375
Buildings	3,320,206	5,935,791
Parks	2,709,431	2,299,010

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, 2019, 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 Taxable Housing Revenue Bonds Series 2010B	\$ 7,055,000
Governmental Housing Revenue Refunding Bonds Series 2010C	1,995,000
Governmental Housing Revenue Refunding Bonds Series 2012A	6,375,000
Taxable Qualified Energy Conservation Revenue Bonds Series 2012B	1,395,000
Governmental Housing Revenue Refunding Bonds Series 2012C	8,775,000
Governmental Multi-Family Housing Revenue Bonds Series 2015A	7,410,000
Total	<u>\$ 33,005,000</u>

E. Joint Ventures

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

Ramsey and Washington Counties have a Joint Powers Agreement for the Ramsey/Washington Recycling and Energy Board.

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.

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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 issued 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. In 2018, Washington County advanced an additional \$414,500 to fund renovations, which will be repaid without interest over the next five years.

Washington County's ongoing financial interest in the project is 27% of the obligations or resources upon termination of the agreement. For 2018, the most recent available audited information, the project reported a net position of \$8.3M with annual operating expenses of \$47.5M, revenues of \$48.4M, and an overall increase in net position of \$0.9M. For 2017, the increase in net position was \$1.3M.

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.

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.

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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.

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 (CTIB). Each participating county had to approve the statutorily required joint powers agreement establishing a new board. Each county had to approve the imposition of the ¼ cent sales tax and \$20 motor vehicle excise tax effective July 1, 2008.

CTIB provided grant funding to transit projects across the Metro area, including funding for a number of transit projects in Washington County. CTIB operated through significant county staff involvement, specifically on transit, communications, finance and legal issues, and through county collaboration. Hennepin County provided fiscal agent service with private consultants providing administration, financial advice, and legal counsel.

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The CTIB organization was dissolved effective September 30, 2017 by resolution of the CTIB Board and each of its member counties. As a part of the dissolution process, the remaining assets of CTIB were divided among the member counties to be used for transit related projects. Washington County's allocation of these distributed funds totaled \$19,974,685, and was recognized in the Metro Gold Line Special Revenue Fund, to be used to fund the Metro Gold Line project. There were additional distributions to the County in 2018 and 2019 of unspent funds from other CTIB projects. The County received \$381,460 in 2018, and \$317,184 in 2019, which were also recognized in the Gold Line Special Revenue Fund.

Due to the dissolution of CTIB and the ending of the ¼ cent sales and use tax and \$20 motor vehicle excise tax on September 30, 2017, Washington County imposed a ¼ cent sales and use tax and an excise tax of \$20 per motor vehicle, effective October 1, 2017. These tax revenues are restricted for transportation and transit related projects, and are reflected in the Metro Gold Line Special Revenue Fund.

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

6. Gold Line Partners

The Gateway Corridor Commission (the GCC) was established in March 2010, under a Joint Powers Agreement in accordance with Minn. Stat. §471.59. The GCC's primary purpose was to study and plan alternative transportation options for the area along Interstate 94, within Ramsey and Washington Counties. In early 2018, the Gold Line Project transitioned from the GCC to the state under the leadership of Metro Transit. As of April 12, 2018, the GCC was known as Gold Line Partners (GLP).

The GLP was made up of elected officials from the Washington and Ramsey County Regional Railroad Authorities and the cities of Lakeland, Maplewood, Oakdale, St. Paul, Woodbury and West Lakeland Township. Members from 3M, Landfall Village, St. Paul Area Chamber of Commerce, Woodbury Chamber of Commerce, East Side Area Business Association, and the Oakdale Chamber of Commerce were ex-officio members of the commission.

Ramsey and Washington Counties were the joint funding partners for the Commission. For 2019, there were no contributions from WCRRA for the Commission's yearly budget.

On July 23, 2019, the Ramsey County Regional Railroad Authority, Ramsey County, Washington County Regional Railroad Authority and Washington County entered into a new Joint Powers Agreement to receive and distribute local funding for the pre-engineering, engineering and construction phases of the METRO Gold Line Project.

Following the creation of the new Joint Powers Agreement, all involved parties agreed to the termination of the Joint Powers Agreement Establishing the GLP, and recommend that Ramsey County Regional Railroad Authority and Washington County Regional Railroad Authority transfer the remaining assets of the GLP to the newly formed Gold Line Joint Powers Board. The termination was effective December 31, 2019.

The County's participation involved 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.

Separately issued financial statements are available for the years ending December 31, 2012-2019.

For more information contact the Gold Line Partners staff lead: Sara Allen, Planner II, Washington County (651) 430-4363. Sara.Allen@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 2018, WCRRA had no direct contributions to the Commission.

For more information contact the Red Rock Corridor staff lead: Emily Jorgensen, Planner II, Washington County (651) 430-4307. Emily.Jorgensen@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

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 \$121,838 in 2019. 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 2019.

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 2019.

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 2019, the County paid MCCC \$112,760 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 \$87,337 for services performed under this agreement in 2019.

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, 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.

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.

As of December 31, 2019, the CDA had the following investments and maturities:

	Rating	Investment Maturities (in Years)			Fair Value
		Less than 1	1-5	Over 5	
Mutual Fund	AAAm	\$ 9,481,762	\$ -	\$ -	\$ 9,481,762
External Investment Pools	N/R	13,075,438	-	-	13,075,438
Certificates of Deposit	N/R	1,769,303	1,817,039	-	3,586,342
Treasury Bond/Bill	N/R	259,979	-	-	259,979
Total Investments		<u>\$ 24,586,482</u>	<u>\$ 1,817,039</u>	<u>\$ -</u>	26,403,521
Deposits	N/R				1,160,528
Total Cash and Investments					<u>\$ 27,564,049</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	\$ 16,692,018	\$ 530,638	\$ 17,222,656
Restricted Cash and Investments	10,872,031	1,726,984	12,599,015
Total Cash and Investments	<u>\$ 27,564,049</u>	<u>\$ 2,257,622</u>	<u>\$ 29,821,671</u>

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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, 2019:

Investment Type	12/31/2019	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at Fair Value:				
Treasury Bond/Bill	\$ 259,979	\$ -	\$ 259,979	\$ -
Brokered CDs	3,586,342	-	3,586,342	-
Total/Subtotal	<u>\$ 3,846,321</u>	<u>\$ -</u>	<u>\$ 3,846,321</u>	<u>\$ -</u>
Investments not Categorized:				
Mutual Fund	9,481,762			
External Investment Pool - MAGIC Fund	13,075,438			
Total	<u>\$ 26,403,521</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.

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	34.3%
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Washington County, Minnesota
Notes to the Financial Statements
December 31, 2019

B. Capital Assets

1. CDA Capital Assets

Capital asset activity of the CDA for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital Assets, not being Depreciated:				
Land	\$ 424,186	\$ -	\$ -	\$ 424,186
Capital Assets, being Depreciated:				
Buildings and Structures	2,064,478	-	-	2,064,478
Furniture and Fixtures	220,322	-	-	220,322
Total Capital Assets, being Depreciated	2,284,800	-	-	2,284,800
Less Accumulated Depreciation for:				
Buildings and Structures	300,124	51,612	-	351,736
Furniture and Fixtures	82,242	16,829	-	99,071
Total Accumulated Depreciation	382,366	68,441	-	450,807
Total Capital Assets being Depreciated - Net	1,902,434	(68,441)	-	1,833,993
Governmental Activities Capital Assets - Net	<u>\$ 2,326,620</u>	<u>\$ (68,441)</u>	<u>\$ -</u>	<u>\$ 2,258,179</u>
Business-type activities:				
Capital Assets, not being Depreciated:				
Land	\$ 4,559,053	\$ -	\$ -	\$ 4,559,053
Construction in Progress	89,238	1,672,240	(1,704,181)	57,297
Total Capital Assets, not being Depreciated	4,648,291	1,672,240	(1,704,181)	4,616,350
Capital Assets, being Depreciated:				
Buildings and Structures	70,898,768	1,704,181	(553,890)	72,049,059
Furniture and Fixtures	515,702	-	-	515,702
Total Capital Assets, being Depreciated	71,414,470	1,704,181	(553,890)	72,564,761
Less Accumulated Depreciation for:				
Buildings and Structures	30,616,875	1,862,010	(553,890)	31,924,995
Furniture and Fixtures	515,068	634	-	515,702
Total Accumulated Depreciation	31,131,943	1,862,644	(553,890)	32,440,697
Total Capital Assets being Depreciated - Net	40,282,527	(158,463)	-	40,124,064
Business-Type Activities Capital Assets - Net	<u>\$ 44,930,818</u>	<u>\$ 1,513,777</u>	<u>\$ (1,704,181)</u>	<u>\$ 44,740,414</u>

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

Governmental Activities:	
General Government	\$ 68,441
Total Depreciation Expense - Governmental Activities	<u>\$ 68,441</u>
Business-Type Activities:	
Housing	\$ 1,862,644
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,862,644</u>

**Washington County, Minnesota
Notes to the Financial Statements
December 31, 2019**

2. CDA Discretely Presented Component Unit Capital Assets

Capital asset activity of the CDA's discretely presented component units for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital Assets, not being Depreciated:				
Land	\$ 2,614,530	\$ 155,971	\$ -	\$ 2,770,501
Construction in Progress	2,773,196	-	(2,773,196)	-
Total Capital Assets, not being Depreciated	<u>5,387,726</u>	<u>155,971</u>	<u>(2,773,196)</u>	<u>2,770,501</u>
Capital Assets, being Depreciated:				
Buildings and Structures	22,955,803	10,453,139	-	33,408,942
Furniture and Fixtures	494,202	517,573	-	1,011,775
Total Capital Assets, being Depreciated	<u>23,450,005</u>	<u>10,970,712</u>	<u>-</u>	<u>34,420,717</u>
Less Accumulated Depreciation for:				
Buildings and Structures	1,799,375	674,813	-	2,474,188
Furniture and Fixtures	291,980	115,930	-	407,910
Total Accumulated Depreciation	<u>2,091,355</u>	<u>790,743</u>	<u>-</u>	<u>2,882,098</u>
Total Capital Assets being Depreciated - Net	<u>21,358,650</u>	<u>10,179,969</u>	<u>-</u>	<u>31,538,619</u>
Business-Type Activities Capital Assets - Net	<u>\$ 26,746,376</u>	<u>\$ 10,335,940</u>	<u>\$(2,773,196)</u>	<u>\$ 34,309,120</u>

Depreciation expense was charged to functions/programs of the CDA's discretely presented component units as follows:

Business-Type Activities:	
Housing	<u>\$ 790,743</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 790,743</u>

C. Lease Receivables

The Community Development Fund has receivable balances of \$8,213,852 which are not expected to be collected within one year of December 31, 2019. 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 \$12,239,659, of which \$11,408,624 is not expected to be collected within one year of December 31, 2019. 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.

The General Fund has a receivable balance of \$2,000,000 which is expected to be collected within one year of December 31, 2019. This note receivable is due from Glen at Valley Creek, LLC.

