

Washington County, WI

Popular Annual Financial Report 2018

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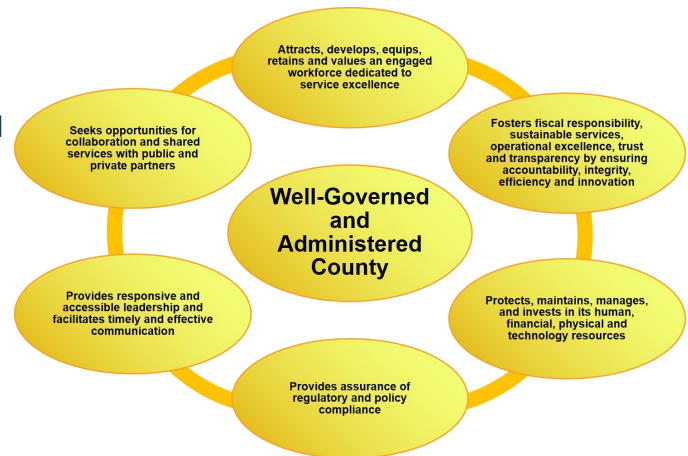
About the PAFR

The Popular Annual Financial Report (PAFR) of Washington County is presented as a means of increasing public understanding and confidence in County government and its elected officials through user-friendly financial reporting. We want to guarantee that you have access to high-quality, easily understandable financial information. Inside, you will find general information about the County and County government and financial highlights for the prior year.

We are proud to present the County's Popular Annual Financial Report (PAFR) for the year ended December 31, 2018. This report summarizes and simplifies information contained in the County's Comprehensive Annual Financial Report (CAFR).

The CAFR provides detailed financial statements audited by Baker Tilly Virchow Krause, LLP. These statements are prepared in accordance with generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) pronouncements and received an unmodified (clean) opinion. Much of the information in the CAFR is technical and complex and as such, it may not be particularly useful to the citizens of Washington County who wish to better understand County finances.

The PAFR is a means of increasing public awareness about the County's financial condition through a more user-friendly presentation that avoids the heavy use of technical accounting terms and excessive detail. It is unaudited and not intended to provide a complete financial picture of the County in accordance with GAAP, however it does comply.



Click the Picture above to view 2017-2019 Strategic Priorities

MORE INFORMATION

Questions or feedback concerning the information in this report, or requests for additional information, can be directed to the County Finance Department at 262-335-4328 or webaud@co.washington.wi.us.

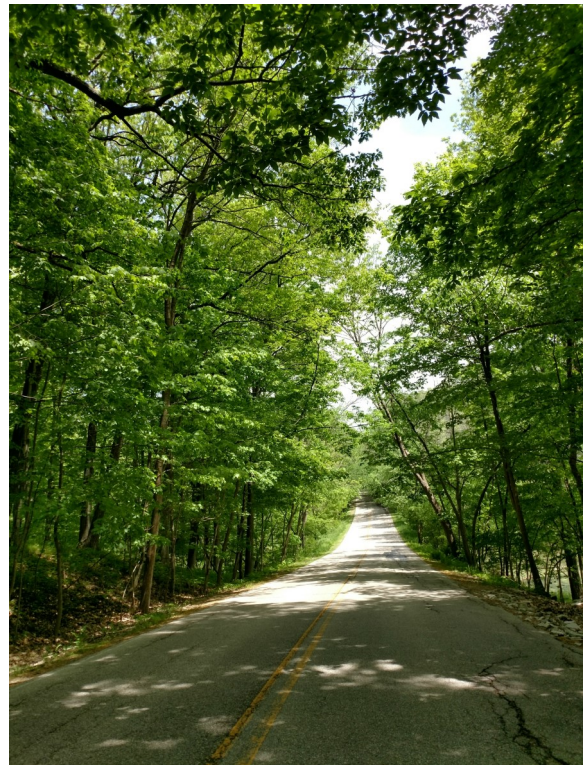
You can find the PAFR and CAFR on the County website at www.co.washington.wi.us/AUD.

2018 Major Accomplishments

The County continues to focus on providing exceptional services while keeping the lowest tax rate in over 50 years. In 2018 the County's commitment to creating an environment for residents and businesses to enjoy an authentic quality of life was demonstrated in the following accomplishments.

