

A Report to Our Citizens

County Commissioners

District 1	Dennis C. Hegberg
District 2	Bill Pulkrabek
District 3	Gary Kriessel
District 4	Myra Peterson
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Mission Statement

To provide quality public services in a cost-effective manner through innovation, leadership, and the cooperation of dedicated people.

Values

- Fiscal Responsibility** – To provide good stewardship of public funds.
- Ethics and Integrity** – To maintain the public trust.
- Openness of the Process** – To promote citizen participation.
- Our Heritage and Natural Resources** – To conserve and preserve them.
- The Individual** – To promote dignity and respect.

History of Washington County

Washington County was officially created on October 27, 1849, in the Territory of Minnesota. As one of Minnesota's original nine counties, Washington County is located on the eastern edge of the Twin Cities metropolitan area and is comprised of 423 square miles of land. Washington County government has been serving residents since its creation in 1849. The county seat is located in Stillwater, Minnesota, along the scenic St. Croix River.

Washington County has historically played a diverse role in the region, serving the Twin Cities with its commercial, industrial, natural, and agricultural resources. The residents of Washington County take great pride in the rich, historical significance of the area.

Today, Washington County is a place where a prosperous economy grows with vital industries. While much of Washington County has retained its rural atmosphere, it is considered a "suburban" county. However, the county continues to maintain its diverse image – from the corn fields of Denmark Township to the residential neighborhoods of Woodbury; from the office and retail complexes along Interstate 94 to the cooling waters of the St. Croix River; from the lakeshore communities around White Bear Lake and Forest Lake to the pastoral wooded settings of the city of Scandia and May Township. Each area of Washington County possesses a distinct set of landscapes and resources.

County Organization and Demographics

Minnesota is one of a minority of states whose form of government is state managed and county administered. This means that many government services are provided by the county rather than the state. Washington County is led by a Board of Commissioners, with each commissioner representing one of five districts located in Washington County. The county carries out high quality yet efficient services to its 233,100 citizens in the areas of criminal justice, health and community services, libraries, property and taxation, public works, parks, and general government services. Washington County has 1,106.64 full-time equivalent employees (FTE) providing these services, or just 4.6 employees for every 1,000 residents. Washington County had the second

highest median household income in the state during 2007 at nearly \$77,500, and an estimated per capita income of \$39,600.

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How Are We Doing?

Health, Safety, and Quality of Life

The health, safety, and quality of life of citizens are important to Washington County. In the 2008 Residential Survey, residents were asked to rate their overall quality of life on a scale of “excellent,” “good,” “fair,” or “poor.” Ninety-four percent felt the quality of life in Washington County was “excellent” or “good”. Ninety-one percent of respondents also indicated that they were covered by health insurance for the entire year. The Sheriff’s Office mission is to provide quality public safety services by apprehending and assisting in the prosecution of criminals. The Sheriff’s Office projects that 80% of cases will be cleared, meaning that individuals associated with an investigation are arrested or charged by a prosecuting authority. Compared to the Midwest region of the FBI statistical data, Washington County’s Sheriff’s Office is significantly higher in cleared cases. According to the 2000 U.S. Census, Washington County has one of the highest median incomes in the nation, and the second highest median income in the seven county metro area.

Accessible, High-Quality Services

Washington County strives to provide high-quality services to residents. Service in a timely and respectful manner is necessary to achieve quality service. Fifty-one percent of residents surveyed reported that they visited or telephoned a Washington County government office in the last 12 months. Washington County employees continue to rank above the national norm in the areas of courteousness, knowledge, and responsiveness. To provide services closer to our residents, additional service centers were built in the northern and southern regions of the county. In the past year, the Property Records and Taxpayer Services Department increased staffing and adjusted processes to better serve customers in the license centers.

Proactively Planning for the Future

One of Washington County’s primary goals is to meet residents’ current needs while continuing to plan for future needs. Planning for the future ensures that the county will continue to make wise long-term decisions. One way the county looks at addressing the future is

how well it communicates with citizens. The residential survey continues to be one of the main tools the county uses to gather feedback about communication.