Washington County, Minnesota
Notes to the Financial Statements
December 31, 2019

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 those 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>
2020	\$ 432,000
2021	432,000
2022	432,000
2023	432,000
2024	<u>22,034</u>
Total minimum lease payments	1,750,034
Amounts representing interest	<u>(53,680)</u>
Present value of net minimum lease payments	<u>\$ 1,696,354</u>

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>
2020	\$ 70,452
2021	74,374
2022	73,791
2023	77,364
2024	76,227
2025-2029	397,076
2030-2034	430,070
2035-2037	<u>268,283</u>
Total minimum lease payments	1,467,637
Amounts representing interest	<u>(410,554)</u>
Present value of net minimum lease payments	<u>\$ 1,057,083</u>

D. 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, 2019

1. Governmental and Business-Type Activities

Changes in long-term debt were as follows:

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/19</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 112,379	\$ 179,802	\$ (160,043)	\$ 132,138	\$ 13,214
Notes Payable	3,529,306	-	(341,891)	3,187,415	316,525
Total	<u>\$ 3,641,685</u>	<u>\$ 179,802</u>	<u>\$ (501,934)</u>	<u>\$ 3,319,553</u>	<u>\$ 329,739</u>
Business-type activities:					
Notes Payable	\$ 1,976,094	\$ -	\$ -	\$ 1,976,094	\$ -
Mortgage Payable	9,161,325	-	(188,637)	8,972,688	195,892
Total Notes and Mortgages	<u>\$ 11,137,419</u>	<u>\$ -</u>	<u>\$ (188,637)</u>	<u>\$ 10,948,782</u>	<u>\$ 195,892</u>
Revenue Bonds Payable	\$ 36,440,000	\$ -	\$ (2,375,000)	\$ 34,065,000	\$ 2,265,000
Less: unamortized bond discount	(236,770)			(217,817)	
Plus: unamortized bond premium	777,337			715,664	
Total Bonds, net	<u>\$ 36,980,567</u>			<u>\$ 34,562,847</u>	
Discretely Presented Component Units of the CDA:					
Notes Payable - The Groves Apartments, LLC (net of finance fees)				\$ 2,416,304	\$ 22,572
Bonds and Loans Payable - Glen at Valley Creek, LLC				9,569,912	30,000
Notes Payable - Piccadilly Square of Mahtomedi, LLC (net of finance fees)				8,932,743	202,198
Total Notes Payable				<u>\$ 20,918,959</u>	<u>\$ 254,770</u>
Summary of CDA and CDA Discrete Component Unit Debt					
Compensated absences				\$ 132,138	\$ 13,214
Notes and Mortgages Payable				33,606,454	666,482
Revenue Bonds Payable				34,562,847	2,265,000
Due to Primary Government (in Governmental Activities Notes Payable above)				1,448,702	100,705

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
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	301,214	96,707	211,251	320,438	2,195,000	1,085,499
2023	207,500	74,938	219,376	312,313	2,160,000	1,017,686
2024	215,219	67,219	227,814	303,876	2,475,000	948,014
2025-2029	731,684	228,622	1,277,437	1,381,008	9,935,000	3,715,264
2030-2034	562,739	96,314	2,042,738	1,115,708	5,795,000	2,172,120
2035-2039	64,297	1,608	2,134,138	795,310	3,790,000	1,192,922
2040-2044	-	-	2,836,377	408,369	2,420,000	375,628
2045-2049	500,000	-	1,600,332	37,530	845,000	34,100
Total	<u>\$ 3,187,415</u>	<u>\$ 787,434</u>	<u>\$ 10,948,782</u>	<u>\$ 5,338,611</u>	<u>\$ 34,065,000</u>	<u>\$ 12,918,414</u>

The notes, loans, mortgages, and bonds issued contain various covenants and escrow reserve requirements. As of December 31, 2019, the CDA was in compliance with all such covenant and reserve requirements.

Washington County, Minnesota
Notes to the Financial Statements
December 31, 2019

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>Glen at Valley Creek</u>	<u>Total Principal</u>
2020	\$ 22,572	\$ 202,198	\$ 30,000	\$ 254,770
2021	24,106	206,280	60,000	290,386
2022	25,521	210,443	65,000	300,964
2023	27,020	214,691	65,000	306,711
2024	28,413	219,024	70,000	317,437
Thereafter	2,322,499	8,027,354	9,279,912	19,629,765
Total	<u>\$ 2,450,131</u>	<u>\$ 9,079,990</u>	<u>\$ 9,569,912</u>	<u>\$ 21,100,033</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 2019 totaled \$167,787.

The CDA has pledged a portion of future tax increment revenues, if any, 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 \$337,797. For the current year, principal and interest paid totaled \$88,569 and \$20,618 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 \$11,764,658. 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 \$640,185, \$643,375, \$167,159, \$0 and \$1,585,590, 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 \$2,183,393. For the current year, principal and interest paid, total lease payments received and account balances held in trust were \$374,730, \$432,000, and \$905,179, respectively.

Washington County, Minnesota
Notes to the Financial Statements
December 31, 2019

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 \$7,363,122. For the current year, principal and interest paid, total gross operating revenues, property tax revenues and account balances held in trust were \$1,032,581, \$3,290,084, \$587,123, and \$2,969,840, 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 \$1,612,100. For the current year, principal and interest paid, tax rebate revenues, property tax revenues and account balances held in trust were \$182,040, \$38,180, \$142,383, and \$152,510, 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 \$10,444,575. For the current year, principal and interest paid, total gross operating revenues, property tax revenues and account balances held in trust were \$915,750, \$2,401,759, \$332,913, and \$3,138,167, 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 \$1,473,478. For the current year, principal and interest paid, total rent payments received and account balances held in trust were \$70,718, \$70,665, and \$7,470 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 \$11,961,106. For the current year, principal and interest paid, total lease payments received, property tax revenues and account balances held in reserve were \$447,338, \$334,223, \$46,010, and \$688,207, respectively.

**Washington County, Minnesota
Notes to the Financial Statements
December 31, 2019**

The CDA has entered into an operating subsidy agreement with the Glen at Valley Creek, a discretely presented component unit. Beginning July 31, 2019, the CDA will allocate property tax revenues to the Glen at Valley Creek. The subsidy payments will be in the amount of \$97,500 each January 31 and July 31 and will continue through July 31, 2042. The amount pledged over the life of the agreement totals \$4,345,000. The Glen at Valley Creek will use the subsidy payments to pay operating expenses, including debt service on its Series 2018A Bonds. Principal and interest remaining on the Glen at Valley Creeks Series 2018A bonds is \$8,366,075. For the current year, property tax used for subsidy payments was \$197,500.

Note VIII – Restatement for a Change in Accounting Principle

During the year ended December 31, 2019, the County adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including accruals and net position to custodial funds not previously required. This pronouncement requires the restatement of December 31, 2018, net position of the governmental activities as follows:

	Custodial Funds
	<u> </u>
Net Position, January 1, 2019, as previously reported	\$ -
Change in accounting principle	<u>4,116,992</u>
Net Position, January 1, 2019, as restated	<u>\$ 4,116,992</u>

Note IX – Subsequent Events and Uncertainties

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

Washington County, Minnesota

Reader's Notes:

WASHINGTON COUNTY

**Required
Supplementary
Information**



REQUIRED SUPPLEMENTARY INFORMATION

- Other Postemployment Benefit Related Schedules:
 - Changes in Total OPEB Liability, Related Ratios, and Notes
- Budgetary Comparison Schedules:
 - General Fund
 - Regional Rail Authority Fund
 - Metro Gold Line Fund
- Pension Related Schedules:
 - Proportionate Share of Net Pension Liability Contributions
- Notes to the Required Supplementary Information

Washington County, Minnesota

Schedule of Changes in the Total OPEB Liability, Related Ratios, and Notes
Last Ten Fiscal Years

	<u>Measurement Date</u> <u>January 1, 2019</u>	<u>Measurement Date</u> <u>January 1, 2018</u>
Total OPEB Liability		
Service Cost	\$ 2,502,766	\$ 2,045,750
Interest	4,533,431	4,737,191
Changes of Assumptions	(7,971,384)	9,825,777
Benefit Payments	<u>(4,594,000)</u>	<u>(4,285,587)</u>
Net Change in Total OPEB Liability	(5,529,187)	12,323,131
Total OPEB Liability - Beginning	<u>\$ 136,755,896</u>	<u>\$ 124,432,765</u>
Total OPEB Liability - Ending	<u><u>\$ 131,226,709</u></u>	<u><u>\$ 136,755,896</u></u>
Covered-Employee Payroll	\$ 84,313,565	\$ 78,550,599
County's OPEB Liability as a Percentage of Covered-Employee Payroll	155.6%	174.1%

NOTE 1: The County implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

NOTE 2: No assets are accumulated in a trust.

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

Washington County, Minnesota

Budgetary Comparison Schedule
 General Fund
 Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 101,145,465	\$ 100,879,665	\$ 100,868,349	\$ (11,316)
Special Assessments	-	-	146,664	146,664
Licenses and Permits	5,027,900	5,027,900	4,918,849	(109,051)
Intergovernmental	54,060,335	55,871,135	55,353,882	(517,253)
Charges for Services	16,209,800	16,381,800	16,243,463	(138,337)
Fines and Forfeits	334,400	338,600	462,730	124,130
Interest on Investments	2,691,900	2,706,200	21,439,052	18,732,852
Miscellaneous	10,437,200	10,792,500	10,827,389	34,889
Total Revenues	189,907,000	191,997,800	210,260,378	18,262,578
Expenditures				
Current				
General Government				
Assessment, Taxation and Elections	10,052,200	10,589,000	10,160,514	428,486
Administration	2,071,600	2,071,600	917,659	1,153,941
County Attorney	6,839,600	6,839,600	6,780,131	59,469
Commissioners	456,600	456,600	175,009	281,591
Facilities	7,758,400	7,922,900	7,677,586	245,314
Financial Services	2,326,800	2,305,800	2,202,194	103,606
General Operation	7,117,300	6,927,300	7,490,737	(563,437)
Human Resources	1,904,400	2,054,400	1,829,857	224,543
Information Technologies	8,185,300	8,211,000	7,633,279	577,721
Internal Auditor	70,800	70,800	64,851	5,949
Law Library	319,200	319,200	253,594	65,606
Mission Directed Budget Program	-	1,248,450	1,228,876	19,574
Surveyor	1,330,400	1,327,100	1,089,803	237,297
Veteran's Services	385,400	385,400	377,635	7,765
Total General Government	48,818,000	50,729,150	47,881,725	2,847,425
Public Safety				
Sheriff	35,653,300	36,270,400	36,139,823	130,577
Community Corrections	11,723,500	11,818,400	11,265,111	553,289
Other Public Safety	1,472,800	1,494,600	1,312,239	182,361
Total Public Safety	48,849,600	49,583,400	48,717,173	866,227
Highway and Streets				
Administration	1,954,800	1,992,000	2,147,706	(155,706)
Engineering	3,331,400	3,324,500	3,319,648	4,852
Maintenance	3,022,400	3,035,200	3,273,861	(238,661)
Equipment and Maintenance Shops	2,357,100	2,641,200	2,300,088	341,112
Transportation Planning Unit	388,200	387,900	325,201	62,699
Traffic	1,416,000	1,420,600	1,422,036	(1,436)
Work for Others	230,000	229,600	372,912	(143,312)
Total Highways and Streets	12,699,900	13,031,000	13,161,452	(130,452)

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health and Human Services				
Public Health and Environment	\$ 18,807,000	\$ 18,299,800	\$ 16,708,793	\$ 1,591,007
Social Services	30,406,500	30,607,900	28,919,930	1,687,970
Workforce Center	2,903,400	2,924,600	2,865,780	58,820
Economic Support	10,818,200	10,820,500	10,333,130	487,370
Community Services Administration	4,522,400	4,769,800	4,590,684	179,116
Total Health and Human Services	67,457,500	67,422,600	63,418,317	4,004,283
Culture and Recreation				
Parks	3,388,000	3,499,500	3,526,543	(27,043)
County/Regional Library	8,222,400	8,275,300	7,739,008	536,292
Total Culture and Recreation	11,610,400	11,774,800	11,265,551	509,249
Conservation of Natural Resources				
County Extension	187,700	187,700	163,451	24,249
Total Conservation of Natural Resources	187,700	187,700	163,451	24,249
Debt Service				
Principal	-	-	213,226	(213,226)
Total Debt Service	-	-	213,226	(213,226)
Total Expenditures	189,623,100	192,728,650	184,820,895	7,907,755
Excess of Revenues Over (Under) Expenditures	283,900	(730,850)	25,439,483	26,170,333
Other Financing Sources (Uses)				
Transfers In	1,962,400	2,303,400	175,000	(2,128,400)
Transfers Out	(2,806,400)	(3,245,700)	(1,117,300)	2,128,400
Issuance of Loans	405,000	405,000	282,885	(122,115)
Total Other Financing Sources (Uses)	(439,000)	(537,300)	(659,415)	(122,115)
Net Change in Fund Balance	\$ (155,100)	\$ (1,268,150)	24,780,068	\$ 26,048,218
Fund Balance - Beginning of Year			163,370,207	
Fund Balance - End of Year			\$ 188,150,275	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 660,000	\$ 660,000	\$ 696,730	\$ 36,730
Licenses and Permits	57,500	58,000	26,383	(31,617)
Intergovernmental	-	-	2,681	2,681
Miscellaneous	-	-	460	460
Total Revenues	717,500	718,000	726,254	8,254
Expenditures				
Current				
General Government	717,500	717,500	522,455	195,045
Net Change in Fund Balance	\$ -	\$ 500	203,799	\$ 203,299
Fund Balance - Beginning of Year			1,622,281	
Fund Balance - End of Year			\$ 1,826,080	

