

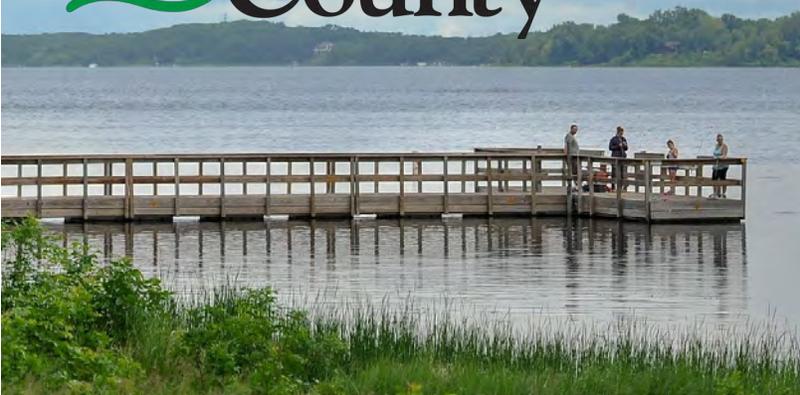


2021 Popular Annual Financial Report

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

**Washington
County**



Accounting & Finance Department
Washington County, Minnesota
For Fiscal Year Ending 12/31/2021

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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 four counties in Minnesota and seventy-six counties nationwide with both these highest ratings attainable
- ✓ The highest bond ratings allows the county to issue debt in the most favorable terms, saving interest costs paid over the life of the bonds.
- ✓ In calendar year 2021, 1,908 new residential properties were started countywide; 1,592 single family units and 316 townhomes and condominiums.
- ✓ New construction in 2021 added \$620M in taxable value
- ✓ Market value estimates from tax collection year 2018 to 2022 posted a net increase of 26.9%
- ✓ Total revenues decreased by 1.8% as CARES Act funding in the prior year was for immediate pandemic response
- ✓ Maintenance of 274-mile highway system
- ✓ Median household income of \$103,194
- ✓ Unemployment rate of 2.9%, below the statewide level of 3.2%
- ✓ Operating budget per capita of \$743, ranking among the lowest of the seven metro counties
- ✓ Home to the oldest standing courthouse in Minnesota

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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 36 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

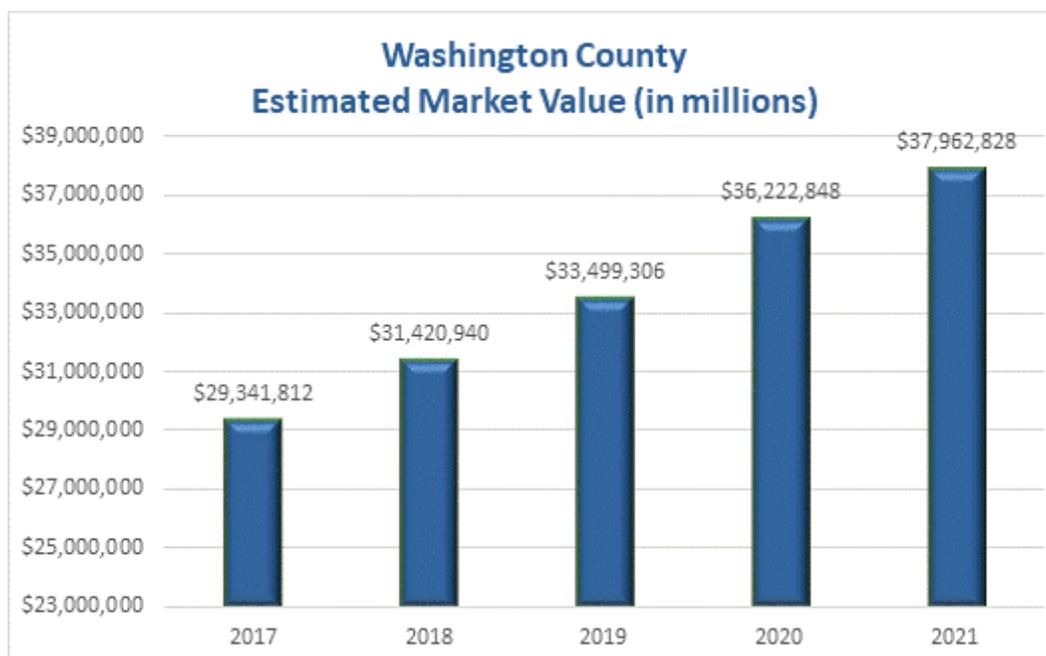


Our Community

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 272,256. 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's 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 a median household income 29.2% higher than the national median, Washington County is outperforming both state and national economic indicators.

