



2020 Popular Annual Financial Report

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

Our Mission: Providing quality services through responsible leadership, innovation, and the cooperation of dedicated people



Accounting & Finance Department
Washington County, Minnesota
For Fiscal Year Ending 12/31/2020

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Quick Facts Washington County Highlights

- ✓ A region boasting luxuriant beauty with a growing population
- ✓ AAA/Aaa Bond rating, most recently reviewed in 2019—one of only five counties in Minnesota and only seventy-six counties nationwide with both these highest ratings
- ✓ The highest bond ratings indicate our ability to meet financial commitments with the lowest risk of default allowing us to save a significant amount on interest
- ✓ The county did a refunding of bonds in 2020 that were issued in 2012, taking advantage of low interest rates, saving \$236,625 over the next three years
- ✓ New construction in 2020 added \$662 million in taxable value
- ✓ Market value estimates from tax collection year 2017 to 2021 posted a net increase of 29.4%
- ✓ Total revenues increased by 6.1% due primarily to federal grant Coronavirus Relief Funding (CRF)
- ✓ Credit rating agency comments:
 - a. “The county’s overall credit profile is exceptionally strong, even when compared with that of ‘AAA’ rated peers”
 - b. Robust management policies and practices
 - c. Strong financial operations with ample reserves and liquidity
 - d. Very strong leadership
 - e. Continued growth in a strong regional economy

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Residents of Washington County,

We are pleased to present Washington County’s Popular Annual Financial Report (PAFR). The Popular Annual Financial Report is a summary report which highlights the county’s financial activity in a simple, easy-to-read format and is based on the county’s Annual Comprehensive Financial Report (ACFR). The ACFR provides extensively more detailed and complete financial information prepared in conformance with Generally Accepted Accounting Principles (GAAP) and is audited by independent auditors. This report focuses on General Fund measures as the primary fund for county operations and is most reflective of the financial position for the county. In evaluating our long-term debt obligations, this report is focusing on the Debt Service Fund within the ACFR.

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting as a result of the preparation and presentation by the county of the ACFR for the past 35 consecutive years.

The PAFR is prepared as a summary of county government and its financial condition. We have included information regarding basic financial statement information and an analytical overview of Washington County’s financial activities and highlights. We encourage members of the public to use this report as a starting point for understanding the finances of Washington County.

Access to this report, as well as the ACFR, can be found online, under Financial Reports and Documents:

www.co.washington.mn.us

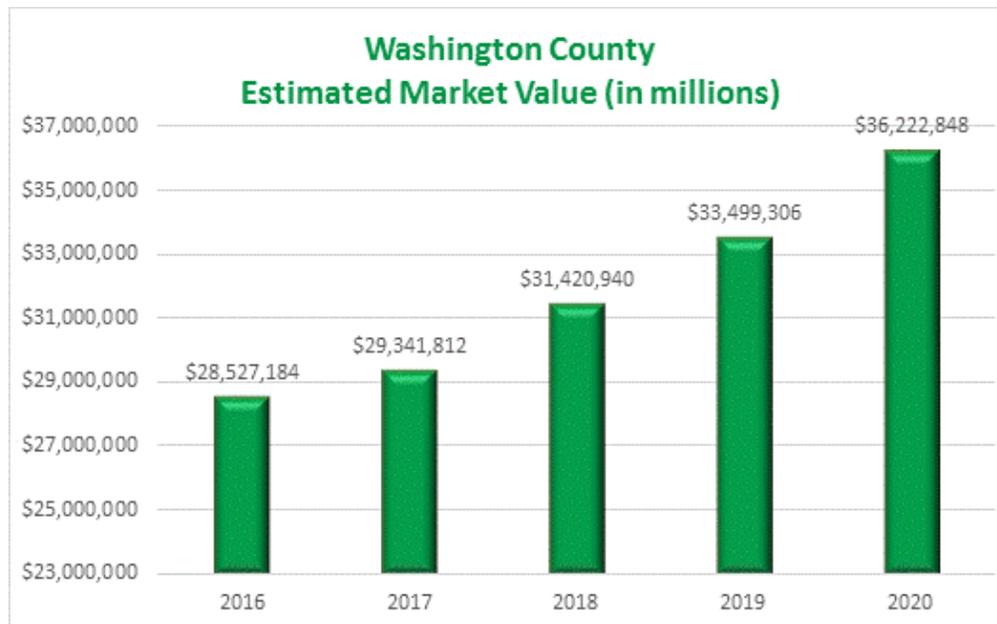


Our Community

Washington County, established in 1849, is an area of abundant beauty, historical character, and agricultural heritage located on the Minnesota-Wisconsin border. As one of the nine original counties in the historic Minnesota Territory, the county has played a diverse role in the region, servicing the Twin Cities with its commercial, industrial, community, natural and agricultural resources.

Washington County rests on approximately 423 square miles of land, equal to 270,761 acres, runs more than 40 miles in length, encompasses 585 major bodies of water and serves a population of 262,748. The county seat is located in Stillwater, Minnesota, along the scenic St. Croix River. Washington County boasts an abundance of landscapes and natural resources that make it a recreation destination for many, including two state parks and seven county parks within its borders.