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

Washington County, Minnesota

Budgetary Comparison Schedule
 Metro Gold Line Fund
 Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,500,000	\$ 7,500,000	\$ 10,681,638	\$ 3,181,638
Intergovernmental	-	-	317,184	317,184
Total Revenues	7,500,000	7,500,000	10,998,822	3,498,822
Expenditures				
Current				
General Government	280,700	27,264,300	7,402,200	19,862,100
Net Change in Fund Balance	\$ 7,219,300	\$ (19,764,300)	3,596,622	\$ 23,360,922
Fund Balance - Beginning of Year			26,983,713	
Fund Balance - End of Year			\$ 30,580,335	

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

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, 2019**

	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
General Employees Plan					
County's Proportion of the Net Pension Liability	0.974%	0.953%	0.960%	0.898%	0.896%
County's Proportionate Share of the Net Pension Liability	\$ 53,861,336	\$ 52,840,795	\$ 61,260,231	\$ 72,888,787	\$ 46,419,823
State's Proportionate Share of the Net Pension Liability Associated with the County	1,733,195	1,733,195	770,295	951,929	-
County's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability	\$ 55,594,531	\$ 54,573,990	\$ 62,030,526	\$ 73,840,716	\$ 46,419,823
County's Covered Payroll	\$ 68,928,226	\$ 64,023,955	\$ 61,819,795	\$ 55,705,850	\$ 54,726,269
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	78.14%	82.53%	99.09%	130.85%	88.20%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	80.23%	79.53%	75.90%	68.90%	78.20%
Police and Fire Plan					
County's Proportion of the Net Pension Liability	96.790%	0.922%	0.954%	0.871%	0.879%
County's Proportionate Share of the Net Pension Liability	\$ 10,304,273	\$ 9,827,570	\$ 12,880,135	\$ 34,954,746	\$ 9,987,497
County's Covered Payroll	\$ 10,210,558	\$ 9,716,848	\$ 9,795,576	\$ 8,389,874	\$ 8,360,052
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	100.92%	101.14%	131.49%	416.63%	119.47%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	89.26%	88.84%	85.43%	63.90%	86.60%
Correctional Plan					
County's Proportion of the Net Pension Liability	2.615%	2.628%	2.650%	2.670%	2.670%
County's Proportionate Share of the Net Pension Liability	\$ 362,007	\$ 432,161	\$ 7,552,527	\$ 9,753,884	\$ 412,785
County's Covered Payroll	\$ 5,575,899	\$ 5,366,457	\$ 5,297,904	\$ 5,039,988	\$ 4,977,788
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	6.49%	8.05%	142.56%	193.53%	8.29%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	98.17%	97.64%	67.89%	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.

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

Washington County, Minnesota

**Schedule of Contributions
PERA General Employees Plan,
PERA Police and Fire Plan,
and PERA Correctional Plan
December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Employees Plan						
Contractually Required Contribution	\$ 5,338,808	\$ 4,971,715	\$ 4,626,293	\$ 4,325,573	\$ 4,215,086	\$ 3,669,064
Contributions in Relation to the Contractually Required Contribution	<u>(5,338,808)</u>	<u>(4,971,715)</u>	<u>(4,626,293)</u>	<u>(4,325,573)</u>	<u>(4,215,086)</u>	<u>(3,669,064)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>					
County's Covered Payroll	\$ 71,184,143	\$ 66,300,144	\$ 61,684,567	\$ 57,674,263	\$ 56,201,053	\$ 50,607,779
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.25%
Police and Fire Plan						
Contractually Required Contribution	\$ 1,758,620	\$ 1,617,808	\$ 1,543,127	\$ 1,463,323	\$ 1,375,775	\$ 1,197,728
Contributions in Relation to the Contractually Required Contribution	<u>(1,758,620)</u>	<u>(1,617,808)</u>	<u>(1,543,127)</u>	<u>(1,463,323)</u>	<u>(1,375,775)</u>	<u>(1,197,728)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>					
County's Covered Payroll	\$ 10,375,338	\$ 9,986,468	\$ 9,525,831	\$ 9,032,862	\$ 8,493,225	\$ 7,828,296
Contributions as a Percentage of Covered Payroll	16.95%	16.20%	16.20%	16.20%	16.20%	15.30%
Correctional Plan						
Contractually Required Contribution	\$ 490,900	\$ 480,457	\$ 458,216	\$ 440,226	\$ 448,524	\$ 409,289
Contributions in Relation to the Contractually Required Contribution	<u>(490,900)</u>	<u>(480,457)</u>	<u>(458,216)</u>	<u>(440,226)</u>	<u>(448,524)</u>	<u>(409,289)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>					
County's Covered Payroll	\$ 5,610,284	\$ 5,490,931	\$ 5,031,510	\$ 5,031,510	\$ 5,126,363	\$ 4,677,589
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	9.11%	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.

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

Washington County, Minnesota

Notes to the Required Supplementary Information December 31, 2019

A. 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	\$ 3,105,550
Metro Gold Line Fund	26,983,600

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. The budget increases in the Metro Gold Line Fund relate to recognizing the advancement into the next stage of the project during the year. Full project costs are budgeted as the project reached the new phase.

B. Other Postemployment Benefits

Since the most recent GASB 45 valuation, the following assumption changes have been made:

- The actuarial cost method changed from using the Entry Age Normal level dollar cost method to the Entry Age Normal level percent of pay cost method due to new GASB 74/75 accounting rules.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement and mortality increase rates were updated from the rates used in the 7/1/2015 PERA Correctional Plan valuations to the rates used in the 7/1/2017 valuations.
- A salary scale assumption was added to reflect the cost method change. Rates are from the 7/1/2017 PERA General Employees Retirement Plan, 7/1/17 PERA Police and Fire Plan, and 7/1/2017 PERA Correctional Service Retirement Plan valuations.
- The percent of future retirees electing each medical plan changed to reflect plan experience and a change in plan offerings.

Notes to the Required Supplementary Information
December 31, 2019

**C. Defined Benefit Pension Plans – Changes in Significant Plan Provisions,
Actuarial Methods, and Assumptions**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

1. General Employees Fund

2019 Changes:

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes:

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

Notes to the Required Supplementary Information
December 31, 2019

**D. Defined Benefit Pension Plans – Changes in Significant Plan Provisions,
Actuarial Methods, and Assumptions (Continued)**

2016 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

2. Police and Fire Fund

2019 Changes:

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes:

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Washington County, Minnesota

Notes to the Required Supplementary Information December 31, 2019

D. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

2017 Changes:

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

Washington County, Minnesota

Notes to the Required Supplementary Information December 31, 2019

D. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

3. Correctional Fund

2019 Changes:

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes:

Changes in Actuarial Assumptions

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016, and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 35.00 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

Washington County, Minnesota

**Notes to the Required Supplementary Information
December 31, 2019**

**D. Defined Benefit Pension Plans – Changes in Significant Plan Provisions,
Actuarial Methods, and Assumptions (Continued)**

2016 Changes:

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

Washington County, Minnesota

Reader's Notes:

WASHINGTON COUNTY

**Supplementary
Information**



SUPPLEMENTARY INFORMATION

- Budgetary Comparison Schedules:
 - Debt Service Fund
 - Capital Projects Fund
- Combining Statement of Fiduciary Net Position
- Combining Statement of Changes in Fiduciary Net Position

Washington County, Minnesota

Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 16,008,200	\$ 16,008,200	\$ 16,008,200	\$ -
Total Revenues	16,008,200	16,008,200	16,008,200	-
Expenditures				
Debt Service				
Principal	10,975,000	10,975,000	10,975,000	-
Interest	3,985,100	3,985,100	3,984,934	166
Administrative (Fiscal) Charges	4,500	4,500	6,100	(1,600)
Total Debt Service	14,964,600	14,964,600	14,966,034	(1,434)
Total Expenditures	14,964,600	14,964,600	14,966,034	(1,434)
Excess of Revenues Over (Under) Expenditures	1,043,600	1,043,600	1,042,166	(1,434)
Net Change in Fund Balance	\$ 1,043,600	\$ 1,043,600	1,042,166	\$ (1,434)
Fund Balance - Beginning of Year			14,260,879	
Fund Balance - End of Year			\$ 15,303,045	

Washington County, Minnesota

Budgetary Comparison Schedule
 Capital Projects Fund
 Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,139,200	\$ 6,618,800	\$ 6,502,413	\$ (116,387)
Intergovernmental	39,825,800	56,765,400	30,814,831	(25,950,569)
Charges for Services	-	1,498,500	26,381,360	24,882,860
Interest on Investments	-	-	143,781	143,781
Miscellaneous	25,000	25,000	291,979	266,979
Total Revenues	44,990,000	64,907,700	64,134,364	(773,336)
Expenditures				
Current				
Capital Outlay				
General Government	4,699,000	16,925,700	17,067,878	(142,178)
Highways and Streets	75,014,800	56,357,900	54,077,719	2,280,181
Total Capital Outlay	79,713,800	73,283,600	71,145,597	2,138,003
Total Expenditures	79,713,800	73,399,200	71,342,101	2,057,099
Excess of Revenues Over (Under) Expenditures	(34,723,800)	(8,491,500)	(7,207,737)	1,283,763
Other Financing Sources (Uses)				
Transfers In	844,000	1,117,300	1,117,300	-
Transfers Out	-	(175,000)	(175,000)	-
Issuance of Bonds	33,500,000	31,315,000	31,315,000	-
Premium on Bonds Issued	-	2,495,000	2,818,261	323,261
Total Other Financing				
Total Other Financing Sources (Uses)	34,344,000	34,752,300	35,075,561	323,261
Net Change in Fund Balance	\$ (379,800)	\$ 26,260,800	27,867,824	\$ 1,607,024
Fund Balance - Beginning of Year			8,725,312	
Fund Balance - End of Year			\$ 36,593,136	

Washington County, Minnesota

Custodial Funds

Sheriff's Inmate Account

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

Gold Line Partners

The Gold Line Partners Fund is used to account for the collection and payment of funds related to Gold Line Partners, formerly known as the Gateway Corridor Commission.

Gold Line Joint Powers

The Gold Line Joint Powers Fund is used to account for the collection and payment of funds related to Gold Line Joint Powers Board, funding the METRO Gold Line BRT project.

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.

Medical Assistance Estate Recovery

The Medical Assistance Estate Recovery Fund is used to account for funds collected from estates to repay Medical Assistance costs of diseased residents. These amounts reflected will be remitted to the State.