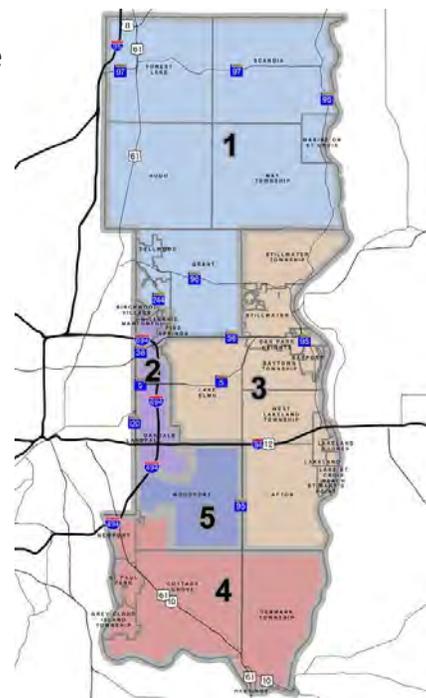
Health factors in Washington County rank in the top two counties in Minnesota when comparing the physical environment, social and economic factors, and health behaviors against all 87 Minnesota counties. This includes measuring health outcomes, such as length and quality of life.

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 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, 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 continues to have significant effects on global markets, supply chains, businesses and communities. COVID-19 continued to impact various parts of 2021 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 2022. County leadership managed operations throughout the crisis by taking appropriate actions to mitigate the negative impact and has performed a detailed review of the 2022 and 2023 budgets with all county departments making modifications and accounting for the impact the American Rescue Plan Act (ARPA) funds will have on operations.



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. In May of 2021, the Trunk Highway 36 and Manning Avenue Interchange project construction began. This project is necessary to improve safety, capacity and operation of the intersection and surrounding area. Estimated project budget of \$32M. The project completion is estimated for summer 2022.



Public Safety

1. Our County Sheriff's Office is charged with the responsibility for the protection and safety of the public, management of the Emergency Communication Response Center (ECRC) for 9-1-1 telecommunication, and oversight of the Washington County Jail with an inmate capacity of 228.
2. The 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. The 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 seven public libraries, three Library Express locations, and the Washington County Law Library.
2. County Parks Department consists of bikeways, trails, and more than 4,400 park acres throughout the county.
3. The campgrounds at St Croix Bluffs Regional Park and Lake Elmo Park Reserve closed out the 2021 season with revenues 32% higher than in 2020.
4. In 2021, Washington County Library patrons checked out nearly 2.4 million items, a significant increase from the nearly 1.8 million total checkouts recorded in 2020 and nearly 2.2 million recorded in 2019.



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 2021, efforts were intensely focused on expanding the security team, adding new staff, and continuing the ability for county employees to work from home in a secure way.
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 to become successful by providing resources and support services.
3. Departments were fully engaged and committed to responding to the continuing effects of the COVID-19 pandemic. These efforts included adjustments to service delivery, administering over 25,000 COVID-19 vaccinations, utilizing mobile clinics in collaboration with local organizations, schools, and employers. In addition, the Food Security Unit developed in 2020, in coordination with food shelves and other food agencies, arranged over 2,800 household deliveries, distributed more than 30,000 servings of meals, and engaged over 1,400 hours of volunteer service.

Conservation

1. University of Minnesota Extension Service, provide science based training as well as 4-H opportunities.
2. Land and Water Legacy Program, created by voter referendum, improves water quality, protects drinking water, expands parkland, and protects land along water bodies. Since 2006 more than \$13M in county and \$23M in partnership funds have been invested to protect 1,100 acres, involving 34 projects countywide.