Washington County’s goal on an organizational level is to conserve energy, meet federal and state environmental standards, and be environmentally responsible, both now and well into the future. The Pavement Condition Index (PCI) is a measurement of the physical condition of county roadways. The PCI is based on the surface quality of the pavement. Measuring and monitoring the condition of the roadways allows the county to strategically plan its maintenance program, which can extend the life of the county infrastructure. The Washington County Board of Commissioners has set an overall PCI ratio of 72 out of 100 as the goal for county roadways. The PCI of the county roadway system as of 2007 was 78.

Maintain Public Trust

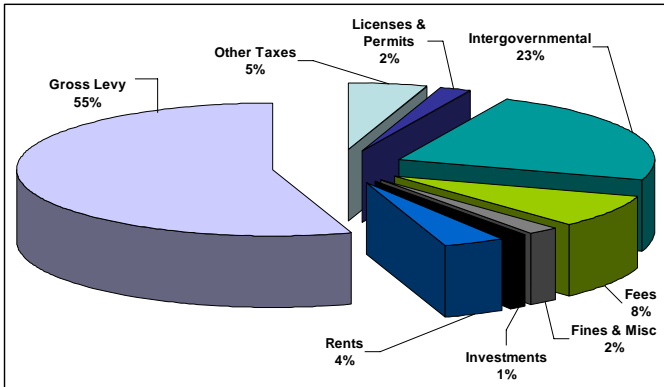
The ability of Washington County to meet the needs of its citizens is directly related to its ability to achieve and sustain fiscal stability. Effective and efficient use of resources is necessary to achieve the goals and objectives of the county. Washington County participates in a variety of mandatory and voluntary programs to help maintain the quality of its financial management practices by ensuring openness and accountability for public resources. Through the Government Finance Officers Association, Washington County has been awarded the Certificate for Excellence in Financial Reporting each year since 1986, and the Distinguished Budget Presentation Award each year since 1998. In the financial market place, the highest level of scrutiny is reserved for those organizations that seek to borrow money. Washington County’s process for borrowing money in the financial markets takes the form of a bond sale. Each sale of bonds is subjected to a rating of the county’s economic stability, management practices, and financial prospects by independent rating agencies. The county is one of only 48 counties nationally to receive the AAA rating from Standard and Poor’s rating agency.

Performance Measurements

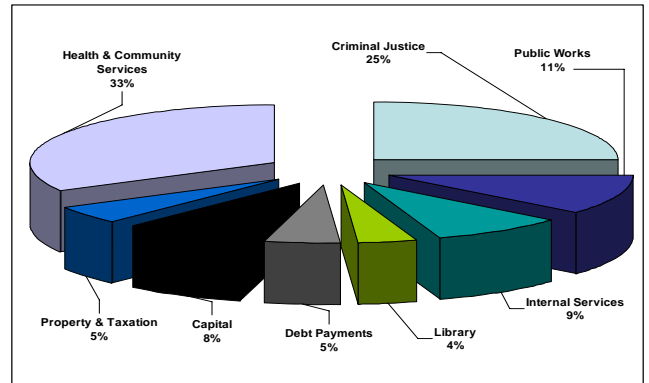
Since the mid-1990s, Washington County departments have continued to track, report, and monitor performance measures to support decision-making and to drive continued improvement in its core functions and the services it provides. Washington County also measures residents’ satisfaction of services through focus groups and surveys. How are we doing? Please contact amanda.hollis@co.washington.mn.us with your feedback and let us know what other information you are interested in and we will incorporate your perspective into our future reporting efforts. More performance information is available on Washington County’s website: www.co.washington.mn.us

2009 County Budget

Revenues by Source



Expenditures by Function



Description	2008	2009	Inc. (Dec.) 2008-2009	Change %
Tax Levy (includes County Program Aid)	\$87,930,500	\$92,763,500	\$4,833,000	5.50%
Other Revenue	\$103,225,800	\$79,241,100	(\$23,984,700)	-23.24%
Total Revenues:	\$191,156,300	\$172,004,600	(\$19,151,700)	-10.02%
Direct Payments	\$36,383,500	\$37,476,500	\$1,093,000	3.0%
Wages & Benefits	\$82,515,300	\$86,555,800	\$4,040,500	4.90%
Operations	\$22,695,500	\$22,328,500	(\$367,000)	-1.62%
Subtotal: County Operations:	\$141,594,300	\$146,360,800	\$4,766,500	3.37%
Capital	\$37,994,500	\$14,929,400	(\$23,065,100)	-60.71%
Debt	\$9,780,900	\$9,413,400	(\$367,500)	-3.76%
Total Expenditures:	\$189,369,700	\$170,703,600	(\$18,666,100)	-9.86%
Fund Balance Inc/(Dec):	\$1,786,600	\$1,301,000	(\$485,600)	-27.18%
Adjusted FTEs:	1,108.39	1,106.64	(1.75)	-0.16%

Where Does Your Tax Dollar Go?



