



Popular Annual Financial Report

Washington County, Minnesota

Fiscal Year Ended December 31, 2022

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



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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 eighty 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 2022, 1,284 new residential properties were started countywide; 1,066 single family units and 218 townhomes and condominiums
- ✓ New construction in 2022 added \$981M in taxable value
- ✓ Market value estimates from tax collection year 2019 to 2023 posted a net increase of 43.9%
- ✓ Total revenues decreased by 7.3% with the impact from unrealized loss of interest on investments driving the largest decrease
- ✓ Maintenance of 287-mile highway system, including 85 traffic signals
- ✓ Median household income of \$104,935
- ✓ Unemployment rate of 2.3%, below the statewide level of 2.7%
- ✓ Operating budget per capita of \$829, 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, 2022

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 37 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 275,912. 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 nine 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 24.9% 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

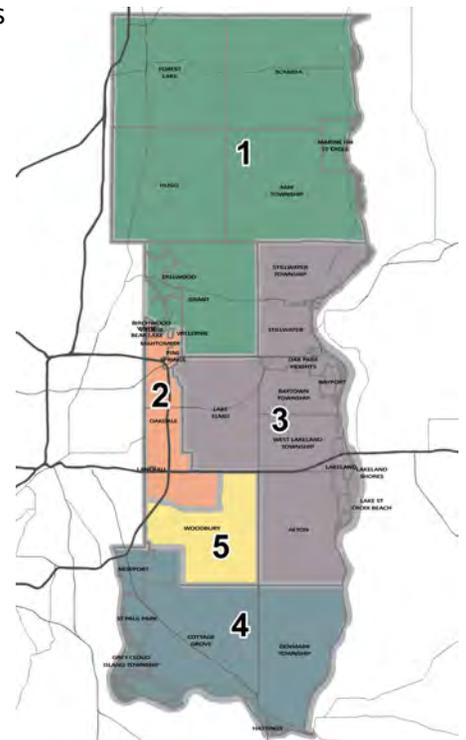
The Board of Commissioners is the governing body of Minnesota counties and serves as the legislative and policymaking body of the county. It is elected to oversee county operations to ensure that resident concerns are met, federal and state requirements are fulfilled, and county operations meet constituent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

The county operates under the County Administrator form of government with five elected commissioners representing population defined districts within the county. The county's original adopted 2022 budget employed a workforce of 1,386.26, which is a 4.7% increase over the original 2021 levels for full-time equivalents.

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.

County Leadership truly value fiscal responsibility while promoting health, safety, and quality of life for the employees and citizens. The county has shown the ability to manage during times of economic and population growth, as well as during times of great uncertainty and economic turbulence. Key priorities are to ensure the fiscal health of the organization and the ability to provide core county services.

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 Trunk Highway 36 and Manning Avenue Interchange project construction concluded in summer 2022 with the completion of the bridge. Growing traffic demands and safety concerns justified the need for a grade separated interchange. Coming in under budget for construction costs with landscaping to be completed during summer 2023.



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 4,700 park acres throughout the county.
3. On January 5th, the first day for 2022 online campground and pavilion reservations, almost 1,500 nights of camping were reserved via the Parks new online reservation system.
4. In 2022, Washington County Library patrons checked out nearly 2.5 million items, a slight increase from the nearly 2.4 million total checkouts recorded in 2021 and nearly 1.8 million recorded in 2020. The greatest increase came from ebooks and eaudiobooks "a downloadable audiobook".



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 ongoing pandemic needs 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 2022, efforts to fortify the county's electronic security with improved intrusion detection and there were improvements to the employee remote work environment.
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. The Community Engagement program was launched out of the American Rescue Plan Act (ARPA) funding, with the express goal to develop a community engagement program to address community recovery from the COVID-19 pandemic through a health equity lens. In 2022, work of this team focused on building connections in Washington County and with cultural and community groups. This team has been able to participate in 30 events (13 of which were organized by the county), was part of almost 70 meetings in the community, and established and expanded relationships.