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

Washington County, Minnesota
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds December 31, 2019

	Custodial Funds									Total Custodial Funds
	Sheriff's Inmate Account	Gold Line Partners	Gold Line Joint Powers	Sheriff Forfeiture Fund	Red Rock Corridor	Medical Assistance Estate Recovery	Agency Other	Taxes and Penalties	MESB Funds	
ASSETS										
Cash and Pooled Investments	\$ 47,347	\$ -	\$ 699,618	\$ 81,562	\$ 88,697	\$ 301,890	\$ -	\$ 831,551	\$ 1,205,302	\$ 3,255,967
Accounts Receivable	-	-	-	-	-	-	372,873	-	3,998	376,871
Due from Other Governments	-	-	-	-	-	-	-	-	111,414	111,414
Taxes Receivable	-	-	-	-	-	-	-	2,357,259	-	2,357,259
Total Assets	47,347	-	699,618	81,562	88,697	301,890	372,873	3,188,810	1,320,714	6,101,511
LIABILITIES										
Accounts Payable	-	-	-	-	19	301,890	-	7,427	25,949	335,285
Funds Held in Trust	-	-	-	-	-	-	-	52,373	296,485	348,858
Due to Other Governments	-	-	-	-	-	-	4,838	-	-	4,838
Total Liabilities	-	-	-	-	19	301,890	4,838	59,800	322,434	688,981
DEFERRED INFLOWS OF RESOURCES										
Taxes Collected in Advance of Levy	-	-	-	-	-	-	-	771,751	-	771,751
NET POSITION										
Restricted for:										
Individuals, Organizations, and										
Other Governments	\$ 47,347	\$ -	\$ 699,618	\$ 81,562	\$ 88,678	\$ -	\$ 368,035	\$ 2,357,259	\$ 998,280	\$ 4,640,779

Washington County, Minnesota

Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds - Other Custodial Funds
Fiduciary Funds - Custodial Funds December 31, 2019

	Custodial Funds									Total Custodial Funds
	Sheriff's Inmate Account	Gold Line Partners	Gold Line Joint Powers	Sheriff Forfeiture Fund	Red Rock Corridor	Medical Assistance Estate Recovery	Agency Other	Taxes and Penalties	MESB Funds	
ADDITIONS										
Contributions:										
Individuals	\$ 948,393	\$ -	\$ -	\$ -	\$ -	\$ 729,200	\$ -	\$ -	\$ -	\$ 1,677,593
Property Tax Collections for Other Governments	-	-	-	-	-	-	-	391,056,453	-	391,056,453
Special Assessments	-	-	-	-	-	-	-	-	1,269,649	1,269,649
License and Fees Collected for State	-	-	-	-	-	-	52,531,278	-	-	52,531,278
Intergovernmental Revenue	-	225,109	699,618	-	-	-	-	-	1,213,899	2,138,626
Fees for Services	-	-	-	-	-	-	-	-	15,250	15,250
Fines & Forfeitures	-	-	-	58,387	-	-	-	-	-	58,387
Interest Earnings	-	-	-	-	1,768	-	-	-	39,476	41,244
Miscellaneous	-	14,422	-	-	67	-	-	-	38,788	53,277
Total Additions	<u>948,393</u>	<u>239,531</u>	<u>699,618</u>	<u>58,387</u>	<u>1,835</u>	<u>729,200</u>	<u>52,531,278</u>	<u>391,056,453</u>	<u>2,577,062</u>	<u>448,841,757</u>
DEDUCTIONS										
Beneficiary Payments to individuals	940,156	-	-	-	-	-	-	-	-	940,156
Administrative Expense	-	-	-	-	-	-	-	-	970,495	970,495
Payments to State	-	-	-	-	-	729,200	52,523,157	-	-	53,252,357
Operating Expense	-	294,489	-	147,613	1,102	-	-	-	1,556,298	1,999,502
Special Item - Loss on Termination of Agreement	-	699,618	-	-	-	-	-	-	-	699,618
Property Tax Payments to Other Governments	-	-	-	-	-	-	-	390,455,842	-	390,455,842
Total Deductions	<u>940,156</u>	<u>994,107</u>	<u>-</u>	<u>147,613</u>	<u>1,102</u>	<u>729,200</u>	<u>52,523,157</u>	<u>390,455,842</u>	<u>2,526,793</u>	<u>448,317,970</u>
NET INCREASE (DECREASE)										
IN FIDUCIARY NET POSITION	8,237	(754,576)	699,618	(89,226)	733	-	8,121	600,611	50,269	523,787
Fiduciary Net Position - Beginning of Year	-	-	-	-	-	-	-	-	-	-
Change in Accounting Principle (See Note VIII)	39,110	754,576	-	170,788	87,945	-	359,914	1,756,648	948,011	4,116,992
Fiduciary Net Position - Beginning of Year, As Restated	39,110	754,576	-	170,788	87,945	-	359,914	1,756,648	948,011	4,116,992
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 47,347</u>	<u>\$ -</u>	<u>\$ 699,618</u>	<u>\$ 81,562</u>	<u>\$ 88,678</u>	<u>\$ -</u>	<u>\$ 368,035</u>	<u>\$ 2,357,259</u>	<u>\$ 998,280</u>	<u>\$ 4,640,779</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, 2019 and 2018**

Governmental Funds Capital Assets	2018	2019	% Change
Land and Works of Art	\$ 98,032,268	\$ 101,321,896	3.4%
Land Improvements	18,763,140	18,763,140	0.0%
Buildings and Structures	218,352,429	219,502,361	0.5%
Machinery and Equipment	58,063,522	57,406,863	-1.1%
Infrastructure	386,838,543	473,258,215	22.3%
Construction in Progress	44,686,639	21,531,956	-51.8%
Total	\$ 824,736,541	\$ 891,784,431	8.1%
Investments in Capital Assets By Fund Type			
General Fund (GFG)	\$ 772,639,636	\$ 835,838,388	8.2%
Special Revenue Fund (SRF)	10,285,432	10,285,432	0.0%
Capital Projects Fund (CPF)	41,811,473	45,660,611	9.2%
Total Investments in Capital Assets	\$ 824,736,541	\$ 891,784,431	8.1%

Washington County, Minnesota

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 December 31, 2019

Department	Total	Land and Works of Art	Land Improvements	Buildings and Structures	Machinery and Equipment	Infrastructure	Construction In Progress
General Government:							
Accounting & Finance	\$ 2,353,999	\$ -	\$ -	\$ -	\$ 2,353,999	\$ -	\$ -
Administration	176,927	-	-	-	176,927	-	-
Attorney	176,954	-	-	-	176,954	-	-
Property Records & Taxpayer Services	2,918,230	-	61,425	1,223,764	1,633,041	-	-
Building Maintenance	88,704,240	-	2,290,694	84,714,502	452,743	1,246,301	-
Commissioners	35,200	35,200	-	-	-	-	-
Court Administration	343,001	-	-	137,959	205,042	-	-
General Operations	68,127,589	6,267,945	922,781	54,531,330	2,836,969	-	3,568,564
Historic Courthouse	1,874,447	243,914	301,392	1,299,586	29,555	-	-
Human Resources	23,173	-	-	-	23,173	-	-
Information Technology	7,416,480	-	-	-	5,826,758	1,589,722	-
Law Library	48,793	-	-	-	48,793	-	-
Recorder	667,645	-	-	-	667,645	-	-
Surveyor	292,596	-	-	-	292,596	-	-
Veterans Services	5,000	-	-	-	5,000	-	-
Total General Government	173,164,274	6,547,059	3,576,292	141,907,141	14,729,195	2,836,023	3,568,564
Public Safety:							
Community Corrections	2,298,556	-	-	1,468,847	829,709	-	-
Sheriff	63,606,424	1,543,256	4,971,614	32,481,424	24,610,130	-	-
Total Public Safety	65,904,980	1,543,256	4,971,614	33,950,271	25,439,839	-	-
Highways and Streets:							
Administration	26,880,519	3,943,367	1,210,510	20,934,843	278,362	513,437	-
Equipment	12,145,914	-	-	-	12,145,914	-	-
Infrastructure	509,767,388	40,181,979	13,000	4,000	-	463,737,504	5,830,905
Total Highways and Streets	548,793,821	44,125,346	1,223,510	20,938,843	12,424,276	464,250,941	5,830,905
Health and Welfare:							
Public Health and Environment	811,510	203,200	-	91,978	516,332	-	-
Social Services	358,968	-	-	-	358,968	-	-
Workforce Center	195,313	-	-	-	195,313	-	-
Total Health and Welfare	1,365,791	203,200	-	91,978	1,070,613	-	-
Culture and Recreation:							
Library	17,971,647	569,182	434,812	11,883,051	1,263,461	-	3,821,141
Parks	84,572,518	48,333,853	8,556,912	10,731,077	2,468,079	6,171,251	8,311,346
Total Culture and Recreation	102,544,165	48,903,035	8,991,724	22,614,128	3,731,540	6,171,251	12,132,487
Conservation of Natural Resources:							
Agriculture Extension	11,400	-	-	-	11,400	-	-
Total Capital Assets	\$891,784,431	\$101,321,896	\$ 18,763,140	\$ 219,502,361	\$ 57,406,863	\$ 473,258,215	\$ 21,531,956

Washington County, Minnesota

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 Year Ended December 31, 2019

	Balance January 1	*Interdepartmental Transfers	Additions	Deletions	Balance December 31
General Government:					
Accounting & Finance	\$ 2,407,446	\$ -	\$ -	\$ (53,447)	\$ 2,353,999
Administration	176,927	-	-	-	176,927
Attorney	237,617	-	26,295	(86,958)	176,954
Property Records & Taxpayer Services	2,913,200	-	5,030	-	2,918,230
Building Maintenance	87,616,489	(9,222)	1,167,329	(70,356)	88,704,240
Commissioners	35,200	-	-	-	35,200
Court Administration	343,001	-	-	-	343,001
General Operations	68,827,219	-	611,202	(1,310,832)	68,127,589
Historic Courthouse	1,878,918	-	5,901	(10,372)	1,874,447
Human Resources	23,173	-	-	-	23,173
Information Technology	8,477,533	-	453,134	(1,514,187)	7,416,480
Law Library	48,793	-	-	-	48,793
Recorder	367,850	-	299,795	-	667,645
Surveyor	260,092	-	32,504	-	292,596
Veteran Services	5,000	-	-	-	5,000
Total General Government	173,618,458	(9,222)	2,601,190	(3,046,152)	173,164,274
Public Safety:					
Community Corrections	2,234,535	-	120,138	(56,117)	2,298,556
Sheriff	63,661,688	(62,758)	518,069	(510,575)	63,606,424
Total Public Safety	65,896,223	(62,758)	638,207	(566,692)	65,904,980
Highways and Streets:					
Administration	26,830,148	(22,675)	88,258	(15,212)	26,880,519
Equipment	12,148,868	2,588	425,215	(430,757)	12,145,914
Infrastructure	452,342,889	-	138,960,504	(81,536,005)	509,767,388
Total Highways and Streets	491,321,905	(20,087)	139,473,977	(81,981,974)	548,793,821
Health and Welfare:					
Public Health and Environment	777,025	-	24,922	9,563	811,510
Social Services	353,310	-	21,223	(15,565)	358,968
Workforce Center	205,438	-	-	(10,125)	195,313
Total Health and Welfare	1,335,773	-	46,145	(16,127)	1,365,791
Culture and Recreation:					
Library	14,410,068	-	3,603,061	(41,482)	17,971,647
Parks	78,142,714	92,067	14,011,412	(7,673,675)	84,572,518
Total Culture and Recreation	92,552,782	92,067	17,614,473	(7,715,157)	102,544,165
Conversation of Natural Resources:					
Agriculture Extension	11,400	-	-	-	11,400
Total Governmental Funds Capital Assets	\$ 824,736,541	\$ -	\$ 160,373,992	\$ (93,326,102)	\$ 891,784,431

* 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, 2019

	General Fund	Regional Rail Authority	Metro Gold Line Fund	Capital Project Fund	Total All Funds
Shared Revenues					
State					
Disparity Reduction Aid	\$ 363	\$ -	\$ -	\$ -	\$ 363
Highway Users Tax	5,674,649	-	-	15,583,670	21,258,319
County Program Aid	10,027,183	-	-	-	10,027,183
Market Value Credit - Real	93,403	-	-	-	93,403
Local Performance Aid	25,000	-	-	-	25,000
PERA Rate Increase Aid	495,155	542	-	-	495,697
State Police Aid	977,780	-	-	-	977,780
County Aquatic ISP Aid	135,887	-	-	-	135,887
Out of Home Placement Aid	45,470	-	-	-	45,470
Riparian Aid	40,000	-	-	-	40,000
E-911	375,064	-	-	-	375,064
Total Shared Revenues	17,889,954	542	-	15,583,670	33,474,166
Reimbursement for Services					
State					
Minnesota Dept. of Human Services	5,809,030	-	-	-	5,809,030
Total Reimbursements for Services	5,809,030	-	-	-	5,809,030
State Grants					
Minnesota Department of					
Agriculture	20,493	-	-	-	20,493
Commerce Department	47,382	-	-	-	47,382
Labor and Industry	8,188	-	-	-	8,188
Corrections	2,651,858	-	-	-	2,651,858
Environmental Assistance	1,241,947	-	-	-	1,241,947
Housing Finance Agency	246,438	-	-	-	246,438
Health	1,351,970	-	-	-	1,351,970
Human Services	7,163,425	-	-	-	7,163,425
Natural Resources	226,168	-	-	266,796	492,964
Peace Officers (POST)	110,354	-	-	-	110,354
Public Safety	773,626	-	-	-	773,626
Trade and Economic Development	712,038	-	-	-	712,038
Pollution Control Agency	13,564	-	-	-	13,564
Veteran's Affairs	14,832	-	-	-	14,832
Water and Soil Resources	148,249	-	-	-	148,249
Total State	14,730,532	-	-	266,796	14,997,328
Federal Grants					
Federal Department of					
Agriculture	1,777,311	-	-	-	1,777,311
Housing and Development	139,846	-	-	-	139,846
Justice	172,958	-	-	-	172,958
Labor	680,873	-	-	-	680,873
Transportation	317,971	-	-	11,002,303	11,320,274
Education	2,672	-	-	-	2,672
Health and Human Services	12,339,890	-	-	-	12,339,890
Executive Office of the President	101,705	-	-	-	101,705
Homeland Security	190,868	-	-	-	190,868
Total Federal	15,724,094	-	-	11,002,303	26,726,397
Local					
Metropolitan Council / MELSA	484,642	-	-	3,942,062	4,426,704
Miscellaneous Agencies	26,683	1,000	317,184	20,000	364,867
Counties	18,433	-	-	-	18,433
Tax Forfeited Land	1,924	-	-	-	1,924
Total Local	531,682	1,000	317,184	3,962,062	4,811,928
Total Grants	30,986,308	1,000	317,184	15,231,161	46,535,653
Payments in Lieu of Taxes	668,590	1,139	-	-	669,729
Total Intergovernmental Revenues	\$ 55,353,882	\$ 2,681	\$ 317,184	\$ 30,814,831	\$ 86,488,578