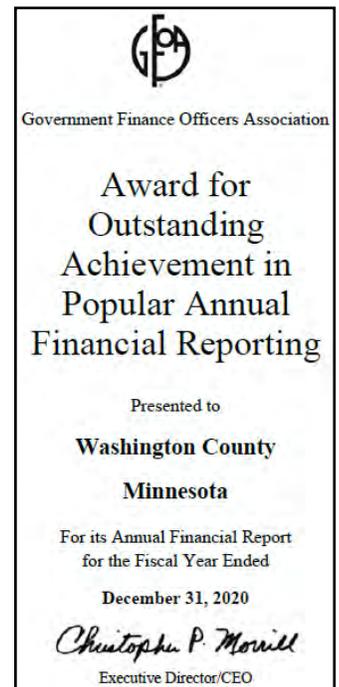


Awards & Recognition

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, 2020. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Washington County has received the Popular Award for the last three years.

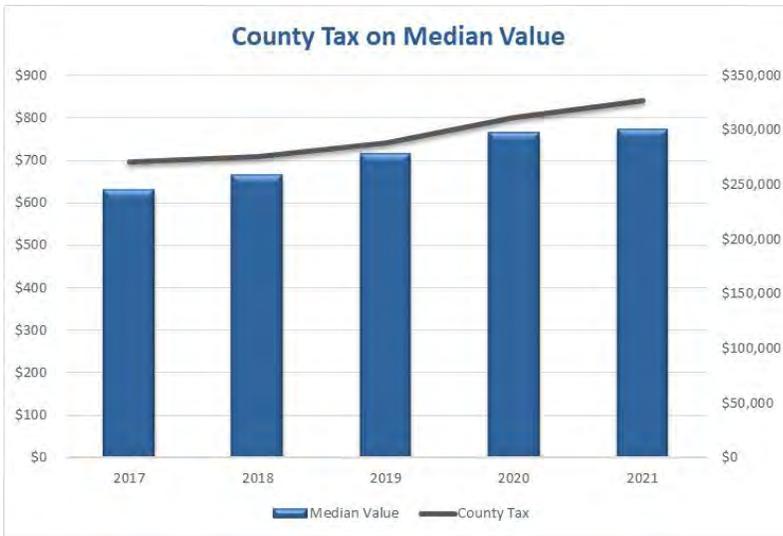
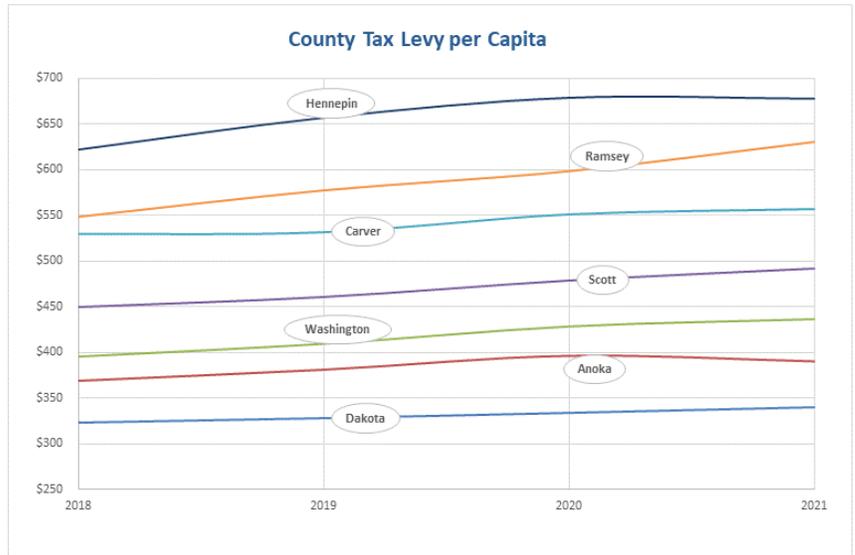