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 \$16M in county and \$25M in partnership funds have been invested to protect 1,300 acres, involving 38 projects countywide.

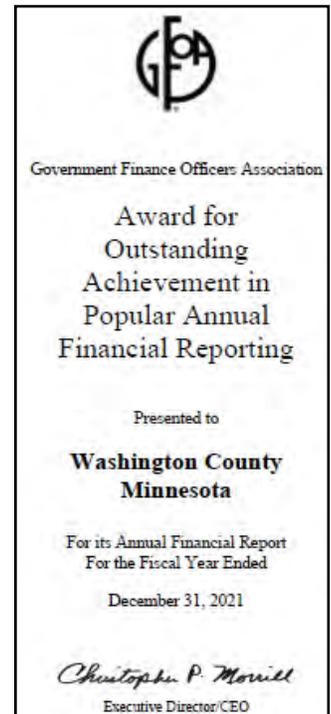


Awards & Recognition

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, 2021. 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 four 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.
- **Finance & Commerce Aware—Ravine Landing Project**—Ravine Landing was selected by Finance & Commerce for a 2021 Top Projects Award for achievement in the construction industry and the community. Top Projects is the premier recognition program for Minnesota's built environment, and honors the best building and construction projects in the state. The awards program centers on the region's construction and real estate business, bringing together the entire development community and the Top Projects program is one of the area's largest events celebrating women in the industry. Public works staff, along with project partners, accepted the award at the annual awards reception in July 2022.

This is the third award that Ravine Landing has received. Ravine Landing has also received awards from the Minnesota Recreation and Parks Association and the National Association of Counties.