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Washington County, Minnesota

**Washington County
Schedule of Expenditures of Federal Awards
for the Year Ended December 31, 2019**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grant Numbers	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	182MN004W1003	10.557	\$ 576,204	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total SNAP Cluster 10.561 \$1,200,377)	192MN127Q7503, 192MN101S2514, and 192MN101S2520	10.561	1,200,377	-
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	172MN992Y8604	10.572	730	-
Total Department of Agriculture			<u>1,777,311</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed Through Washington County Community Development Agency Community Development Block Grants/Entitlement Grants (Total CDBG - Entitlement Grants Cluster 14.218 \$139,846)	B-18-UC-27-0006	14.218	139,846	-
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	A-CVSP-2018-WASHAO-00031	16.575	107,206	-
Public Safety Partnership and Community Policing Grants	2017HPWX0004	16.710	7,166	-
State Criminal Alien Assistance Program	N/A Direct	16.606	56,417	-
Equitable Sharing Program	N/A Direct	16.922	2,169	-
Total Department of Justice			<u>172,958</u>	<u>-</u>
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development Senior Community Service Employment Program	7165100	17.235	96,954	-
WIOA Adult Program (Total WIOA Cluster 17.258, 17.259 and 17.278 \$583,919)	AA308581755A27	17.258	213,051	-
WIOA Youth Activities (Total WIOA Cluster 17.258, 17.259 and 17.278 \$583,919)	AA308581755A27	17.259	148,986	-
WIOA Dislocated Worker Formula Grants (Total WIOA Cluster 17.258, 17.259 and 17.278 \$583,919)	EM258651460A27	17.278	221,882	-
Total Department of Labor			<u>680,873</u>	<u>-</u>
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Total Highway Planning and Construction Cluster 20.205 \$10,777,193)	082-595-001,082-591-003	20.205	10,777,193	-
Federal Transit Capital Investment Grant (Total Federal Transit Cluster 20.500 \$225,109)	MN-2017-013	20.500	225,109	225,109
Enhanced Mobility of Seniors and Individuals with Disabilities (Total Transit Services Programs Cluster 20.513 \$11,858)	MN-2016-006, MN-2017-014	20.513	11,858	-
Passed Through Minnesota Department of Public Safety Alcohol Traffic Safety and Drunk Driving Prevention State and Community Highway Safety (Total Highway Safety Cluster 20.600 and 20.616 \$84,163)	A-ENFRC18-2018-WASHD-087	20.600	18,136	11,286
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	A-ENFRC18-2018-WASHD-035 A-ENFRC18-2018-WASHD-087	20.608	172,591	86,984
National Priority Safety Programs (Total Highway Safety Cluster 20.600 and 20.616 \$84,163)	18X920405CMN17	20.616	66,027	19,513
Total Department of Transportation			<u>11,270,914</u>	<u>342,892</u>

Continued on Next Page

Washington County, Minnesota

**Schedule of Expenditures of Federal Awards (Continued)
for the Year Ended December 31, 2019**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grant Numbers	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education - Grants for Infants and Families	HA181A180029	84.181	\$ 2,672	\$ -
Total Department of Education			2,672	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	NU90TP921843	93.069	79,520	-
Hospital Preparedness Program (HPP) and Public Health Emergency (PHEP) Aligned Cooperative Agreements	90TP000529	93.074	48,577	-
Universal Newborn Hearing Screening	H61MC00035	93.251	3,375	-
Immunization Cooperative Agreements	NH23IP000737	93.268	5,950	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	NUR3DD000062	93.314	1,200	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	H23IP000737	93.539	6,100	-
Temporary Assistance for Needy Families (TANF) (Total TANF Cluster 93.558 \$2,068,840)	1701MNTANF, 1801MNTANF	93.558	200,739	-
Maternal, Infant and Early Childhood Home Visiting Grant Program (MIECHV) (Total MIECHV Cluster 93.505 and 93.870 \$212,888)	3-44653	93.870	212,888	-
Maternal and Child Health Services Block Grant to the States	3-50229	93.994	168,107	-
Passed Through Minnesota Department of Human Services Projects for Assistance in Transition from Homelessness (PATH)	2X06SM016024-18	93.150	55,735	-
Promoting Safe and Stable Families	G-1801MNFPS	93.556	15,050	-
Temporary Assistance for Needy Families (TANF) (Total TANF Cluster 93.558 \$2,068,840)	1901MNTANF	93.558	1,868,101	-
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services (Continued)				
Child Support Enforcement	1901MNCSES	93.563	2,955,840	-
Community-Based Child Abuse Prevention Grants	G-1801MNBCAP	93.590	26,140	-
Child Care Mandatory and Matching Funds (Total CCDF Cluster 93.575 and 93.596 \$181,082)	G1901MNCCDF	93.596	181,082	-
Stephanie Tubbs Jones Child Welfare Services Program	G-1801MNCWSS	93.645	13,999	-
Foster Care Title IV-E	1901MNFOST	93.658	357,977	-
Social Services Block Grant	G-1901MNSOSR	93.667	789,292	-
Child Abuse and Neglect State Grants	G-1901MNNCAN	93.669	2,915	-
Chafee Foster Care Independence Program	G-1901MNCILP	93.674	20,760	-
Medical Assistance Program (Total Medicaid Cluster 93.778 \$5,303,541)	1905MN5ADM	93.778	5,303,541	-
Block Grants for Prevention and Treatment of Substance Abuse	2B08TI010027-18	93.959	1,800	-
Total Department of Health and Human Services			12,318,688	-
Executive Office of the President				
Direct				
High Intensity Drug Trafficking Areas Program	N/A - Direct	95.001	101,705	-
Total Executive Office of the President			101,705	-
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	3316FAS170127	97.012	25,951	-
Emergency Management Performance Grants	EMC-2017-EP-00003	97.042	111,349	-
Homeland Security Grant Program	EMW2016SS00022	97.067	141,547	-
Total Department of Homeland Security			278,847	-
Total Cash Type Federal Awards			\$ 26,743,814	\$ 342,892

Continued on Next Page

Washington County, Minnesota

**Schedule of Expenditures of Federal Awards (Continued)
for the Year Ended December 31, 2019**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grant Numbers	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
Clusters of programs are groupings of closely related programs that share common compliance requirements.				
Total expenditures by cluster are:				
Supplemental Nutrition Assistance Program (SNAP) Cluster			\$ 1,200,377	
Community Development Block Grants (CDBG)/Entitlement Grants Cluster			139,846	
Workforce Investment Opportunities Act (WIOA) Cluster			583,919	
Highway Planning and Construction Cluster			10,777,193	
Federal Transit Cluster			225,109	
Transit Services Programs Cluster			11,858	
Highway Safety Cluster			84,163	
Maternal, Infant, and Early Childhood Home Visiting Cluster			212,888	
Temporary Assistance for Needy Families (TANF) Cluster			2,068,840	
Childcare and Development Fund (CCDF) Cluster			181,082	
Medicaid Cluster			5,303,541	
Notes:				
1. <u>Reporting Entity</u>				
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. <u>Basis of Presentation</u>				
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, 2019. 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. <u>Summary of Significant Accounting Policies</u>				
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. <u>Reconciliation to the Schedule of Intergovernmental Revenues:</u>				
Federal Grant Revenues per the Schedule of Intergovernmental Revenue			\$ 26,726,397	
Grants received more than 60 days after year end, unavailable in 2019:				
Promoting Safe and Stable Families			436	
Temporary Assistance for Needy Families (TANF)			16,990	
Stephanie Tubbs Jones Child Welfare Services Program			1,307	
Foster Care Title IV-E Program			69,319	
Chafee Foster Care Independence Program			6,360	
Maternal and Child Health Services Block Grant to the States			14,430	
Emergency Management Performance Grants			111,349	
Grants unavailable in 2018, recognized as revenue in 2019:				
State and Community Highway Safety			(1,901)	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			(47,458)	
Public Health Emergency Preparedness			(48,611)	
Promoting Safe and Stable Families			(8,761)	
Temporary Assistance for Needy Families (TANF)			(48,087)	
Community-Based Child Abuse Prevention Grants			(11,524)	
Stephanie Tubbs Jones Child Welfare Services Program			(7,123)	
Chafee Foster Care Independence Program			(5,939)	
Homeland Security Grant Program			(23,370)	
Expenditures per the Schedule of Expenditures of Federal Awards			<u>\$ 26,743,814</u>	

Washington County, Minnesota

Reader's Notes:

WASHINGTON COUNTY

Statistical Section



STATISTICAL SECTION

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Washington County, Minnesota

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Washington County, Minnesota