- **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officer’s Association, received annually since 1984.
- **Distinguished Budget Presentation Award** from the Government Finance Officer’s Association, received annually since 1998.
- **AAA/Aaa Bond Rating** from Standard & Poor’s and Moody’s.
- **Probation Officers received Innovators Award**—At the 2021 Minnesota Association of Community Corrections Act Counties Agent Conference, five probation officers from Community Corrections were recipients of “The Best Lead Innovators” award. Jeunai Boche, Erik Hansen, Nanette LaChapelle, Tina Marchio and Jennifer Rice were recognized for their creativity, forward thinking, and leadership.
- **Parks win multiple awards from Minnesota Recreation and Parks Association (MRPA)**—Awards of Excellence Program recognizes agencies or organizations in Minnesota for outstanding achievements in parks, recreation and leisure service. Parks received two awards: Marketing & Communications—Lake Elmo Park Reserve Wayfinding and Programming & Events—Nature’s Art Gallery. Additionally, two Parks staff were recognized by MRPA. JJ Williams received the Horizon Award for being an ‘up and coming’ professional member and contributor to MRPA. Sandy Breuer received the Clinton E. French Distinguished Service Award for providing long and outstanding service to the parks and recreation field and to MRPA. Williams is Parks Guest Services Supervisor II and Breuer is Parks Director.

Property Taxes

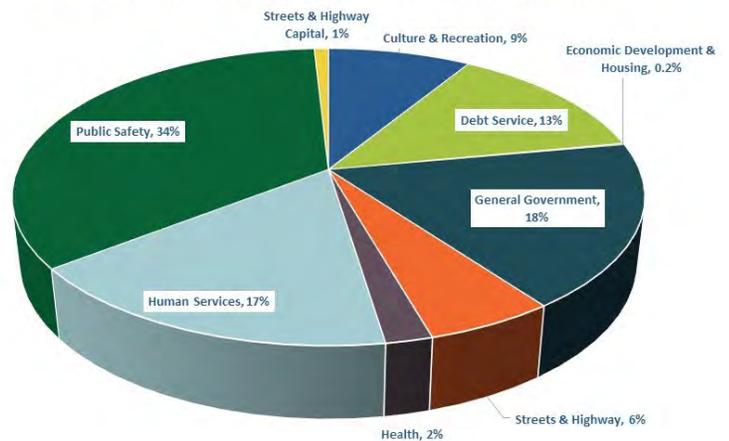
Washington County collects property taxes on more than 100,000 parcels each year. The median Residential Taxable Market Value home, for tax collection year 2021, was \$307,500. When compared to the seven-county metropolitan area, as evident in the chart to the right, Washington County is the third lowest in county tax levy per capita. The County Board is committed to providing high-quality public services while minimizing the financial impacts on its residents.

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



The pie chart shows how the county budgeted levy is allocated to each functional area within county operations. The county levy budget for 2021 was \$127.8M, which is approximately 44% of the total 2021 adopted revenue budget of \$288.5M.

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
- Focusing 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
- Maximizing federal and state revenues for mandated services
- Maximizing non-property tax revenues, such as seeking federal and state grants
- Addressing current and future needs of a growing, aging, diversified population
- Investments in capital assets
- Adhering 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 2021 for a homeowner in Washington County with an average home market value of \$307,500 is \$69/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** administers funds segregated from general operations for legal requirements or administrative purposes. Regional Rail Authority and Metro Gold Line are reported as Special Revenue.

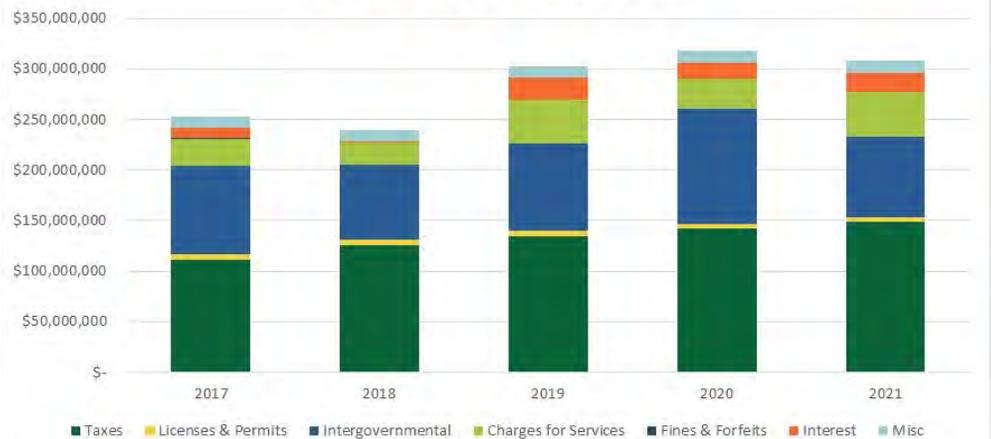
The **Capital Projects Fund** is used to account for the financial resources used for the acquisition, maintenance or construction of capital facilities and other capital assets.