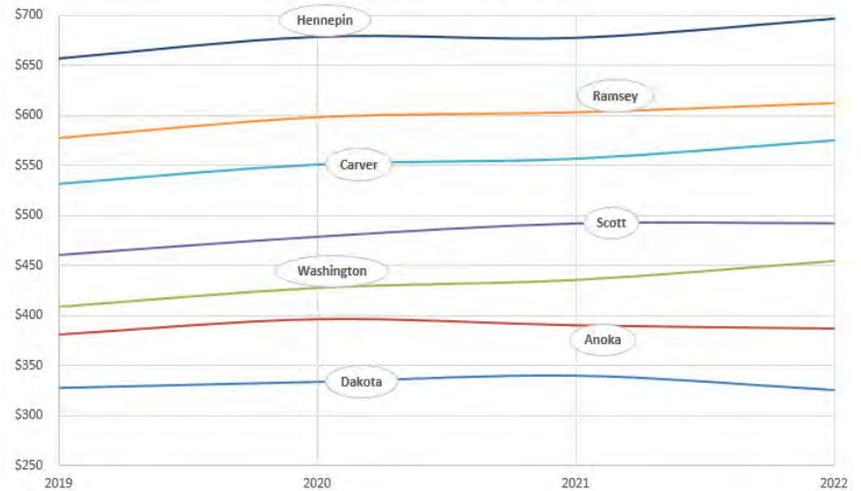


Property Taxes

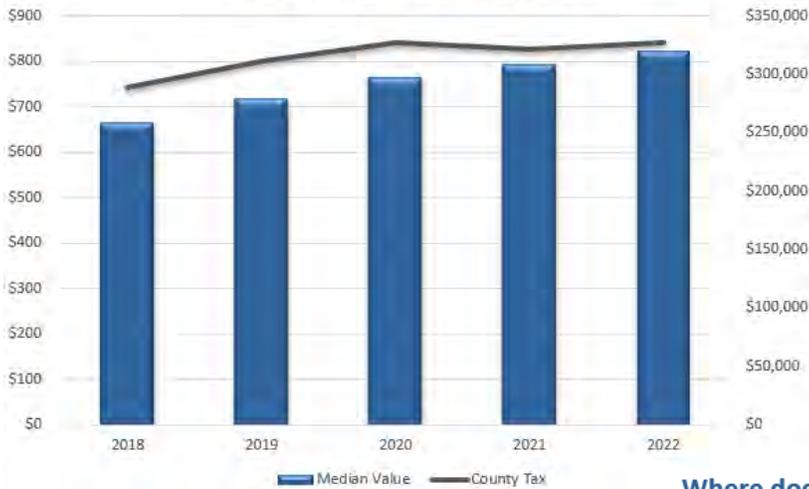
Washington County collects property taxes on more than 100,000 parcels each year. The median Residential Taxable Market Value home, for tax collection year 2022, was \$318,700. When compared to the seven-county metropolitan area, as evident in the chart to the right, Washington County is the third lowest in county tax levy per capita. The County Board 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.

County Tax Levy per Capita



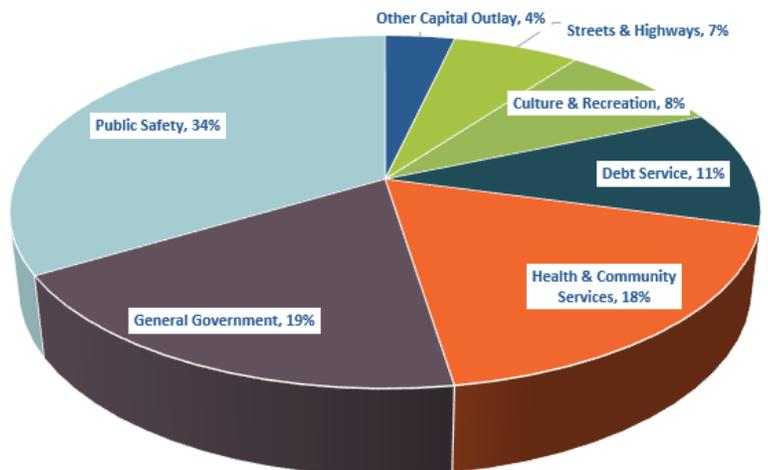
County Tax on Median Value



Follow Washington County on social media



Where does the county portion of your property tax go?



The pie chart shows how the county budgeted levy is allocated to each functional area within county operations. The county levy budget for 2022 was \$133.6M, which is approximately 42% of the total 2022 adopted revenue budget of \$316.1M.

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 double triple-A 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 2022 for a homeowner in Washington County with an average home market value of \$318,700 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.

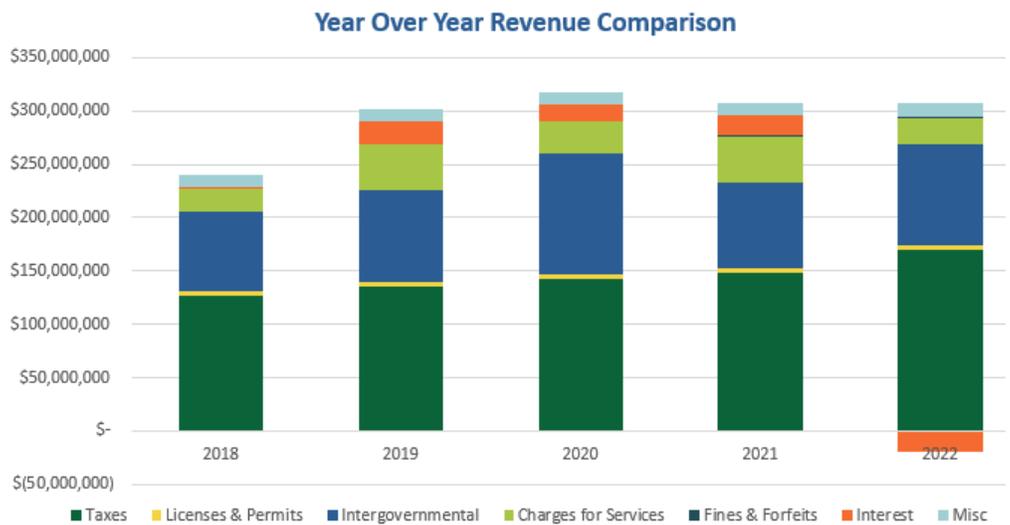
The **Special Revenue Fund** administers funds segregated from general operations for legal requirements or administrative purposes. Regional Rail Authority and Metro Gold Line are reported as Special Revenue.