- ⇒ A focus on strategic planning and fiscal sustainability initiated the County's development the [2050 Transportation Network Sustainability Plan](#). This plan is the only one of its kind in the state and achieves a reliable and financially sustainable transportation network for Washington County by funding 100% of the maintenance, resurfacing and reconstruction of all county highways through 2050 without raising taxes.
- ⇒ As a result of this plan, the County issued \$10 million of debt in October 2018 to fund road projects within the plan. This new debt is being repaid without taking on additional tax levy.
- ⇒ 2018 was the first year of implementation of the [Parks Fiscal Sustainability Plan](#). The goal is to make the county parks system independent of the property tax levy while continuing to offer unique amenities and access to natural resources. The first year of the plan included the implementation of a new parks entrance fee.

The above accomplishments display the County's ability to find innovative solutions to common problems and lead the state in new initiatives as we strive to cultivate our rich heritage, vibrant economy and attractive communities through the distinct values that define us.



Click the picture to see a video about our 2050 Transportation Plan

2018 Financial Highlights

\$1.5 million

The County's total net position increased by \$1.5 million in 2018. Although total revenues and expenses increased for the County in 2018, revenue increases outpaced expense increases resulting in the net gain in position.

\$0.6 million

Property tax revenues increased \$603,544 while the tax rate decreased by \$0.09 to \$2.49 per \$1,000 of property value. The increased revenues were used to cover increases in ongoing operational costs.

\$52.3 million

A combined \$52.3 million was spent on public safety and health & human services in 2018. These are our two largest service areas.

\$10 million

The County issued \$10 million in new debt to finance projects in the 2050 Transportation Network Sustainability Plan. This debt will finance projects over the next 2-3 years.

Click the arrows above or picture below to see the 2018 County Budget



Erin Hills



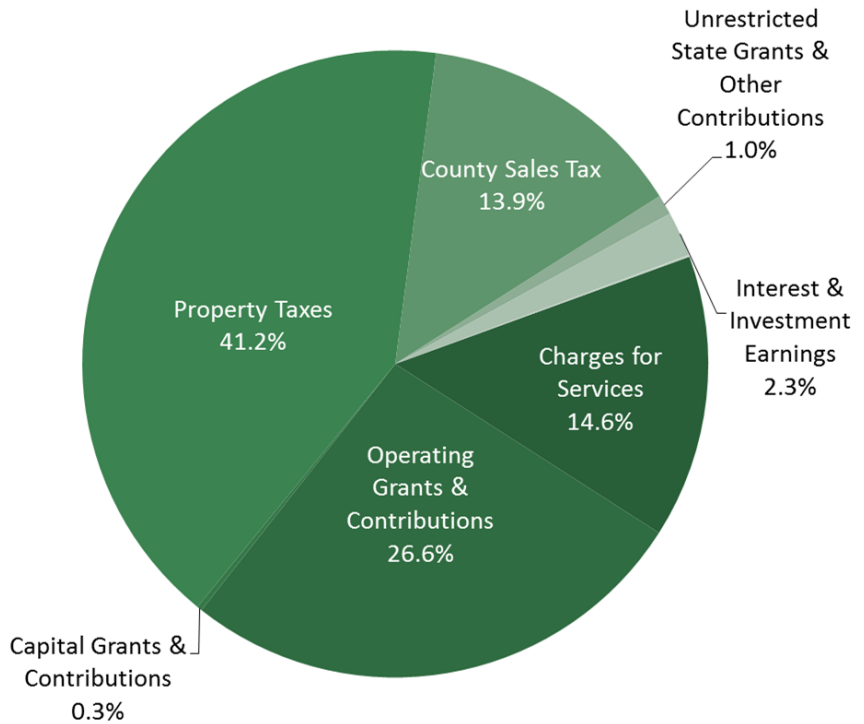
Summary of Revenues

Revenues

In 2018, the County's largest revenue source was property taxes which account for 41.2% of total revenues and is comparable to prior years. The property tax is levied on the assessed value of all real property within the County.