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 receives substantial revenues from state and local governments to provide many of the services offered by the county.

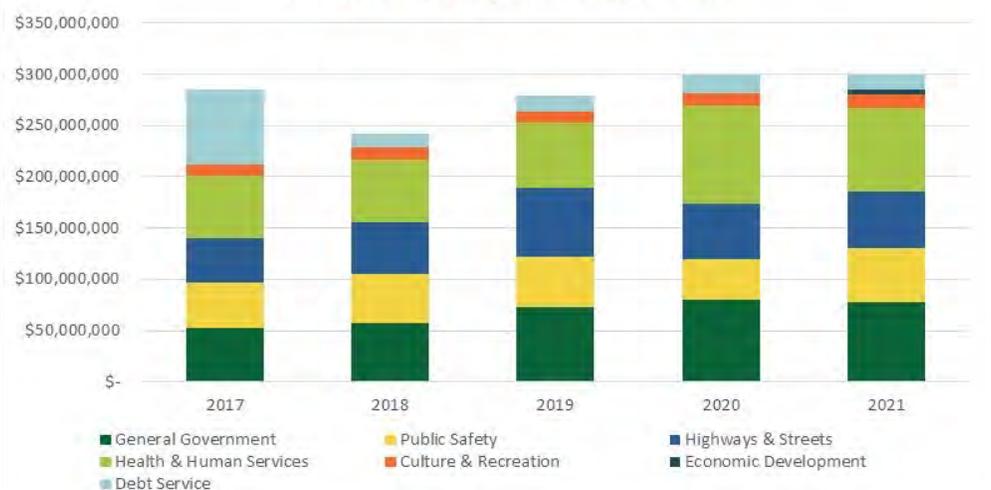
The county's total revenues for 2021 were \$307.6M. This is a decrease of \$10.2M over 2020, primarily due to 2020's CARES Act relief being followed by ARPA funding, which will be recognized over multiple years, offset somewhat by a rebound in Charges for Services particularly in cost shares for state and local portions of road and bridge projects compared to the prior year.

Year Over Year Revenue Comparison



The county's expenditures for 2021 were \$298.9M, which is \$0.7M lower than 2020. For 2021, expenditures stabilized and returned to a more normal focus, a decrease of \$15.7M in Health and Human Services as compared to 2020, when expenditures were focused on Public Health's response to the pandemic.

Year Over Year Expense Comparison



Financial Highlights

Where the dollar comes from:



Taxes, \$0.48

Intergovernmental, \$0.26

Charges for Services, \$0.14

Interest on Investments,
\$0.06

Miscellaneous, \$0.04

Licenses & Permits, \$0.02

Where the dollar goes:



Health & Human
Services, \$0.27

General Government,
\$0.26

Highways & Streets,
\$0.19

Public Safety, \$0.17
Debt Service, \$0.05

Culture & Recreation,
\$0.04

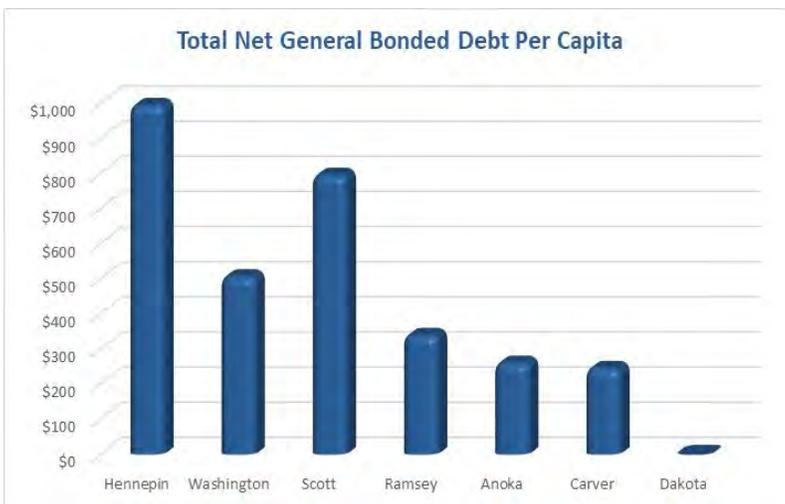
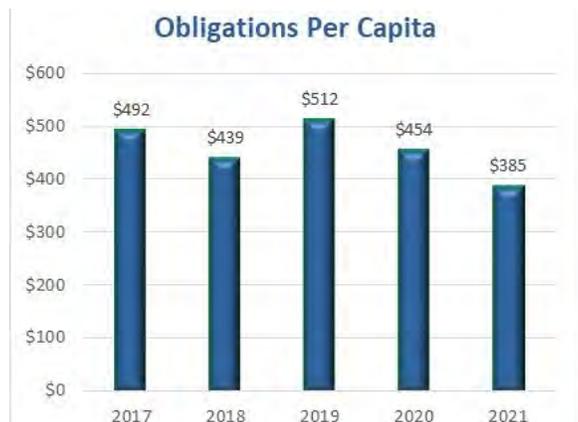
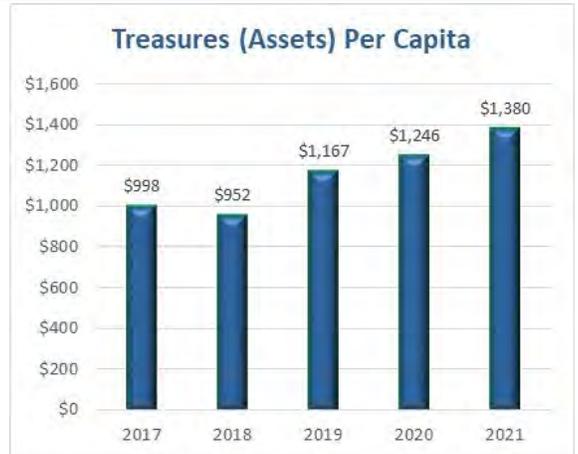
Economic Development
\$0.02

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 \$305.5M 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.



(2020 data as 2021 not available as of the publishing of this document.)

Looking at comparison data with other local county debt per capita, although slightly higher than other counties, 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 7.2—our current resources are more than seven 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, 42% 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