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.

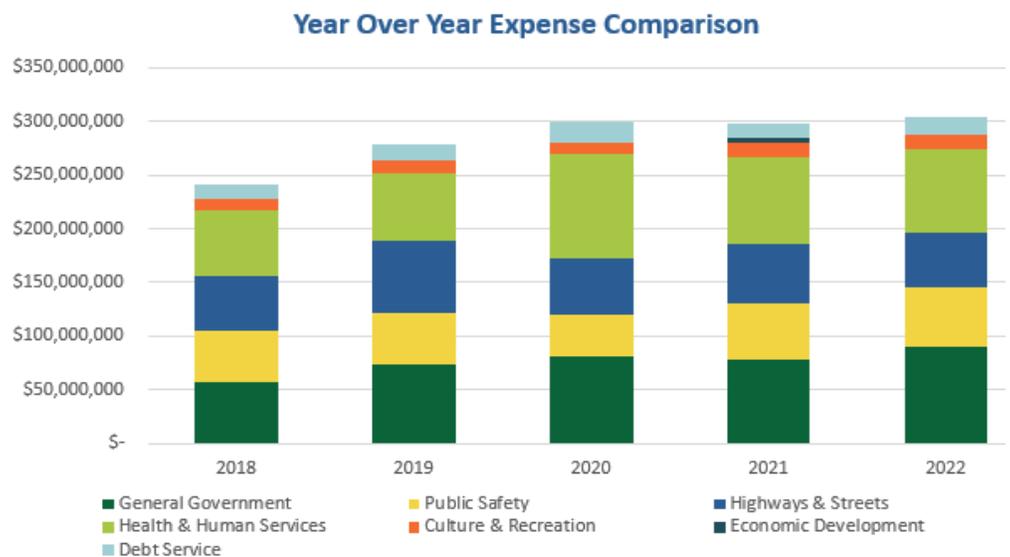
The **Debt Service Fund** is used to account for financial resources used for the repayment of the county's long-term debt.

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 2022 were \$288.4M. Total revenues decreased \$19.2M from the prior year, attributable to the unrealized loss of \$19.9M in market value of investments and interest.



The county's expenditures for 2022 were \$304.9M, which is a \$5.9M increase over 2021. For 2022, expenditures stabilized and returned to a more normal focus, producing a decrease of \$1.9M in Health and Human Services. Capital outlays in General Government and Highways and Streets increased by \$3.6M, based on the timing and mix of projects during the year, along with increased costs in Public Safety.



Financial Highlights

Where the dollar comes from:



Taxes, \$0.55

Intergovernmental, \$0.31

Charges for Services, \$0.08

Miscellaneous, \$0.04

Licenses & Permits, \$0.02

Where the dollar goes:



General Government,
\$0.29

Health & Human
Services, \$0.26

Public Safety, \$0.18

Highways & Streets,
\$0.17

Debt Service, \$0.06

Culture & Recreation,
\$0.04

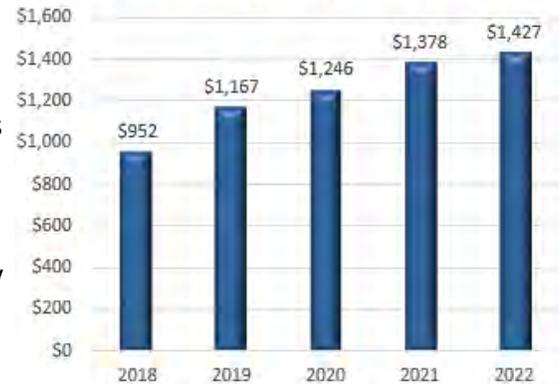
Financial Highlights

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 \$253M 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 rate environment and is a way to plan for capital asset improvements and acquisitions.