The county's tax base is expected to grow steadily, due to the county's diverse mix of industries and availability of land for future development. Washington County tax base has shown consistent growth for the last eight years and well exceeds its pre-recession peak of \$30.7 billion in 2007.



Residents benefit from access to employment within the Twin Cities Metro Region, which has held unemployment rates below state and national rates for the past ten years. With low poverty rates and median household income 34.9% higher than the national median (2019 data), Washington County is outperforming both state and national economic indicators.

Health factors in Washington County rank in the top two counties in Minnesota, when comparing the physical environment, social and economic factors, and health behaviors against all 87 Minnesota counties. This includes measuring health outcomes, such as length and quality of life.

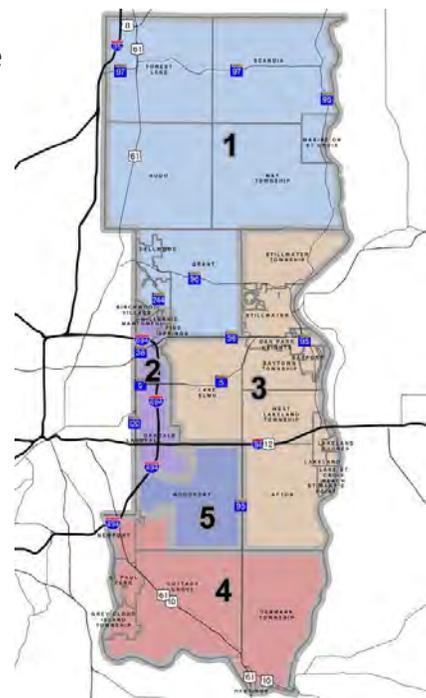
County Leadership

The Board of Commissioners is the governing body of Minnesota counties and serves as the legislative and policymaking body of the county. It is elected to oversee county operations to ensure that resident concerns are met, federal and state requirements are fulfilled, and county operations are meet constituent needs.

The County Board, department heads, and other key staff members continually 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 five-year Financial Planning Document, Capital Improvement Plan, Debt Service Plan, and Capital Equipment & Technology Plan.

In March of 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The pandemic is having significant effects on global markets, supply chains, businesses and communities. COVID-19 has impacted various parts of 2020 operations and financial results, including, but not limited to, costs for emergency response, facility modifications, information technology capital costs, and shortages of personnel and will continue to do so going into 2021. County leadership managed operations throughout the crisis by taking appropriate actions to mitigate the negative impact and has performed a detailed review of the 2021 and 2022 budgets with all county departments making modifications and holds on expenses, including holding personnel vacancies and projects.

Washington County's leaders are committed to transparency in government by ensuring information on county finance and programs are available to the public. Additionally, the county hosts public forums related to highway and road improvements, focus groups for new initiatives within the county, and public meetings that are intended to invite discussion and feedback.



Fran Miron
District 1

Stan Karwoski
District 2

Gary Kriesel
District 3

Wayne Johnson
District 4

Lisa Weik
District 5

Washington County Supports a Full Range of Services

Roads & Highways

1. Provides and maintains a reliable network of roadways and transit services, while ensuring health, safety, and the welfare of the public.
2. The METRO Gold Line Bus Rapid Transit (BRT) project had a very productive 2020 year and in April of 2021 received approval from the Federal Transit Administration (FTA) to officially enter the New Starts Engineering Phase of the FTA Capital Investment Grants (CIG) program and is included in FTA's fiscal year 2022 budget.



Public Safety

1. Our county Sheriff's Office is charged with the responsibility for the protection and safety of the public. Management of the communication center for 9-1-1 dispatch and oversees the Washington County Jail with an inmate capacity of 228.
2. Community Corrections Department provides probation and parole supervision of both adults and juveniles in the community.
3. Sentence to Service work crew programs bolster the critical role of accountability in our Community Corrections environment.
4. County Attorney's Office is responsible for the promotion of justice and public safety through vigorously prosecuting crime, protecting those in need and providing quality legal representation for Washington County.

Cultural and recreational services

1. Library services are provided around the county in six locations, in addition to three express locations.
2. County Parks Department consists of bikeways, trails, and more than 4,400 park acres throughout the county.
3. Library services offered curbside pickups when public buildings shutdown due to the COVID-19 pandemic. The program proved to be effective with almost 25,000 pickups of nearly 120,000 items.
4. For the fifth year in a row, Washington County Library patrons increased their number of digital material checkouts! In 2019, they had 1,043,849 digital visits which increased to 1,154,290 in 2020.



Washington County Services (cont.)

General Government

1. Washington County strives to provide high-quality services to its residents. The county has seen an increase in service needs in many areas with the COVID-19 pandemic and county staff members have stepped up to meet and exceed this challenge.
2. The Information Technology Department continues to be a significant area of focus for the county. During 2020, efforts were intensely focused on the ability for county employees to work from home in a secure way, including a refresh of the county's Core Network to improve connectivity.
3. The Property Records and Taxpayer Services Department provides quality taxation, assessment, recording, land records, licensing, and election services to the residents of Washington County.