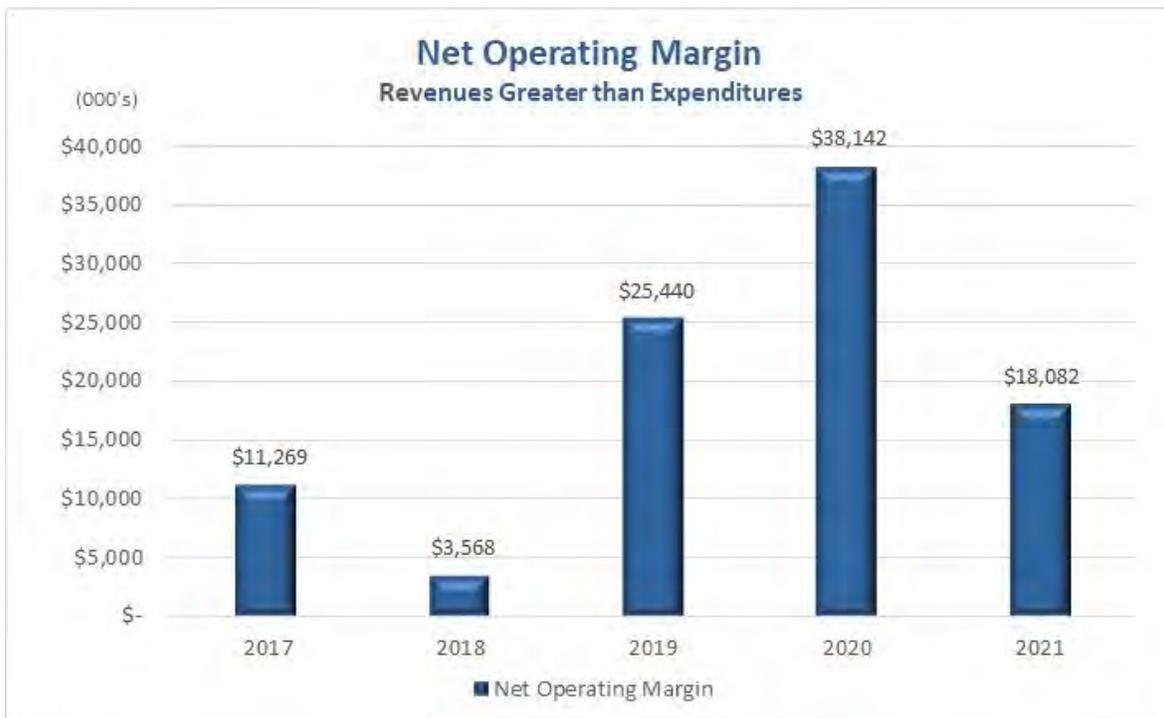
General Fund—Fund Balance

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

2020		
<i>Total Expenditures</i>	\$ 210,339,066	
<i>Unassigned Fund Balance</i>	\$ 85,346,344	40.58%
<i>Total Fund Balance</i>	\$ 225,666,294	107.29%
2021		
<i>Total Expenditures</i>	\$ 298,931,657	
<i>Unassigned Fund Balance</i>	\$ 85,069,857	28.46%
<i>Total Fund Balance</i>	\$ 239,970,250	80.28%

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



Major Initiatives

Metro Gold Line



METRO Gold Line Bus Rapid Transit (BRT) will be a new transit line that connects the east metro. The 10-mile route is between St. Paul and Woodbury with bus-only lanes being constructed generally north of and near interstate 94. Gold Line will provide frequent, all-day service in both directions, seven days a week, and is Minnesota’s first bus rapid transit line that operates primarily in bus-only lanes. The Gold Line will connect people across the region to job centers, housing options, other transit lines, and key destinations in the I-94 corridor. Construction is expected to begin in 2022 and service to start in 2025.

The project is led by Metro Transit and funded through a partnership by Washington and Ramsey Counties. In 2021, the project completed 100% design, and was included in the President’s Fiscal Year 2022 Budget, as well as the Federal Transit Administration’s fiscal year 2022 budget. Washington County is committed to roughly 26% of the project’s overall \$505.3M cost.

The project has continually engaged with residents, businesses, and property owners, adapting to new methods during the COVID-19 pandemic. A video series about METRO Gold Line with the South Washington County Telecommunications Commission (SWCTC) was completed in 2021.

SWCTC video series [“Connecting the East Metro: Gold Line – Project Overview”](#)

Remain up to date through the [project website](#), as the Gold Line moves into construction in fall 2022.



Major Initiatives

Library Partners with Every Meal to Address Food Insecurity

In November 2021, Washington County Library branches began a partnership with Every Meal to distribute shelf-stable food items to residents. Every Meal is a Minnesota nonprofit dedicated to fighting child hunger through community and school partnerships.

Oakdale Library and Park Grove Library also provide lunches and snacks through YouthPrise to youth aged 0-18, but not all branches qualify for this program due to their location. Now, the partnership with Every Meal allows all library branches to address food insecurity in their communities. Bags of food are free for all families, and there are no qualification requirements for participating individuals. Some branches have already distributed most of the initial food provided and will be requesting additional bags.

Every Meal is an opportunity for library branches to start combating hunger in Washington County, but staff are ready to do more. The Library is also working with the county's Food Security Unit to explore ways it could help provide fresh produce or other perishable items to residents in the future.