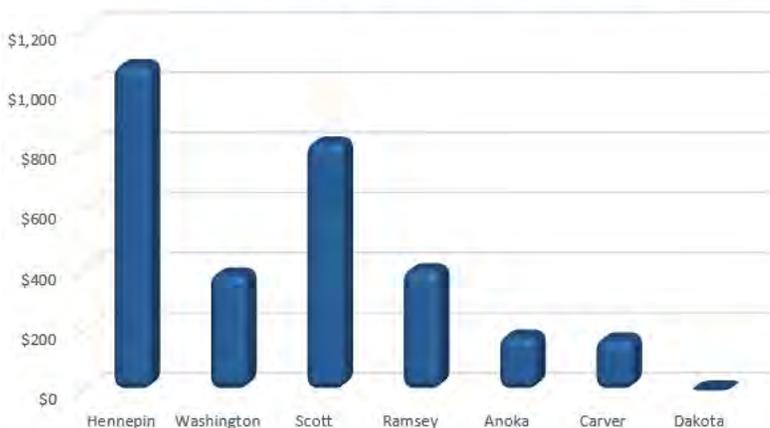
Treasures (Assets) Per Capita



Obligations Per Capita



Total Net General Bonded Debt Per Capita



(2021 data as 2022 was 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 5.5—our current resources are more than five 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, 45% 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