Health and Human Services

1. The Public Health & Environment Department works to protect, promote, and enhance the health and well-being of all people and the environment.
2. The Community Services Department is committed to providing assistance to ensure individuals and families are safe, independent, and able to meet their basic needs. They work in partnership with public and private agencies to assist individuals and families be successful by providing resources and support services.
3. Departments were fully engaged and committed to responding to the COVID-19 pandemic. These efforts included adjustments to service delivery methods ensuring protection against all health hazards, not only COVID, providing comprehensive public information, and education on prevention strategies. In addition, a Food Security Unit was developed, in coordination with food shelves and other food agencies, to provide nutritious food to those in need.

Conservation

1. University of Minnesota Extension Service, provides science based training as well as 4-H opportunities.
2. Land and Water Legacy Program, created by voter referendum, improves water quality, protect drinking water, expand parkland, and protects land along water bodies.

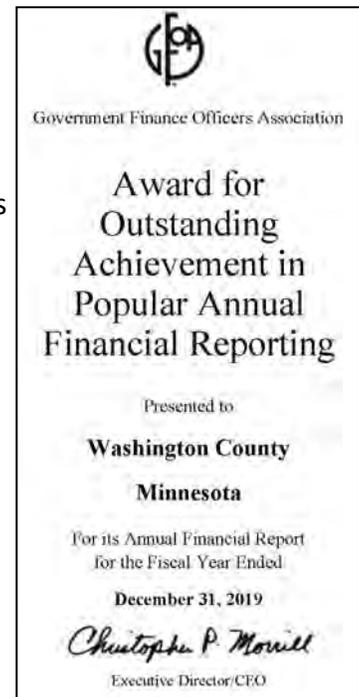


Awards & Recognition

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Washington County for its Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2019. This is a prestigious national award recognizing the efforts of state and local governments to provide a high quality report specifically designed to be readily accessible and easy to understand, extracting information from the larger in-depth ACFR.

Reports submitted to the PAFR program are reviewed by select GFOA professional staff members and by outside reviewers with experience in governmental accounting and financial reporting. Report contents must conform to program standards of creativity, presentation, understandability, and reader appeal.

2019 was the second year Washington County submitted a PAFR.



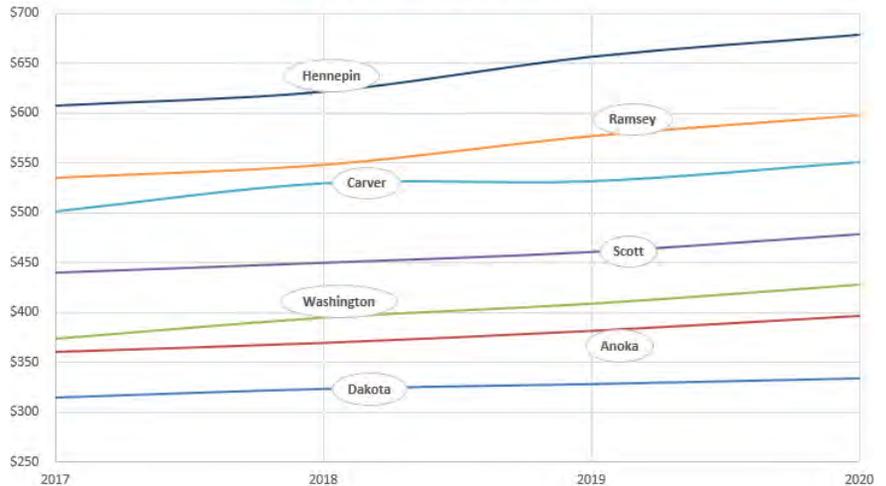
- **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officer's Association, received annually since 1984
- **Distinguished Budget Presentation Award** from the Government Finance Officer's Association, received annually since 1998
- **AAA/Aaa Bond Rating** from Standard & Poor's and Moody's.
- **Library received 2020 County Achievement Award**—from the Association of Minnesota Counties (AMC) for its curbside pickup program. Washington County was the first library system in the state to make curbside pickup available when public buildings closed due to COVID-19. AMC recognized this project as a valuable innovation and improvement in county government.
- **Outstanding Minnesota County Engineer of the Year Award**—Wayne Sandberg, Deputy Director/County Engineer Public Works Department (PWD), received this recognition from the Minnesota County Engineers Association (MCEA) for his work to promote professionalism and upholding the engineering code of ethics. Sandberg served as MCEA President in 2019 and has been an active member several years.
- **Procurement Professional of the Year**—Nicki Castro, Contract Specialist, PWD received recognition from the Minnesota National Institute of Government Purchasing (MN NIGP). The award recognizes the nominee's work in five categories of contributions: to the procurement field, to their organization, to the MN NIGP, to the national organization, and work toward professional certifications.