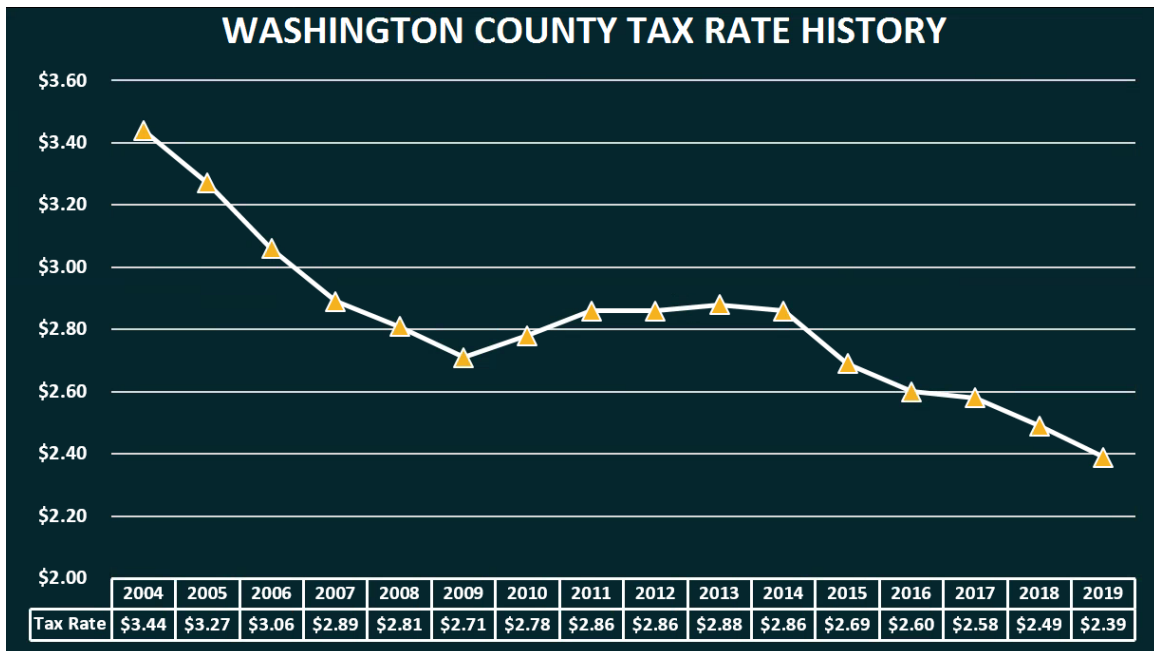
Other significant revenue sources include operating grants and contributions from state and federal sources, charges for services which includes various program fees, and the county sales tax (statutorily set at 0.5%).

Governmental Activities Revenues by Source



[Click the picture above to view our Comprehensive Annual Financial Report](#)

Although property taxes account for a majority of the County's revenues, we have continued to see a decrease in County tax rates for five years.

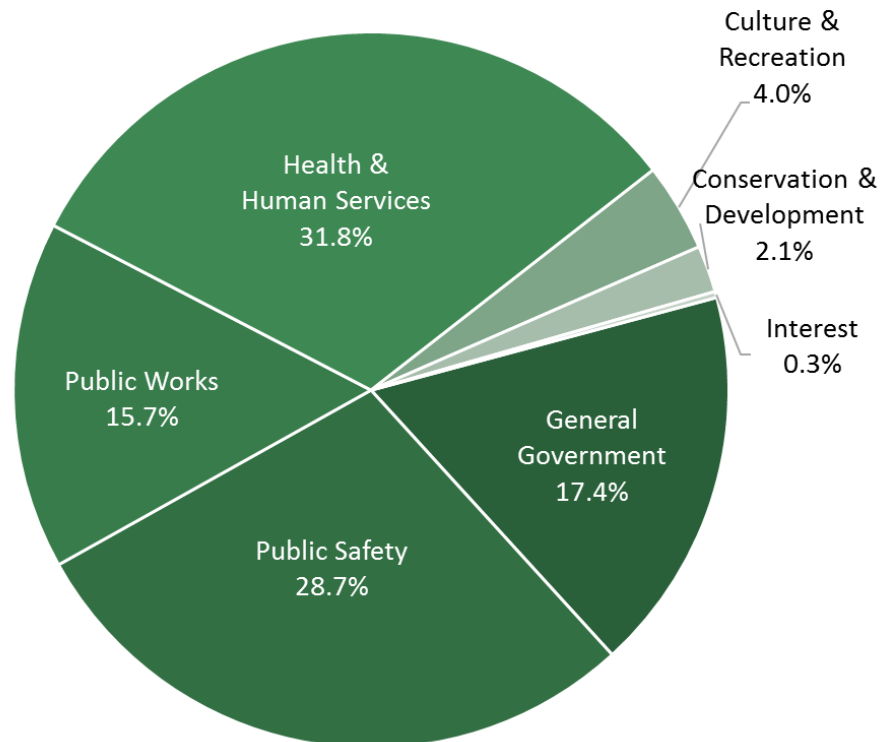


Summary of Expenses

Expenses

The County provides a full range of services, including law enforcement and corrections, nursing home care, highway construction and maintenance, health and human services, State judicial support, educational and recreational activities and events, and conservation and development services.