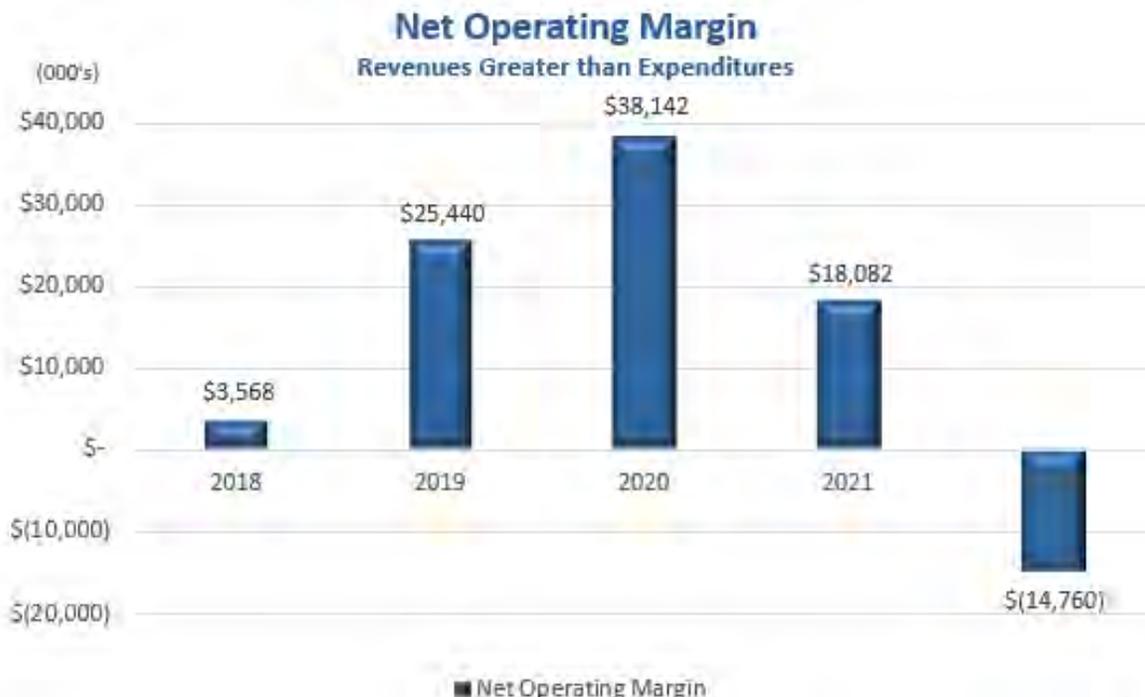
General Fund—Fund Balance

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

| 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% |
| 2022 | | |
| <i>Total Expenditures</i> | \$ 304,879,678 | |
| <i>Unassigned Fund Balance</i> | \$ 83,940,962 | 27.53% |
| <i>Total Fund Balance</i> | \$ 212,919,264 | 69.84% |

The county’s Net Operating Margin in the General Fund focuses on whether the county operated within its financial means during the fiscal year. 2022 results were largely due to the unrealized loss of interest on investments.



Major Initiatives

Weather Siren Installed at Big Marine Park Reserve



A tornado siren was installed in Big Marine Park Reserve on May 18, 2022 to provide advanced warning for severe weather to park users, visitors to the Disabled Veterans Rest Camp, and local residents in the area.

In 2018, Washington County staff was approached by the Disabled Veterans Rest Camp on Big Marine Lake with concerns about not having an advanced warning system for inclement weather for campers staying at the campground. Each year, more than 30,000 veterans and their families camp at the campground. In addition, Big Marine Park Reserve, which surrounds the vets camp, sees annual visits of approximately 250,000 people who also did not have a siren to warn them about incoming weather.

At Big Marine Park Reserve, most of these visits occur during peak summer months when there is a high likelihood of severe weather occurring. Park staff worked with Veterans Services, the rest camp, and Emergency Management Services to identify funding sources, determine location assessments, and look at options for warning visitors about severe weather. In the fall of 2019, a grant from the Federal Emergency Management Agency (FEMA) became available and Washington County was awarded the grant to assist in funding the advanced warning system.

Unfortunately, when the grant period was getting underway, the global pandemic hit and delayed implementation until 2021. In 2021, staff worked with FEMA to determine best locations, ensure no historical or natural features would be impacted, make sure the siren location was out of flood plains, and inform the public of the plans. After receiving bids, Federal Signal was selected for the contract.

Transportation Communication Grows by the Month

August 2022 was the best month to date for GoWashingtonMN.com with 1,843 views by more than 300 unique users.



GoWashingtonMN.com, which has a language translation feature, is the county's online resource for transportation information. The primary driver of the site's traffic is now organic search, without relying on redirection from other sites. Also, more than 60 site visitors in August used GoWashingtonMN as a springboard to other county resources, and many users followed the site links to the Metropolitan Council pages for Metro Mobility information and other resources.

Not only is GoWashingtonMN.com providing county residents with transportation information, but the site is a trusted landing spot, leading users to accurate supports of many kinds.

Major Initiatives

Library Supports Mental Health with Light Therapy Kits

Washington County Library branches now have light therapy kits available for check out. Light therapy is a way to treat seasonal affective disorder (SAD) and certain other conditions, such as non-seasonal depression and insomnia.

Supplies for 45 kits were purchased at the end of 2021 with a grant from Washington County Public Health & Environment's WellSpring Partner Project to support residents with mental health and resilience. Each kit contains a light therapy lamp, CD, book, and a folder of additional resources in English, Spanish, Hmong, and Chinese. Kits may be checked out for four weeks and renewed if there are no other holds.

As of June 2023, the kits have been checked out 425 times and staff have been hearing positive stories from users. One patron thanked her local library for offering this service, remarking that the use of the light made a marked difference in her sleep and mood and gave her the opportunity to try out the therapy light before choosing to invest in her own.



Sheriff's Office Works to Spread the Word on Safe Use of Social Media

The Sheriff's Office collaborated with FamilyMeans to educate youth and parents on the safe use of smartphones and social media.