Property Taxes

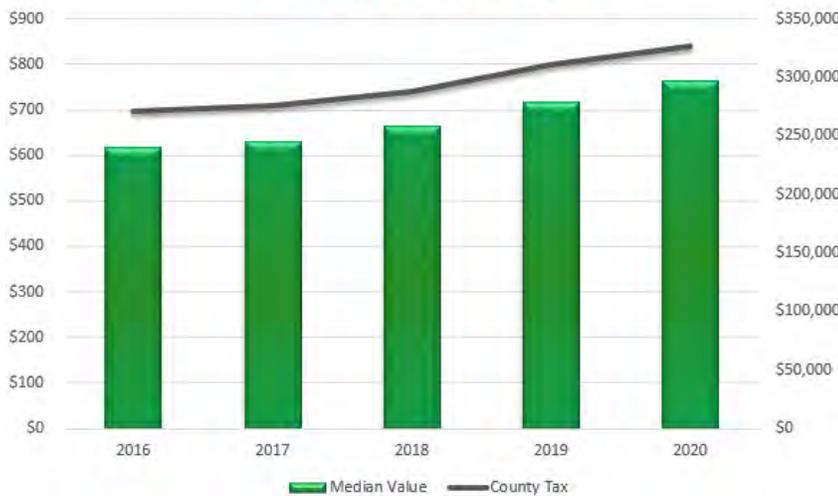
Washington County collects property taxes on more than 100,000 parcels each year. The median Residential Taxable Market Value home, for tax collection year 2020, was \$296,700. When compared to the seven-county metropolitan area, as evident in the chart to the right, Washington County is the third lowest in county tax levy per capita. The County Board, opted for a zero percent levy increase for the upcoming year to support residence through the pandemic.

The chart below shows the net tax based on estimated market value.

County Tax Levy per Capita

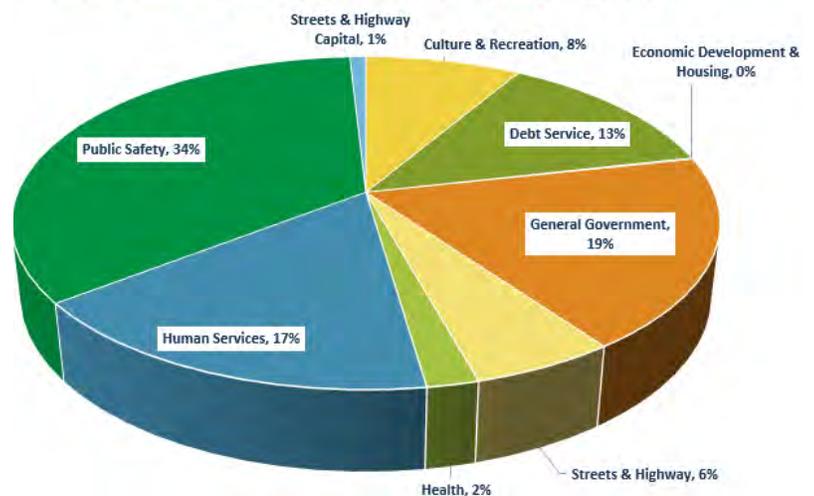


County Tax on Median Value



The pie chart shows how the county budgeted levy is allocated to each functional area within county operations. The county levy budget for 2020 was more than \$127M, which is approximately 45% of the total 2020 adopted revenue budget of \$282.2M.

Where does the county portion of your property tax go?



Financial Highlights

How We Manage Dollars In—Dollars Out (Revenue and Expense)

Washington County is committed to sound financial management and reporting. The annual budget development process emphasizes providing sufficient funding for high-quality services and programs. The final budget, adopted by the County Board, is balanced and directed to meet county operating needs. It is a reflection of the hard work, cooperation, and dedication of county elected officials, department directors, and staff. The county remains focused on guiding principles, structural alignment, capacity, future financial flexibility, and designing financial models that address current issues.



Budget principles, adopted by the County Board, are paramount to the budget development process. The principles include:

- Support of the county’s visions, mission, and goals
- Focus resources on core county functions to improve outcomes
- Technology improvements that increase efficiencies
- Strategic investments in human resources to attract and retain a qualified workforce
- Sustainable revenue streams
- Maximize federal and state revenues for mandated services
- Maximize non-property tax revenues, such as seeking federal and state grants
- Address current and future needs of a growing, aging, diversified population
- Investments in capital assets
- Adhere to policies to ensure ongoing financial health and protection of the county’s AAA bond ratings

How Your Tax Dollars Buy County Services

Residents receive a variety of county services at an affordable price. The cost of county services in 2020 for a homeowner in Washington County with an average home market value of \$296,700 is \$70/month

As a service organization, our greatest investment, asset, and expense is personnel expenses. Our employees serve key functions to provide exemplary services to the citizens of Washington County.



Financial Highlights

Fund Types

The county maintains four types of governmental funds: general, special revenue, debt service, and capital projects.