Table 1

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 262,747,612	\$ 270,915,340	\$ 277,828,433	\$ 288,512,731	\$ 299,306,065	\$ 335,867,717	\$ 360,876,722	\$ 373,703,127	\$ 396,970,242	\$ 441,545,633
Restricted	12,867,572	25,892,877	51,725,491	32,723,537	80,700,496	35,599,589	44,572,087	60,043,112	56,814,163	88,219,863
Unrestricted	<u>67,699,681</u>	<u>70,787,886</u>	<u>58,699,573</u>	<u>90,450,705</u>	<u>53,425,232</u>	<u>55,455,284</u>	<u>28,686,647</u>	<u>35,972,130</u>	<u>(41,140,387)</u>	<u>(42,209,111)</u>
Total Governmental Activities Net Position	<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>	<u>\$ 469,718,369</u>	<u>\$ 412,644,018</u>	<u>\$ 487,556,385</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)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses										
Governmental Activities:										
General Government	\$ 42,593,558	\$ 42,867,160	\$ 42,768,996	\$ 51,564,315	\$ 44,559,127	\$ 47,017,013	\$ 55,002,909	\$ 59,516,867	\$ 36,860,431	\$ 21,803,552
Public Safety	35,119,216	34,968,995	37,934,572	37,843,300	38,387,190	40,004,487	49,095,388	45,931,833	44,569,866	47,434,648
Highways and Streets	17,692,979	12,352,763	11,640,654	5,202,170	22,889,381	19,142,890	22,121,135	28,299,033	50,825,645	82,221,937
Human Services	49,809,446	48,232,784	47,988,410	48,400,711	50,329,609	54,021,113	57,758,157	61,637,749	60,810,502	62,361,430
Culture and Recreation	3,697,283	7,729,835	9,456,600	7,883,946	2,457,674	3,935,750	6,137,767	6,098,761	7,033,085	994,660
Conservation of Natural Resources	30,713	35,598	42,850	70,125	305,505	162,894	537,621	575,586	354,938	446,336
Economic Development	1,267,990	734,659	692,598	506,219	501,002	136,164	176,935	-	-	-
Interest	5,141,768	5,930,787	6,747,218	6,146,894	5,499,991	6,130,486	6,424,584	4,634,114	3,147,217	3,032,465
Total Governmental Activities Expenses	<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>	<u>206,693,943</u>	<u>203,601,684</u>	<u>218,295,028</u>
Total Primary Government Expenses	<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>	<u>\$ 206,693,943</u>	<u>\$ 203,601,684</u>	<u>\$ 218,295,028</u>
Program Revenues										
Governmental Activities:										
Fees, Fines, Charges, and Other										
General Government	\$ 13,311,510	\$ 15,959,298	\$ 16,526,528	\$ 17,109,370	\$ 15,393,150	\$ 16,352,719	\$ 18,749,720	\$ 27,185,578	\$ 21,725,129	\$ 41,974,256
Public Safety	3,245,814	2,748,072	3,241,615	3,004,392	1,981,496	2,185,060	3,152,629	3,121,523	3,044,290	3,425,632
Highways and Streets	360,913	-	-	-	-	61,760	-	-	-	-
Human Services	2,158,029	-	-	43,400	-	-	-	-	-	-
Culture and Recreation	1,435,153	66,803	74,537	69,601	67,852	71,651	71,252	69,997	73,569	75,419
Operating Grants and Contributions	33,639,652	35,233,662	36,109,114	37,421,634	38,799,033	61,641,977	34,571,660	51,261,327	54,445,861	71,727,125
Capital Grants and Contributions	16,605,905	14,614,262	12,455,162	6,485,181	10,548,205	12,302,421	10,747,375	30,010,513	6,441,239	557,104
Total Governmental Activities Program Revenues	<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>	<u>111,648,938</u>	<u>85,730,088</u>	<u>117,759,536</u>
Total Primary Government Program Revenues	<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>	<u>\$ 111,648,938</u>	<u>\$ 85,730,088</u>	<u>\$ 117,759,536</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 92,487,987	\$ 93,184,861	\$ 95,588,230	\$ 95,578,870	\$ 95,295,140	\$ 98,569,307	\$ 101,495,977	\$ 106,291,250	\$ 112,908,250	\$ 118,926,756
Mortgage Registry and Deed Tax	358,469	227,596	362,651	375,017	314,211	368,986	441,311	462,199	438,592	558,384
Wheelage Tax	-	-	-	-	2,134,478	2,238,700	2,199,651	2,233,961	2,431,035	4,562,413
Sales Tax	-	-	-	-	-	-	-	2,294,693	10,230,308	10,720,638
Grants & Contributions not Restricted for a Particular Purpose	12,030,454	10,678,128	9,485,717	14,856,824	16,003,232	18,143,387	25,995,607	6,736,929	8,274,230	16,563,400
Investment Earnings	2,200,015	1,310,143	3,393,437	5,988,895	4,416,982	2,251,818	5,029,984	10,438,194	1,397,202	21,568,141
Miscellaneous	1,402,580	961,080	761,519	117,972	1,720,520	1,324,909	1,459,296	1,969,146	2,484,295	2,486,902
Gain on Sale of Capital Assets	-	122,302	-	-	-	-	552,900	201,546	55,963	61,225
Total Governmental Activities	<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>	<u>130,627,918</u>	<u>138,219,875</u>	<u>175,447,859</u>
Total Primary Government	<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>	<u>\$ 130,627,918</u>	<u>\$ 138,219,875</u>	<u>\$ 175,447,859</u>
Change in Net Position - Total Primary Government	<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>	<u>\$ 35,582,913</u>	<u>\$ 20,348,279</u>	<u>\$ 74,912,367</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Nonspendable	\$ 67,507	\$ 3,144,021	\$ 3,022,076	\$ 2,755,830	\$ 2,975,831	\$ 9,314,657	\$ 10,540,443	\$ 10,465,589	\$ 11,253,933	\$ 10,110,940
Restricted (Reserved 2010)	2,735,386	31,078,283	35,108,835	53,395,552	64,648,115	65,342,465	63,724,399	72,815,196	74,750,978	91,388,812
Assigned (Designated 2010)	37,634,905	12,182,064	19,002,151	15,654,649	16,030,225	19,898,602	17,980,227	17,277,974	15,812,868	15,623,260
Unassigned (Undesignated 2010)	22,158,221	55,076,524	57,156,009	55,771,086	57,173,233	51,545,604	58,860,087	60,573,615	61,552,428	71,027,263
Total General Fund	\$ 62,596,019	\$ 101,480,892	\$ 114,289,071	\$ 127,577,117	\$ 140,827,404	\$ 146,101,328	\$ 151,105,156	\$ 161,132,374	\$ 163,370,207	\$ 188,150,275
All Other Government Funds										
Nonspendable	\$ 645,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,495	\$ 662,201	961,462
Restricted (Reserved 2010)										
Special Revenue Funds	15,052,704	20,400	92,617	92,617	92,617	61,865	61,865	22,246,478	26,321,512	29,680,462
Debt Service Funds	-	13,539,845	35,790,318	13,082,931	59,652,307	53,671,223	54,090,986	12,525,992	14,260,879	15,303,045
Capital Project Funds	-	30,011,809	20,581,913	6,112,659	3,772,240	2,658,106	18,109,307	10,466,071	1,171,291	26,552,472
Committed										
Capital Project Funds	-	-	-	-	-	500,000	500,000	-	-	-
Assigned (Designated 2010)										
Special Revenue Funds	2,353,548	899,558	956,825	909,422	936,247	849,231	1,355,539	1,437,941	1,622,281	1,826,080
Capital Project Funds	-	3,382,996	5,741,101	7,514,976	2,661,870	14,738,704	7,258,303	9,421,824	7,554,021	9,979,075
Unassigned (Undesignated 2010)										
Special Revenue Funds	21,762,494	-	-	-	-	-	-	-	-	-
Total All Other Government Funds	\$ 39,814,506	\$ 47,854,608	\$ 63,162,774	\$ 27,712,605	\$ 67,115,281	\$ 72,479,129	\$ 81,376,000	\$ 56,111,801	\$ 51,592,185	\$ 84,302,596

Table 4

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 92,691,027	\$ 94,298,582	\$ 96,502,624	\$ 95,914,265	\$ 98,178,034	\$101,306,879	\$104,281,459	\$111,471,329	\$125,889,156	\$134,757,330
Special Assessments	-	-	-	-	20,435	35,534	99,105	114,767	162,803	146,664
Licenses and Permits	3,744,125	3,868,240	4,121,501	4,192,039	4,270,301	4,458,106	4,543,640	4,673,770	4,731,513	4,945,232
Intergovernmental	67,142,071	59,766,622	53,155,607	57,283,852	65,048,280	88,742,444	78,600,735	87,885,635	74,338,750	86,488,578
Charges for Services	15,037,594	14,488,228	15,454,741	15,638,752	14,857,495	14,720,253	17,922,789	26,977,588	21,855,830	42,624,823
Fines and Forfeits	335,649	417,705	266,438	395,972	292,975	289,104	306,249	393,776	401,370	462,730
Gifts and Contributions	48,922	-	-	-	-	-	-	-	-	-
Interest on Investments	2,200,015	1,310,143	3,393,437	5,988,895	4,416,982	2,251,818	5,029,984	10,438,194	1,397,202	21,582,833
Miscellaneous	11,308,526	11,412,958	10,439,190	10,103,082	9,989,797	9,775,376	9,992,986	10,465,891	10,742,810	11,119,828
Total Revenues	192,507,929	185,562,478	183,333,538	189,516,857	197,074,299	221,579,514	220,776,947	252,420,950	239,519,434	302,128,018
Expenditures										
General Government	39,003,132	35,191,718	34,656,825	35,882,500	40,548,616	36,895,242	40,870,481	43,215,122	49,752,217	55,806,380
Public Safety	35,955,075	36,381,265	38,396,811	38,340,161	39,186,886	40,178,346	42,079,961	44,621,029	47,105,533	48,717,173
Highways and Streets	14,342,450	12,345,370	9,007,122	10,136,886	9,844,025	10,606,025	10,703,310	11,474,939	12,402,526	13,161,452
Health and Human Services	49,896,575	48,544,934	48,201,191	48,850,165	49,957,956	53,865,396	56,818,492	60,728,658	61,134,051	63,418,317
Culture and Recreation	9,180,757	10,556,971	10,184,493	8,594,495	9,666,323	10,435,800	10,876,956	10,768,274	11,162,155	11,265,551
Conservation of Natural Resources	30,080	34,965	42,217	69,492	304,872	160,968	170,482	168,741	177,993	163,451
Economic Development	1,297,542	734,659	639,001	505,255	509,882	176,978	181,388	-	-	-
Capital Outlay	30,868,516	29,374,494	24,829,336	34,817,201	28,332,624	43,891,100	52,656,963	40,748,515	46,550,046	71,145,597
Debt Service:										
Principal	3,541,540	3,361,540	5,603,270	27,905,000	5,585,000	6,150,284	7,075,948	64,549,863	9,847,229	11,188,226
Interest	5,530,172	5,049,340	6,923,025	6,569,242	5,605,590	6,324,442	6,750,119	8,988,944	3,832,013	3,984,934
Bond Issue Costs	-	-	-	-	148,237	1,142	183,652	259,632	-	196,504
Other Charges	3,750	127,437	111,392	8,583	3,176	3,875	8,300	2,923	14,400	6,100
Total Expenditures	189,649,589	181,702,693	178,594,683	211,678,980	189,693,187	208,689,598	228,376,052	285,526,640	241,978,163	279,053,685
Excess of Revenue Over (Under) Expenditures	2,858,340	3,859,785	4,738,855	(22,162,123)	7,381,112	12,889,916	(7,599,105)	(33,105,690)	(2,458,729)	23,074,333
Other Financing Sources (Uses)										
Transfers In	5,679,791	2,402,500	4,412,000	1,009,000	700,504	5,489,100	2,240,105	1,648,200	1,507,500	1,292,300
Transfers Out	(5,679,791)	(2,402,500)	(4,412,000)	(1,009,000)	(700,504)	(5,489,100)	(2,240,105)	(1,648,200)	(1,507,500)	(1,292,300)
Sources from Sale of Assets	-	-	-	-	-	-	552,900	-	-	-
Issuance of Loans	-	-	-	-	162,048	114,933	367,139	406,845	176,946	282,885
Issuance of Bonds	-	40,055,000	-	-	-	4,775,000	20,000,000	-	-	31,315,000
Issuance of Refunding Bonds	-	-	22,475,000	-	39,155,000	-	-	42,380,000	-	-
Payment on Refunded Bonds	(12,250,000)	-	-	-	-	(7,380,000)	-	-	-	-
Premium on Bonds/Notes Issued	-	1,091,127	1,011,713	-	6,089,724	237,923	579,765	4,345,427	-	2,818,261
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(29,263,563)	-	-
Discount on Bonds/Notes Issued	-	(108,549)	(40,005)	-	(134,921)	-	-	-	-	-
Total Other Financing Sources (Uses)	(12,250,000)	41,037,578	23,446,708	-	45,271,851	(2,252,144)	21,499,804	17,868,709	176,946	34,416,146
Net Change in Fund Balances	\$ (9,391,660)	\$ 44,897,363	\$ 28,185,563	\$(22,162,123)	\$ 52,652,963	\$ 10,637,772	\$ 13,900,699	\$(15,236,981)	\$ (2,281,783)	\$ 57,490,479
Capital Asset Adjustments *	\$ 41,263,396	\$ 37,240,430	\$ 27,505,959	\$ 38,005,721	\$ 33,049,166	\$ 49,617,692	\$ 51,007,089	\$ 37,696,968	\$ 48,149,351	\$ 69,862,133
Debt Service as a Percentage of Noncapital Expenditures	6.11%	5.82%	8.29%	19.85%	7.14%	7.84%	7.80%	29.67%	7.06%	7.25%

* 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 30.

Source: Washington County Accounting and Finance Department.

Table 5

**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					
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%
2017	29,341,812	27,852,002	27,985,596	239,776	64,446	7,244	4,942	316,408	30.45%	0.0038%	1.08%
2018	31,420,940	29,961,364	30,012,385	258,029	69,215	7,985	5,256	340,485	29.98%	0.0353%	1.08%
2019	33,499,306	32,095,424	32,059,708	278,620	72,943	7,416	5,244	364,223	29.68%	0.0330%	1.09%

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:

2010 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%.