The presentations were conducted in the Cimarron Park mobile home community located in Lake Elmo and in the City of Landfall. The presentations were presented bilingually in English and Spanish.

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 11.2% since 2013. 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 7.7% in total estimated taxable market value in the county since 2017.

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

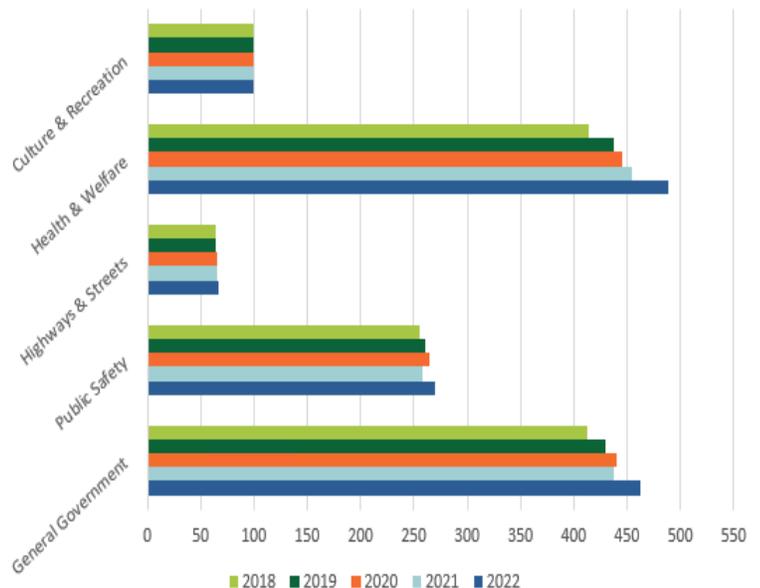
Principal Employers 2022

| Taxpayer | Rank | Employees | % of Total County Employment |
|--|------|---------------|------------------------------|
| Andersen Corporation (Bayport, Cottage Grove) | 1 | 5,000 | 3.47% |
| Independent School District 833 | 2 | 2,220 | 1.54% |
| Washington County, Government | 3 | 1,386 | 0.96% |
| Woodwinds Healtheast Campus | 4 | 1,331 | 0.92% |
| Wal-Mart (Forest Lake, Oak Park Heights, Woodbury and Cottage Grove) | 5 | 1,181 | 0.82% |
| Hy-Vee Grocery | 6 | 928 | 0.64% |
| Independent School District 834 | 7 | 1,066 | 0.74% |
| Independent School District 831 | 8 | 1,074 | 0.75% |
| Target (Cottage Grove, Forest Lake, Stillwater, Woodbury, and Oakdale) | 9 | 759 | 0.53% |
| Bailey Nurseries, Inc | 10 | 634 | 0.44% |
| 3M Chemolite (Cottage Grove) | | - | 0.00% |
| Cub Foods, Inc (all sites) | | - | 0.00% |
| MN Department of Corrections (all sites) | | - | 0.00% |
| Totals | | 15,579 | 10.81% |

Top 10 Taxable Market Value

| | |
|-------------------------------------|-------------|
| XCEL ENERGY | 446,844,000 |
| CITY WALK TIC I LLC ETAL | 106,314,300 |
| TAMARACK VILLAGE SHOPPING CENTER LP | 103,608,900 |
| 10285 GRAND FOREST OWNER LLC | 97,039,200 |
| RAMCO-GERSHENSON PROPERTIES LP | 84,169,600 |
| IRPF WOODBURY CITY PLACE LLC | 68,985,100 |
| WAL-MART REAL ESTATE BUSINESS TRUST | 45,565,900 |
| DAYTON HUDSON CORP | 41,736,300 |
| MENARD INC & CORPORATE ACCOUNTING | 41,120,600 |
| WOODBURY VILLAGE SHOPPING CENTER LP | 38,460,500 |

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 2023 for the fiscal year ended December 31, 2022.

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”