The **General Fund** is the primary fund for the county. It represents funds that the County Board directly oversees or has delegated management to county departments or officials. This fund accounts for all revenues and expenditures associated with the general operations of the county not required to be accounted for in separate funds.

The **Special Revenue Fund** accounts for funds segregated from general operations for legal requirements or administrative purposes. Regional Rail Authority and Metro Gold Line are reported as Special Revenue.

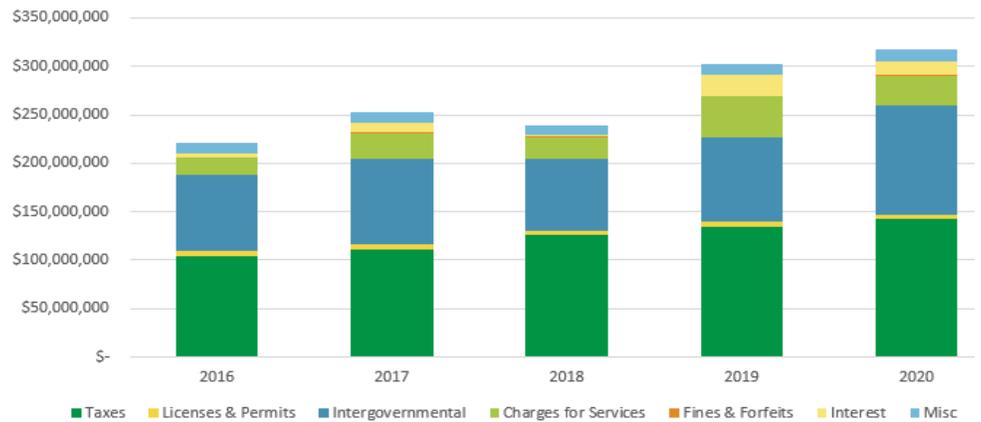
The **Capital Projects Fund** is used to account for the financial resources used for the acquisition, maintenance or construction of capital facilities and other capital assets.

The **Debt Service Fund** is used to account for financial resources used for the repayment of the county's long-term debt.

While property taxes represent the most significant financial resource to the county, the county charges for some services, and we receive substantial revenues from state and local governments to provide many of the services offered by the county.

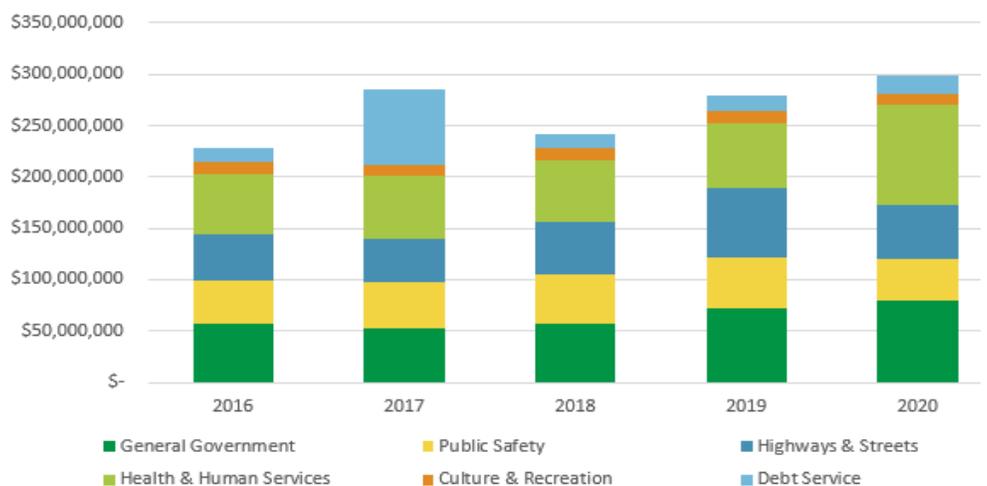
The county's total revenues for 2020 were \$317.8M. This is an increase of \$15.6M, over 2019, most notably in intergovernmental revenue fueled by \$32M in Coronavirus Relief funding relative to the COVID-19 pandemic which offset a decrease in revenue in areas such as licenses and permits, construction project cost shares and investment returns from both the Other Post Employment Benefits (OPEB) portfolio and the county portfolio.

Year Over Year Revenue Comparison



The county's expenditures for 2020 were \$299.6M, which is \$20.6M higher than 2019. Much of this increase was driven by the county's response to the global pandemic, below. These costs were viewed and treated as Public Health expenses and reflected in Health and Human Services

Year Over Year Expense Comparison



Financial Highlights

Where the dollar comes from:



Taxes, \$0.45

Intergovernmental, \$0.36

Charges for Services, \$0.09

Interest on Investments,
\$0.05
Miscellaneous, \$0.04

Licenses & Permits, \$0.01

Where the dollar goes:



Health & Human
Services, \$0.32

General Government,
\$0.27

Highways & Streets,
\$0.18

Public Safety, \$0.13

Debt Service, \$0.06

Culture & Recreation
\$0.04

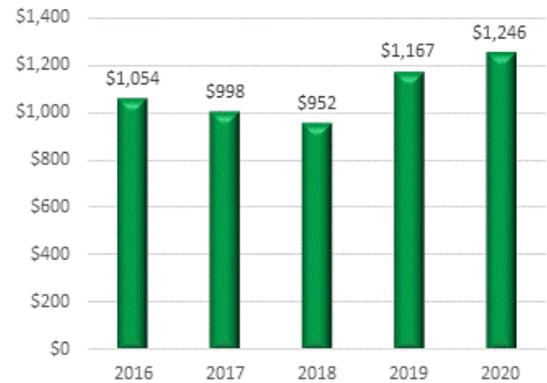
Financial Highlights

County Treasures & Obligations

The net position of an organization is a measure of “net worth,” which may serve over time as an indicator of the county’s financial stability and health. Increases and decreases in net position serve as an indicator of the county’s financial position and the results of the county’s annual financial activity. Reviewing a summary of what the county owns (treasures/assets) and owes (obligations/liabilities) can quickly demonstrate its financial health. Most of what we own is in the form of capital assets (equipment, buildings, land and roads). Some of our assets are restricted externally by grantors, contributors, laws and governmental regulations. The remaining assets may be used to meet the county’s ongoing obligations to its residents and creditors.

Long-term obligations for the county totaled \$297.6M and are comprised mostly of debt for capital investment. Long-term debt is a common way for governments to raise funding for large, long-term capital projects. It provides a tool to spread the cost of improvements to all those who enjoy the improvement in a low-interest environment and is a way to plan for capital asset improvements and acquisitions.

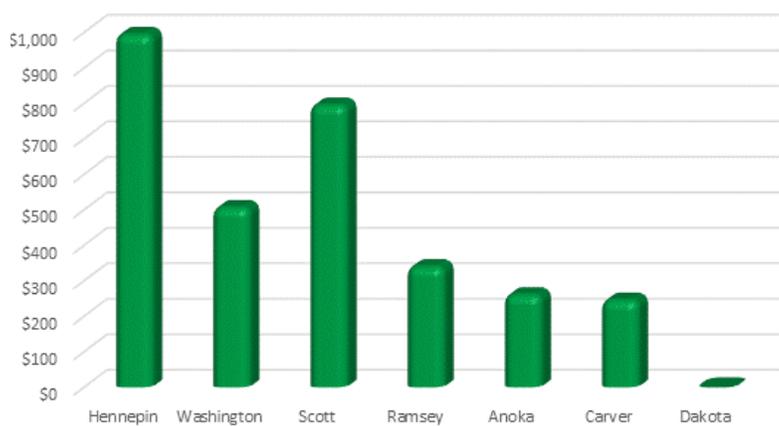
Treasures (Assets) Per Capita



Obligations Per Capita



Total Net General Bonded Debt Per Capita



(2019 data as 2020 not available as of the publishing of this document.)

Looking at comparison data with other local county debt per capita, we are slightly higher than most of the other counties we compared to, but we maintain manageable debt levels.

Looking at key financial ratios enables the county to have a clear picture of where it has been and where it is going. The current ratio focuses on the ability to meet long-term obligations, such as bonded debt and is a measure of the government’s solvency. Washington County’s current ratio is 13.2—our current resources are equal to more than 13 times the debt during the next year.

Equally important is the ability for the county to have means to cover existing operations in the long run. Looking at total liabilities as a percentage of total net assets as an indicator, 43% of the county’s assets would need to be liquidated to meet long-term obligations. Clearly, Washington County has requisite assets to meet all its obligations.