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

Human Resources continued to build the county's DEI program. All 12 county departments established Equity Change Teams (ECT) and work plans that cascade from the Strategic Vision and Goals. The county partnered with the YMCA of the North to provide Intercultural Development Inventory (IDI) assessment and ongoing training for all teams beginning in October 2021 and running through 2022. In addition, the first Employee Resource Group (ERG) was formed with two more expected to come online in 2022.

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 11.9% since 2012. The economic strength of the region can be summarized as expanding business base, lower than average unemployment rates, compared to statewide averages, and an average increase of 6.9% in total estimated taxable market value in the county since 2016.

Federally funded 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. [Review the county's Recovery Plan.](#)

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 & 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

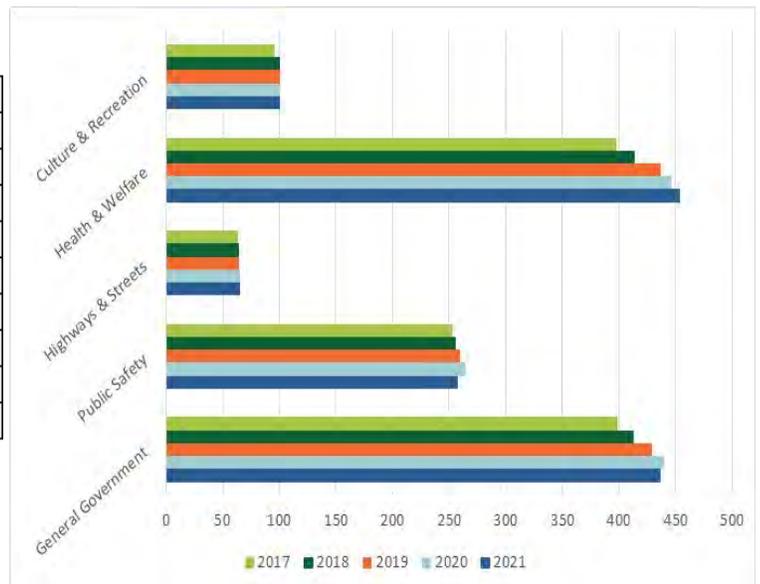
Principal Employers 2021

Taxpayer	Rank	Employees	% of Total County Employment
Andersen Corporation (Bayport, Cottage Grove)	1	4,939	3.44%
Independent School District 833	2	2,594	1.81%
Woodwinds Healtheast Campus	3	1,331	0.93%
Washington County, Government	4	1,324	0.92%
Wal-Mart (Forest Lake, Oak Park Heights, Woodbury and Cottage Grove)	5	1,274	0.89%
Hy-Vee Grocery	6	1,250	0.87%
Independent School District 834	7	1,136	0.79%
Independent School District 831	8	1,074	0.75%
Target (Cottage Grove, Forest Lake, Stillwater, Woodbury, and Oakdale)	9	959	0.67%
Bailey Nurseries, Inc	10	800	0.56%
Lakeview Hospital			
MN Correctional Facility (Bayport and Oak Park Heights)			
The Hartford (Fortis)			
3M Chemolite (Cottage Grove)			
Totals		16,681	11.63%

Top 10 Taxable Market Value

XCEL ENERGY	525,187,100
CITY WALK TIC I LLC ETAL	104,822,000
TAMARACK VILLAGE SHOPPING CENTER LP	102,909,800
10285 GRAND FOREST OWNER LLC	95,513,000
RAMCO-GERSHENSON PROPERTIES LP	76,197,300
IRPF WOODBURY CITY PLACE LLC	62,968,300
3M COMPANY	56,879,100
WOODBURY VILLAGE SHOPPING CENTER LP	45,037,200
WAL-MART REAL ESTATE BUSINESS TRUST	40,986,900
DAYTON HUDSON CORP	38,073,800

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 2022 for the fiscal year ending December 31, 2021.

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



Washington County Accounting & Finance Department
14949 62nd Street North | PO Box 3804 | Stillwater, MN 55082
Phone 651-430-6030 | Fax 651-430-6060

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