On average, 76 cents of your property tax dollar goes to your city/township, school district, and other taxing districts.

The remaining 24 cents goes to Washington County.

An independent audit is completed annually. The county continually receives a clean audit opinion. Complete budget and financial information is available at: www.co.washington.mn.us

What's Next? *Economic Outlook and Budget Challenges*

Key Economic Trends

The economic strength of Washington County's tax base derives from its diverse, yet balanced mix of residential, commercial, and industrial properties. Without the dominance of one or a few industries, Washington County has the particular advantage of **remaining stable** during economic crisis that may affect particular sectors.

Washington County continues to face **population growth** and the associated demands it places on county services. Through the year 2030, the county is expected to add nearly 133,000 residents and 60,000 households, with a resulting population of over 366,000 citizens.

Demographic change is having a major impact on counties across Minnesota. Citizens over the age of 65 will double during the next 25 years, creating dramatic effects on county-provided services, such as transportation, crime prevention, emergency response, and general support.

Energy conservation has been an ongoing priority of Washington County over the years. **Rising energy costs** have led Washington County to improve its fuel and energy efficiencies. With oil prices remaining in record territory, the county's fleet will be replaced with fuel-efficient models over a period of years and energy conservation and efficiencies have been incorporated into the design of all of its newly constructed facilities.

The number of Washington County residential properties facing **mortgage foreclosure** continues to rise. Recent statistics show that roughly one-fourth of all residential sales during 2008 in the seven-county metro area involved foreclosed properties or were lender-mediated.

The county's **tax base** is being impacted by the slow housing market. Average sales prices have dropped, sales have declined, and properties are taking longer to sell. Values of existing residential properties in most neighborhoods have been flat or declining, and are projected to continue declining into 2009.

The final phase-out of the Limited Market Value law in 2010 will also have an impact on our tax base. This state law limited the growth in **taxable market value** when values of existing properties were rising in the early 2000s. The difference between the capped amount and a property's actual estimated market value was shielded from taxation in the near term and is gradually added to its taxable value in later years. Adding the shielded value back onto the tax rolls has minimized the impact on the county's overall tax base due to **falling values** for existing homes.

Washington County Budget Implications

One of the key challenges facing Washington County, like many other counties, is **health care costs**. This affects the budget through increasing employee health care costs, the increased demand for county health services, and increases in the cost of inmate medical care which will reach nearly three-quarters of a million dollars in 2009.

Higher energy prices also affect the county budget directly through increased costs for fuel and heating. Further, this has resulted in an increased demand for services as citizens struggle to pay their heating and transportation bills.

The State of Minnesota continues to require that certain **mandated services** be provided by local governments with little, and often times reduced funding to the county to cover those costs. For example, the county spends approximately \$117 per day to house state short-term prisoners while reimbursement from the state is approximately \$10 per day, less than 10% of the actual costs. In 2007 the county received \$30 per day. These additional costs (and funding shortfalls) have a direct impact on property taxpayers.

With **inflation** hovering near 4% and costs steadily increasing, **budget reductions** and property taxes largely make up the difference as the county works to carry out the services it is mandated to provide in the most cost-effective manner possible.

The county also faces **declining revenues**. For example, the county receives revenue from mortgage and deed transactions. Recent problems in the housing market have resulted in fewer home sales, directly impacting mortgage and deed revenues. The decrease in revenue required the county to **decrease staff** in this area, yet the state mandates that, over the next few years, staff must process documents 50% faster than just a few years ago.

A perennial issue facing Washington County is how to fund the services on which its residents rely. The County Board of Commissioners and county staff have worked diligently to hold down the rate of increase in taxes while accomplishing this goal. Washington County's 2009 net property tax levy represents a 4.9% increase over the 2008 amount.

The 2008 **property taxes** per capita of \$348 was the seventh lowest of all 87 counties in the State of Minnesota, and both the **tax rate** of 25.77 percent and the **operating costs** per capita of \$607 were the second lowest of all seven counties in the metropolitan area.