Financial Highlights

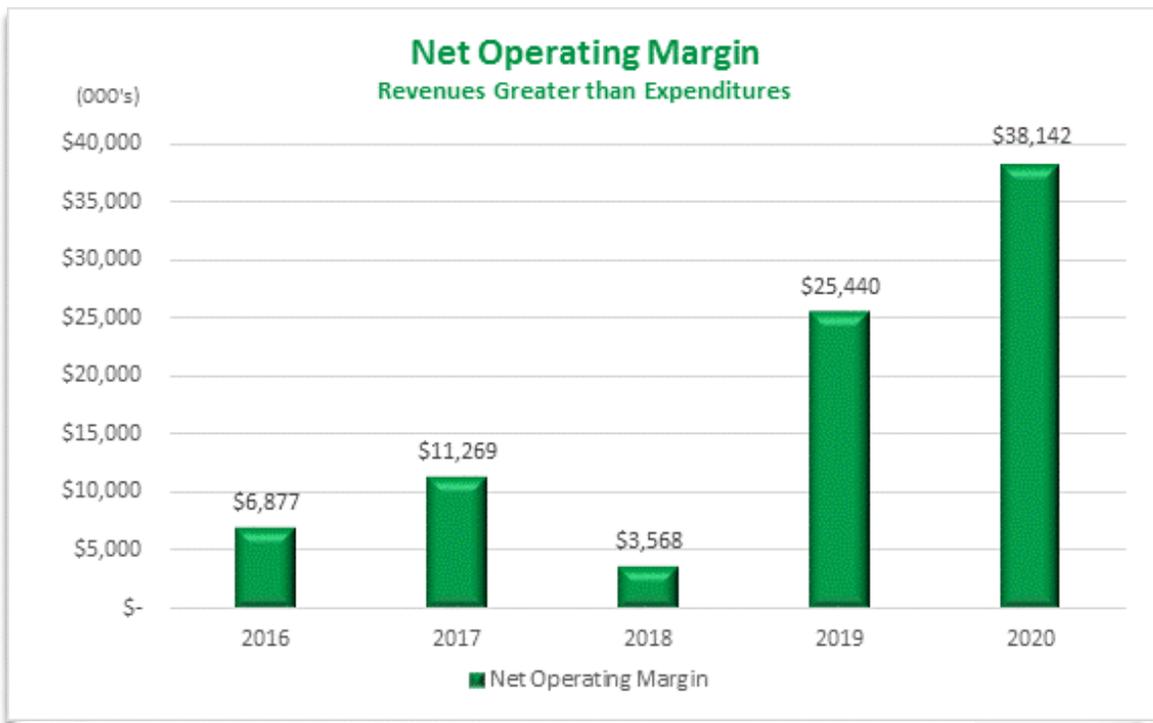
General Fund—Fund Balance

As a measure of the General Fund’s ability to pay off short-term obligations, it is useful to compare unassigned fund balance and total fund balance to total fund expenditures.

General Fund - Fund Balance Compared to Expenditures

2019			
Total Expenditures	\$	184,820,895	
Unassigned Fund Balance	\$	71,027,263	38.43%
Total Fund Balance	\$	188,150,275	101.80%
2020			
Total Expenditures	\$	210,339,066	
Unassigned Fund Balance	\$	85,346,344	40.58%
Total Fund Balance	\$	225,666,294	107.29%

The county’s Net Operating Margin in the General Fund focuses on whether the county lived within its financial means during the fiscal year.



Major Initiatives

MOVE—Washington County Bicycle and Pedestrian Plan

Washington County's bicycle culture has a rich history dating back over 160 years. The biking community hosts many events annually, attracting hundreds of riders throughout the region and nation. Many of these events are hosted in county parks.



As part of fulfilling one strategy from the [2040 Comprehensive Plan](#), Washington County is moving forward to create a future county-wide bicycle and pedestrian network that builds upon the existing network. Today, biking and walking have again become very popular methods for living an active and healthy lifestyle. With this plan, Washington County's key initiatives are safety, livability and mobility, quality of life, household and community prosperity, air quality and greenhouse gas reductions, recreation and commuting, multimodal networks, regional economic competitiveness/tourism, and sustainability/resilience. The plan establishes a unified vision for a connected, convenient and attractive network of trails, roadways, and on-street facilities. The complete plan can be found on the Washington County website.

The project is led by Washington County Public Works in collaboration with Washington County Public Health & Environment and Information Technology. In addition to collaboration with the cities/townships within the county, the Metropolitan Council, and the Department of Natural Resources there has also been significant efforts to make planning and public engagement accessible to all county residents. These efforts included pop-up events, video showcase, interactive maps, and surveys.

Land & Water Legacy

The Land and Water Legacy Program (L&W) is a program through which the county works with landowners and organizations to purchase land or interests in land to keep it in a natural condition.

The county purchases or accepts donated interests in land directly or in partnership with cities, townships, public agencies and nonprofit conservation organizations.



Generally, for land protection purposes, the county acquires the fee title to land only when it is located within an established county or regional park. Elsewhere, the county purchases or accepts donated partial interests in the property in the form of a conservation easement. A conservation easement is a legal agreement between the landowner and a conservation organization, whereby the landowner agrees to limit or prohibit development and other activities on the land for the purposes of protecting the natural characteristics of the land. The land remains in private ownership and future landowners are bound by the terms of the conservation easement as well. Washington County is the holder of the conservation easement. Since 2006 the county's L&W program has protected 985 acres included in over 33 projects. The county relied on partners for all these projects resulting in another \$22M investment into the program and projects.

Major Initiatives

Sheriff's Office Mental Health Initiative

Sheriff Dan Starry and Sargent Tim Harris of the Washington County Sheriff's Office spearheaded a mental health initiative. After much research, they worked on development and implementation of a Peer Support Team with volunteers from each Sheriff's Office division to represent and provide peer counseling assistance for their coworkers. Each volunteer received 16 hours of training and ongoing quarterly training to provide a formalized approach to responding to employees in need of resources. The Peer Support Team includes retirees and representatives in all ranks throughout the Sheriff's



Office. Additionally, this program is assisted by a clinician to provide guidance, training and support to our Peer Support Team Members. This initiative is not meant as one-time use, but an ongoing continual program to facilitate in aiding the law enforcement community to deal with the stress and trauma of their duties. This program has been well received and serves as a model for other agencies in Minnesota and many other states.