2019 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Tax Rates Based on Percentage of Tax Capacity</u>										
<u>Washington County:</u>										
General	16.239%	16.368%	17.435%	18.177%	17.803%	16.255%	16.352%	16.335%	15.426%	15.543%
Debt	2.978%	3.261%	3.717%	4.138%	4.319%	3.821%	3.979%	4.015%	3.895%	3.746%
Road and Bridge	1.414%	2.000%	2.120%	2.386%	1.792%	1.693%	1.729%	1.824%	2.173%	2.104%
Social Services	4.148%	5.108%	5.443%	5.921%	5.598%	4.892%	4.999%	4.876%	5.058%	4.847%
Social Services Administration	0.785%	0.513%	0.542%	0.590%	0.587%	0.786%	0.751%	0.742%	0.738%	0.756%
Library	1.972%	2.168%	2.340%	2.676%	2.568%	2.373%	2.579%	2.486%	2.419%	2.309%
Library Debt	0.239%	0.354%	0.343%	0.337%	0.145%	0.366%	0.174%	0.170%	0.274%	0.377%
Total	27.775%	29.772%	31.939%	34.225%	32.811%	30.186%	30.564%	30.448%	29.983%	29.682%
<u>Overlapping Rates:</u>										
<u>Cities of:</u>										
Afton	25.357%	27.044%	30.078%	30.059%	30.092%	27.737%	29.373%	32.300%	32.255%	32.983%
Bayport	32.358%	35.650%	40.671%	43.923%	41.699%	40.468%	37.107%	39.410%	36.017%	33.954%
Birchwood	19.128%	21.824%	22.514%	27.615%	27.012%	27.627%	23.893%	24.302%	24.904%	23.012%
Cottage Grove (Urban)	35.415%	38.255%	41.446%	45.046%	43.812%	41.591%	43.140%	43.012%	40.583%	38.959%
Dellwood	8.007%	9.331%	10.578%	11.641%	15.224%	17.853%	16.757%	15.102%	14.614%	10.361%
Forest Lake	31.534%	33.548%	37.735%	43.508%	44.653%	42.839%	43.385%	43.473%	41.871%	39.580%
Grant	10.761%	11.119%	13.227%	14.540%	14.598%	13.321%	13.755%	13.789%	13.907%	13.916%
Hastings	52.677%	55.196%	66.078%	68.547%	66.246%	62.581%	63.577%	62.518%	60.964%	59.612%
Hugo (Urban)	34.274%	34.236%	36.498%	36.512%	36.417%	36.318%	36.323%	36.360%	36.330%	36.274%
Lake Elmo	20.479%	21.832%	27.272%	27.818%	27.761%	23.798%	23.121%	20.018%	22.442%	22.927%
Lake St Croix Beach	42.536%	40.962%	51.493%	55.145%	52.781%	48.039%	45.774%	47.619%	47.497%	41.130%
Lakeland	38.420%	40.375%	44.462%	48.194%	47.028%	43.489%	42.451%	44.213%	36.540%	31.800%
Lakeland Shores	15.141%	17.204%	20.150%	23.396%	26.417%	24.969%	25.696%	24.949%	24.653%	23.022%
Landfall	38.701%	40.389%	39.046%	37.704%	47.787%	48.731%	55.903%	56.649%	80.743%	50.012%
Mahtomedi	28.498%	31.386%	33.679%	34.656%	36.414%	38.022%	34.657%	37.580%	33.971%	38.892%
Marine on St Croix	35.478%	38.842%	45.202%	53.537%	57.734%	55.427%	56.752%	60.678%	55.060%	56.705%
Newport	53.643%	60.261%	64.662%	70.803%	72.054%	69.973%	61.660%	60.304%	58.736%	57.383%
Oak Park Heights	43.845%	45.028%	51.710%	54.898%	59.641%	56.804%	57.725%	56.143%	54.462%	50.031%
Oakdale	32.979%	35.868%	39.252%	44.065%	41.201%	39.131%	39.492%	39.721%	38.544%	39.227%
Pine Springs	6.148%	6.528%	7.139%	7.901%	7.451%	6.850%	7.235%	9.110%	8.730%	9.285%
Scandia	28.446%	33.557%	35.785%	37.294%	40.976%	34.619%	36.722%	36.594%	35.058%	32.396%
St. Mary's Point	20.888%	22.275%	24.430%	26.791%	27.976%	24.677%	24.743%	24.163%	22.517%	23.725%
St. Paul Park	35.028%	43.221%	49.481%	57.471%	48.754%	45.677%	45.560%	43.919%	42.591%	43.475%
Stillwater (Urban)	49.493%	52.539%	54.674%	61.503%	58.359%	55.225%	57.016%	56.927%	53.421%	54.288%
White Bear Lake	16.591%	17.702%	19.942%	21.493%	21.102%	20.368%	19.690%	18.969%	19.058%	20.190%
Willernie	33.916%	37.534%	47.363%	51.464%	52.165%	45.054%	53.691%	48.807%	49.748%	48.206%
Woodbury	31.033%	34.921%	35.921%	39.440%	38.076%	34.657%	35.287%	35.122%	33.670%	33.177%

Continued on next page

Table 6

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

Jurisdiction	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Townships of:										
Baytown	9.571%	10.650%	10.899%	11.682%	11.960%	10.352%	9.245%	14.540%	13.729%	15.398%
Denmark	13.035%	13.088%	13.696%	13.678%	13.135%	12.490%	11.236%	11.264%	11.063%	13.600%
Grey Cloud Island	23.875%	23.773%	27.277%	25.691%	26.196%	23.581%	23.481%	22.455%	21.834%	20.238%
May	10.135%	9.394%	11.823%	12.360%	11.775%	10.151%	10.645%	11.108%	10.832%	10.947%
Stillwater	17.468%	18.118%	20.419%	20.860%	21.725%	18.542%	20.672%	22.674%	21.759%	21.433%
West Lakeland	4.527%	5.285%	7.676%	8.112%	7.546%	6.643%	8.183%	7.870%	8.157%	8.701%
School Districts of:										
SD 200 Hastings	20.206%	22.140%	25.433%	23.932%	23.052%	20.965%	20.938%	20.305%	20.545%	19.079%
SD 622 N St Paul/Mpwd/Oakdale	25.280%	27.785%	28.340%	32.553%	37.643%	35.864%	35.569%	33.582%	30.089%	29.039%
SD 624 White Bear Lake	21.756%	22.520%	26.103%	28.622%	28.562%	26.660%	26.236%	23.476%	23.685%	26.081%
SD 831 Forest Lake	12.895%	15.411%	17.331%	22.018%	23.896%	21.146%	24.902%	31.213%	26.230%	24.856%
SD 832 Mahtomedi	26.389%	34.330%	38.360%	37.105%	39.770%	34.496%	34.107%	34.093%	32.161%	31.894%
SD 833 South Washington County	31.650%	35.216%	37.894%	41.286%	39.169%	35.675%	36.812%	34.309%	33.303%	34.926%
SD 834 Stillwater	19.734%	20.300%	22.333%	22.018%	23.150%	21.124%	19.849%	30.390%	19.349%	18.442%
SD 2144 Chisago Lakes	20.363%	22.933%	27.459%	27.603%	27.589%	26.764%	25.700%	24.323%	29.998%	28.193%
Special Districts of:										
Washington County HRA/CDA	1.071%	1.143%	1.224%	1.311%	1.290%	1.181%	1.529%	1.475%	1.469%	1.423%
Washington County Regional Rail	0.193%	0.196%	0.211%	0.226%	0.233%	0.212%	0.247%	0.243%	0.224%	0.175%
Metro Council	0.818%	0.832%	0.937%	1.043%	1.050%	0.943%	0.932%	0.858%	0.816%	0.651%
Metro Mosquito Control	0.477%	0.494%	0.536%	0.583%	0.553%	0.490%	0.487%	0.463%	0.440%	0.424%
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	1.334%	1.364%	1.509%	1.694%	1.514%	1.357%	1.373%	1.307%	1.226%	1.322%
Browns Creek WS	4.153%	4.276%	4.906%	5.307%	5.066%	4.769%	5.111%	5.275%	0.819%	5.263%
Carnelian-Marine WS	2.964%	2.694%	2.918%	2.997%	3.049%	2.815%	2.843%	3.150%	5.021%	3.454%
Comfort Lake-Forest Lake WS	3.649%	3.910%	4.220%	4.870%	4.437%	4.173%	4.159%	5.012%	2.323%	5.658%
Ramsey-Washington Metro WS	2.370%	2.719%	3.009%	4.740%	4.253%	4.494%	4.460%	4.067%	5.707%	3.557%
Rice Creek WS	1.511%	1.725%	2.340%	2.517%	2.387%	2.185%	2.192%	2.088%	3.878%	1.924%
South Washington WS	0.608%	0.687%	0.720%	0.779%	0.761%	0.693%	0.753%	0.839%	3.292%	0.808%
Valley Branch WS	1.215%	1.508%	1.831%	2.125%	1.899%	1.701%	1.761%	1.887%	1.838%	3.980%

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

<u>Jurisdiction</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Hastings HRA	1.510%	1.487%	1.639%	1.428%	1.613%	1.379%	1.551%	1.500%	1.454%	1.453%
Woodbury HRA	0.426%	0.320%	0.344%	0.365%	0.343%	0.295%	0.289%	0.276%	0.255%	0.237%
State of Minnesota:										
Commercial/Industrial property	45.881%	49.043%	51.100%	52.523%	52.160%	50.840%	48.641%	45.802%	43.865%	42.416%
Seasonal property	17.755%	19.145%	20.750%	22.327%	22.836%	21.703%	21.167%	20.845%	20.779%	19.962%

Tax Rates Based on Percentage of Referendum Market Value

<u>Jurisdiction</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Washington County:</u>	0.003%	0.002%	0.002%	0.002%	0.004%	0.004%	0.004%	0.004%	0.004%	0.003%
<u>Overlapping Rates:</u>										
City of Woodbury	0.024%	0.026%	0.026%	0.027%	0.026%	0.013%	0.012%	0.012%	0.011%	0.007%
<u>School Districts of:</u>										
SD 200 Hastings	0.259%	0.266%	0.286%	0.295%	0.261%	0.253%	0.260%	0.247%	0.274%	0.267%
SD 622 N St Paul/Mpwd/Oakdale	0.146%	0.150%	0.148%	0.167%	0.151%	0.144%	0.137%	0.216%	0.195%	0.187%
SD 624 White Bear Lake	0.191%	0.241%	0.248%	0.264%	0.273%	0.240%	0.235%	0.230%	0.223%	0.232%
SD 831 Forest Lake	0.137%	0.153%	0.154%	0.174%	0.146%	0.134%	0.140%	0.129%	0.114%	0.202%
SD 832 Mahtomedi	0.170%	0.184%	0.187%	0.182%	0.169%	0.292%	0.266%	0.254%	0.241%	0.274%
SD 833 South Washington County	0.208%	0.208%	0.199%	0.219%	0.223%	0.210%	0.340%	0.313%	0.371%	0.349%
SD 834 Stillwater	0.120%	0.159%	0.176%	0.166%	0.227%	0.200%	0.206%	0.195%	0.189%	0.194%
SD 2144 Chisago Lakes	0.104%	0.117%	0.123%	0.126%	0.126%	0.167%	0.170%	0.173%	0.172%	0.164%

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.