Human Resources—Diversity, Equity, and Inclusion (DEI) Efforts

The DEI Steering Team consists of representatives from every department to oversee and guide county-wide DEI efforts. The DEI Steering Team and county leadership created the new countywide DEI strategic vision, goals and roadmap. The next steps include training for all county employees and equity change teams within each department to begin building out equity work plans reviewing services to reduce disparities in outcomes relative to DEI.

Looking Forward—The Future is Looking Bright

Washington County is the fifth largest county in Minnesota with population growth starting in the 1990's at a rate of nearly 38% and an increase of 9.2% since 2011. The economic strength of the region can be summarized as expanding business base, lower than average unemployment rates, compared to statewide averages, and the total estimated taxable market value in the county has increased 6.6% since 2015.

The federally funded American Rescue Plan Act (ARPA) will provide the county the opportunity to continue to support pandemic needs and enhance our capacity to serve the public. The legislation is designed to ensure economic recovery at an accelerated pace to ensure the safety, wellbeing, and security of county residents. ARPA funds will ensure our overall budget is able to meet operating organizational goals well into the year 2026.

Washington County is a stable organization, both financially and operationally. With a robust planning process, we anticipate maintaining the highest ratings available from both Moody's and Standard and Poor's rating agencies in the upcoming year. We are proud of the county and the residents we serve, honored to have the opportunity to protect and provide safety to all, and take seriously our role of fiscal stewardship and public service.

Community Highpoints

Principal Employers 2020

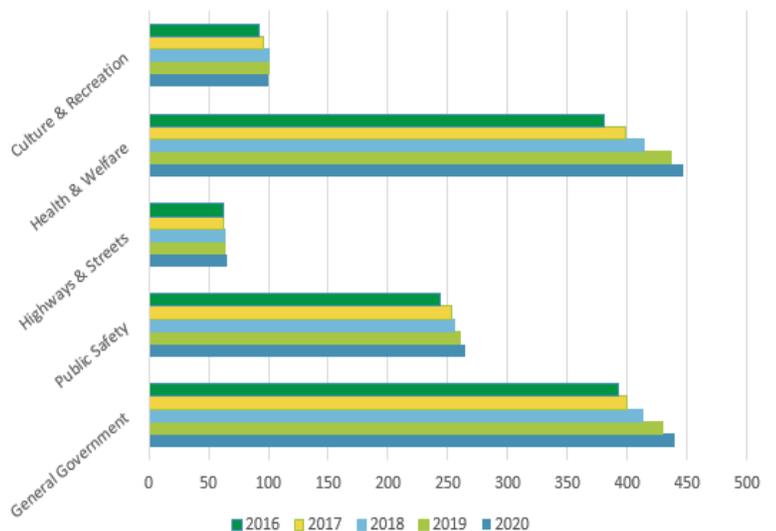
Taxpayer	Rank	Employees	% of Total County Employment
Andersen Corporation (Bayport, Cottage Grove)	1	5,000	3.52%
Independent School District 833	2	2,655	1.87%
Woodwinds Healtheast Campus	3	1,331	0.94%
Washington County, Government	4	1,315	0.93%
Hy-Vee Grocery	5	1,250	0.88%
Wal-Mart (Forest Lake, Oak Park Heights, Woodbury and Cottage Grove)	6	1,245	0.88%
Independent School District 834	7	1,143	0.81%
Independent School District 831	8	1,071	0.75%
Target (Cottage Grove, Forest Lake, Stillwater, Woodbury, and Oakdale)	9	958	0.67%
Lakeview Hospital	10	868	0.61%
MN Correctional Facility (Bayport and Oak Park Heights)		-	0.00%
The Hartford (Fortis)		-	0.00%
3M Chemolite (Cottage Grove)		-	0.00%
Totals		16,836	11.87%

Source: (a) Municipal Securities Rulemaking Board: EMMA.
 (b) MN Department of Employment and Economic Development.
 (c) Survey of individual employers, March through July 2011 and March 2020.

Top 10 Taxable Market Value

XCEL ENERGY	497,000,800
CITY WALK TIC I LLC ETAL	103,766,100
10285 GRAND FOREST OWNER LLC	94,509,900
TAMARACK VILLAGE SHOPPING CENTER LP	93,323,300
RAMCO-GERSHENSON PROPERTIES LP	72,108,700
IRPF WOODBURY CITY PLACE LLC	59,336,700
WOODBURY VILLAGE SHOPPING CENTER LP	42,888,100
WAL-MART REAL ESTATE BUSINESS TRUST	40,986,900
DAYTON HUDSON CORP	38,073,800
MENARD INC & CORPORATE ACCOUNTING	35,555,600

Employees by Function



Reader's Notes

Popular Annual Financial Report

About This Report

This type of community report is referred to as a Popular Annual Financial Report (PAFR) since it is designed to give the populace a generally less technical summary of county government and its financial condition. This report was produced in June 2021 for the fiscal year ending December 31, 2020.

Washington County

WASHINGTON COUNTY FINANCIAL
DOCUMENTS ON THE WEB

www.co.washington.mn.us/395/Financial-Documents-and-Reports

Also available for those following Washington County on



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