**Principal Property Taxpayers
Taxes Payable in 2019 and Nine Years Ago**

Taxpayer	Property Classification	2019					2010				
		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	\$ 15,252,999	\$ 496,357,200	\$ 9,921,336	2.7%	1	\$ 9,592,745	\$ 348,126,100	\$ 6,955,815	2.2%
Tamarack Village Shopping Center LP	Commercial	2	2,941,788	88,529,000	1,769,830	0.5%	2	2,552,243	81,545,300	1,630,156	0.5%
Ramco-Gershenson Properties LP	Commercial	3	2,043,060	61,499,700	1,229,244	0.3%					
Menard Inc	Commercial	4	1,573,173	45,481,000	906,620	0.2%	5	1,380,091	44,104,800	879,096	0.3%
IRPF Woodbury City Place LLC	Commercial	5	1,543,396	46,581,000	929,370	0.3%					
Woodbury Village Shopping Center LP	Commercial	6	1,486,477	41,384,400	826,791	0.2%	7	1,341,008	40,780,000	814,850	0.3%
Wal-Mart Real Estate Business Trust	Commercial	7	1,401,018	40,986,900	817,488	0.2%					
10285 Grand Forest Owner LLC	Apartment	8	1,385,499	84,254,100	1,053,176	0.3%					
Dayton Hudson Corp	Commercial	9	1,337,000	38,073,800	758,476	0.2%					
3M Company	Commercial	10	1,216,600	55,867,400	817,133	0.2%	6	1,133,670	62,984,200	861,513	0.3%
DMARC 2006-Cd2 Hudson Rd LLC	Commercial						3	\$1,974,681	63,100,000	1,261,250	0.4%
Imation Corp	Commercial						4	1,530,981	49,043,600	980,122	0.3%
State Farm Mutual Automobile	Commercial						8	1,246,656	39,849,300	796,236	0.3%
I & G Oakdale LLC	Commercial						9	1,067,846	34,302,500	685,300	0.2%
Grand Reserve Apartments Corp	Commercial						10	645,477	45,237,100	565,464	0.2%
Totals			\$ 30,181,010	\$ 999,014,500	\$ 19,029,464	5.1%		\$ 22,465,398	\$ 809,072,900	\$ 15,429,802	5.0%

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.

Table 8

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
2010	\$ 86,783,800	\$ (3,057,169)	\$ (905,984)	\$ 82,820,647	\$ 81,653,522	98.6%	\$ 1,154,344	\$ 82,807,866	100.0%
2011	86,783,800	(3,372,550)	(712,189)	82,699,061	81,979,533	99.1%	697,868	82,677,401	100.0%
2012	86,523,700	(75,577)	(873,162)	85,574,961	85,256,421	99.6%	294,051	85,550,472	100.0%
2013	86,523,700	(77,898)	(974,361)	85,471,441	85,318,073	99.8%	125,396	85,443,469	100.0%
2014	87,713,700	(77,104)	(698,110)	86,938,486	86,728,969	99.8%	188,289	86,917,258	100.0%
2015	90,738,000	(118,005)	(499,999)	90,119,996	89,880,354	99.7%	213,562	90,093,916	100.0%
2016	93,871,900	(117,857)	(297,407)	93,456,636	93,025,272	99.5%	400,304	93,425,576	100.0%
2017	97,115,300	(115,246)	(123,290)	96,876,764	96,560,525	99.7%	243,782	96,804,307	99.9%
2018	103,538,700	(112,060)	(241,009)	103,185,631	102,770,255	99.6%	278,740	103,048,995	99.9%
2019	109,148,600	(114,361)	(145,853)	108,888,386	108,310,405	99.5%	-	108,310,405	99.5%

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							
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	14,260,749,000	1.21%	297,533,000	58%	251,015	686
2016	184,843,943	522,204	-	185,366,147	14,974,462,000	1.24%	306,207,000	61%	253,117	732
2017	136,164,539	819,186	-	136,983,725	15,635,497,000	0.88%	316,408,000	43%	253,128	541
2018	125,313,041	863,903	-	126,176,944	16,324,416,000	0.77%	340,485,000	37%	256,905	491
2019	147,280,647	933,562	-	148,214,209	18,590,419,000	0.80%	364,223,000	41%	261,512	567

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**

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt	Personal Income	Percent of Personal Income	Net Tax Capacity	Percent of Net Tax Capacity	Population (b)	Net General Bonded Debt Per Capita
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	14,260,749,000	0.85%	297,533,000	41%	251,015	482
2016	184,843,943	50,984,786	133,859,157	14,974,462,000	0.89%	306,207,000	44%	253,117	529
2017	136,164,539	11,725,783	124,438,756	15,635,497,000	0.80%	316,408,000	39%	253,128	492
2018	125,313,041	12,520,731	112,792,310	16,324,416,000	0.69%	340,485,000	33%	256,905	439
2019	147,280,647	13,368,419	133,912,228	18,590,419,000	0.72%	364,223,000	37%	261,512	512

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

Gross Tax Capacity = Total Net Tax Capacity

Table 11

Direct and Overlapping Governmental Activities Debt
December 31, 2019

Jurisdiction	Total GO. Bonds Outstanding (1)	Applicable to Washington County	
		Percent (2)	Amount
Underlying Debt:			
Cities of:			
Afton	\$ 9,336,076	100.00%	\$ 9,336,076
Bayport	1,705,000	100.00%	1,705,000
Cottage Grove	26,245,000	100.00%	26,245,000
Dellwood	1,600,000	100.00%	1,600,000
Forest Lake	30,710,000	100.00%	30,710,000
Hugo	1,390,000	100.00%	1,390,000
Lake Elmo	16,290,000	100.00%	16,290,000
Lakeland	445,000	100.00%	445,000
Marine	20,000	100.00%	20,000
Newport	6,145,000	100.00%	6,145,000
Oakdale	2,820,000	100.00%	2,820,000
Oak Park Heights	4,175,000	100.00%	4,175,000
St Paul Park	655,000	100.00%	655,000
Scandia	4,059,000	100.00%	4,059,000
Stillwater	25,615,000	100.00%	25,615,000
Woodbury	38,240,000	100.00%	38,240,000
Townships of:			
Baytown	571,000	100.00%	571,000
School Districts of:			
832 Mahtomedi	45,805,000	100.00%	45,805,000
833 South Washington	301,210,000	100.00%	301,210,000
834 Stillwater	93,370,000	100.00%	93,370,000
Special Districts of:			
Washington County CDA	1,395,000	100.00%	1,395,000
South Washington Watershed	3,070,000	100.00%	3,070,000
Underlying Debt Subtotal:			\$ 614,871,076
Overlapping Debt:			
Cities of:			
Hastings	\$ 5,195,000	0.24%	\$ 12,682
White Bear Lake	3,330,000	2.00%	66,482
School Districts of:			
200 Hastings	28,215,000	13.35%	3,766,765
622 N. St. Paul/Maplewood/Oakdale	385,025,000	49.09%	188,992,871
624 White Bear Lake	57,555,000	17.75%	10,218,136
831 Forest Lake	150,320,000	55.46%	83,368,765
2144 Chisago Lakes	68,960,000	3.97%	2,739,126
Special Districts of:			
Metropolitan Council/Transit	265,680,000	8.64%	22,943,655
Overlapping Debt Subtotal:			312,108,481
Direct Debt:			
Washington County	137,618,562 (3)	100.00%	137,618,562
Direct Debt Subtotal:			137,618,562
Total			\$ 1,064,598,119

Notes: (1) Does not include Revenue Debt, Special Assessment Debt, Tax Increment Debt, or State Aid and Tax Anticipation Certificates.

(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.

(3) This figure includes bonds, capital leases and AgBMP Loans Payable.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 832,798,260	\$ 776,766,600	\$ 717,193,920	\$ 671,874,390	\$ 695,304,450	\$ 788,312,460	\$ 811,408,620	\$ 835,560,060	\$ 898,840,920	\$ 962,862,720
Total Net Debt Applicable to Limit	102,656,472	136,685,155	134,386,001	126,112,069	113,112,693	110,348,777	130,752,957	123,638,547	111,052,162	133,912,228
Legal Debt Margin	\$ 730,141,788	\$ 640,081,445	\$ 582,807,919	\$ 545,762,321	\$ 582,191,757	\$ 677,963,683	\$ 680,655,663	\$ 711,921,513	\$ 787,788,758	\$ 828,950,492
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	12.33%	17.60%	18.74%	18.77%	16.27%	14.00%	16.11%	14.80%	12.36%	13.91%

	Amount	Percent
Total Taxable Market Value	\$ 32,095,424,000	
Debt limit- 3% of Total Market Value	962,862,720	100.0%
Amount of Debt Applicable to 3% Debt Limit: Total Bonded Debt	147,280,647	
Less: Amounts Available for Repayment of General Obligation	13,368,419	
Total Amount of Debt Applicable to Debt Limit	133,912,228	13.91%
Legal Debt Margin	\$ 828,950,492	86.09%

Source: Washington County Accounting and Finance Department.

Table 13

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (a) (b) (c) (d)</u>	<u>Personal Income (thousands of dollars) (c)</u>	<u>Per Capita Personal Income (c)</u>	<u>Area (Sq. Mi.)</u>	<u>Density (Person/Sq. Mi.)</u>	<u>Number of Households (a)(b)</u>	<u>Unemployment Rate (e)</u>
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	14,260,749	57,247	423	589	91,710	3.6%
2015	251,015	14,974,462	58,163	423	593	92,669	3.2%
2016	253,117	15,635,497	59,749	423	598	92,384	3.3%
2017	253,128	16,324,416	63,681	423	598	94,955	3.0%
2018	256,905	17,013,335	68,535	423	607	95,690	2.5%
2019	261,512	18,590,419 *	71,088	423	618	96,424	2.9%

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.

Table 14

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

Taxpayer	Fiscal Year 2019			Fiscal Year 2010		
	Rank	Employees	% of Total County Employment	Rank	Employees	% of Total County Employment
Andersen Corporation (Bayport, Cottage Grove)	1	3,022	2.15%	1	3,500	2.68%
Independent School District 833	2	2,605	1.85%	2	2,484	1.90%
Woodwinds Healtheast Campus	3	1,429	1.02%	8	857	0.66%
Washington County, Government	4	1,290	0.92%	5	1,106	0.85%
Hy-Vee Grocery	5	1,250	0.89%		-	
Independent School District 834	6	1,143	0.81%	6	1,034	0.79%
Wal-Mart (Forest Lake, Oak Park Heights, Woodbury and Cottage Grove)	7	1,110	0.79%		-	0.00%
Independent School District 831	8	1,074	0.76%	4	1,200	0.92%
Target (Cottage Grove, Forest Lake, Stillwater, Woodbury, and Oakdale)	9	993	0.71%		-	0.00%
Lakeview Hospital	10	868	0.62%	9	839	0.64%
Fairview Lakes Regional Health Care (Wyoming)		-	0.00%	3	1,300	1.00%
MN Correctional Facility (Bayport and Oak Park Heights)		-	0.00%	7	914	0.70%
The Hartford (Fortis)		-	0.00%	10	800	0.61%
Totals		14,784	10.52%		14,034	10.75%

Source: (a) Municipal Securities Rulemaking Board: EMMA.
 (b) MN Department of Employment and Economic Development.
 (c) Survey of individual employers, November 2008 and December 2017.

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>
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
2017	399	253	63	398	96	1,209
2018	413	256	64	414	100	1,247
2019	429	260	64	437	100	1,290

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
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
Public Safety										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Licensed Deputies	91	90	92	97	98	100	111	109	109	113
Highways and Streets										
Miles of County Roads:										
Bituminous	280.50	271.00	268.10	268.10	268.10	276.40	278.40	278.40	279.90	283.20
Concrete	0.50	1.00	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Total	281.00	272.00	272.00	272.00	272.00	280.30	282.30	282.30	283.80	287.10
Culture and Recreation										
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	6	6	6	6	6	6	7	7
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	3	3	3
Number of Items Available to Citizens	458,277	468,805	476,482	461,896	479,423	493,207	495,442	495,442	537,711	531,072

Source: Washington County Public Works Department.
Washington County Sheriff's Office.
Washington County Libraries.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	39	39	35	35	39	39	42	49 *	49 *	50 *
Highways and Streets										
Streets (Miles)	281.00	272.00	272.00	272.00	272.00	280.30	282.30	282.30	283.80	287.10
County Traffic Signals	59	59	60	61	63	72	76	78	81	82
Culture and Recreation										
Parks Acreage	4,412	4,412	4,355	4,355	4,355	4,382	4,382	4,382	4,404	4,430
County Parks	9	9	9	9	9	9	9	9	9	9

Note:

* 2017-18 total Patrol Units reflects 4 Water Patrol Units not previously included in this total.

Source: Washington County Public Works Department.
Washington County Sheriff's Office.
Washington County Libraries.

Washington County, Minnesota

Reader's Notes