Governmental Activities Expenses by Function



[Click the picture above to view our Comprehensive Annual Financial Report](#)

Conservation and Development: Land Use & Planning, Land Conservation, Stewardship Incentive Program, Targeted Runoff Management, Zoning, County Convention & Visitors Bureau

Culture and Recreation: Parks and trails, UW-Extension, Historical Society, Fair Park, Library

Health & Human Services: Joint Health Department, Veterans Services, Human Services Department, Child Support, Aging (including ADRC)

Public Works: Transit, County Roads and Bridges, County Engineer

Public Safety: Sheriff including jail and radio communications systems, Dispatch, Courthouse security, Emergency Management, Clean Sweep programs, Sanitation Inspections

General Government: County Board, County Clerk, Clerk of Courts, Facilities Management, Finance and Purchasing, District Attorney, County Attorney, Medical Examiner, Treasurer, Register of Deeds, County Administrator, Information Technology, and Human Resources

[Click the Division above to view its specific web page](#)

Summary of Financial Data

The following financial highlights are summarized government-wide financial statements from the County's 2018 CAFR. They are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

Governmental activities include general government, public safety, public works, health & human services, culture & recreation, and conservation & development. Business-type activities include Samartan, Fields, County Parks, Family Park Golf Course, and Highway.

Financial Position

The *statement of net position* is a government's balance sheet and presents information on what the County owns (assets and deferred outflows) and owes (liabilities and deferred inflows). Over time, changes in net position (the difference between what we own and owe) can serve as an indicator of whether our financial standing is improving or deteriorating.

The largest portion of the County's net position (67%) reflects its investment in capital assets (e.g. land, improvements, buildings, machinery and equipment, and infrastructure, net of depreciation), less the outstanding debt that was used to acquire those assets. The County uses these capital assets to provide services to citizens; and consequently, they are not available for future spending. Restricted net position is resources subject to external constraints (grants, laws, pension benefits, etc.). Unrestricted net position (27%) is the portion available for funding the County's ongoing operational expenses.

Statement of Net Position						
(Amounts Expressed in \$000's)						
	Governmental Activities			Business-Type Activities		
	2018	2017	2016	2018	2017	2016
Total assets	\$ 211,399	\$ 198,015	\$ 193,792	\$ 36,647	\$ 30,113	\$ 30,119
Deferred outflows of resources	10,838	12,946	19,148	3,572	4,097	5,579
Total Liabilities	(22,713)	(14,204)	(16,479)	(8,204)	(9,312)	(10,020)
Deferred inflows of resources	(48,603)	(41,980)	(43,628)	(3,673)	(1,891)	(1,941)
Total net position	\$ 150,921	\$ 154,777	\$ 152,833	\$ 28,342	\$ 23,007	\$ 23,737
Net position						
Net capital asset investment	\$ 94,718	\$ 104,821	\$ 103,858	\$ 24,654	\$ 19,860	\$ 19,788
Restricted	8,811	2,789	3,303	1,791	72	68
Unrestricted	47,392	47,167	45,672	1,897	3,075	3,881
Total net position	\$ 150,921	\$ 154,777	\$ 152,833	\$ 28,342	\$ 23,007	\$ 23,737

[Click the picture above to view our Comprehensive Annual Financial Report](#)

Summary of Financial Data (cont)

Financial Activities

The *statement of activities* is a government's income statement and reflects the County's financial activity during the fiscal year and how our net assets changed as a result of that activity. All changes in net position are reported as soon as the underlying event causing the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off).

Expenses for general government activities increased \$5.4 million (6.7%) from the prior year. The majority of this increase is the recognition of losses for roads transferred to municipalities within the County (\$3.5 million) and an increase in depreciation expense on infrastructure assets (\$1 million).

Revenues for general government activities increased \$4.1 million (12.3%) from the prior year. This increase is from additional state and federal grants in public works (\$1.2 million for state transportation aids) and health and human services (\$1.8 million). Additionally, there was a \$0.9 million increase in charges for services related to the County's workers' compensation self-insurance fund.

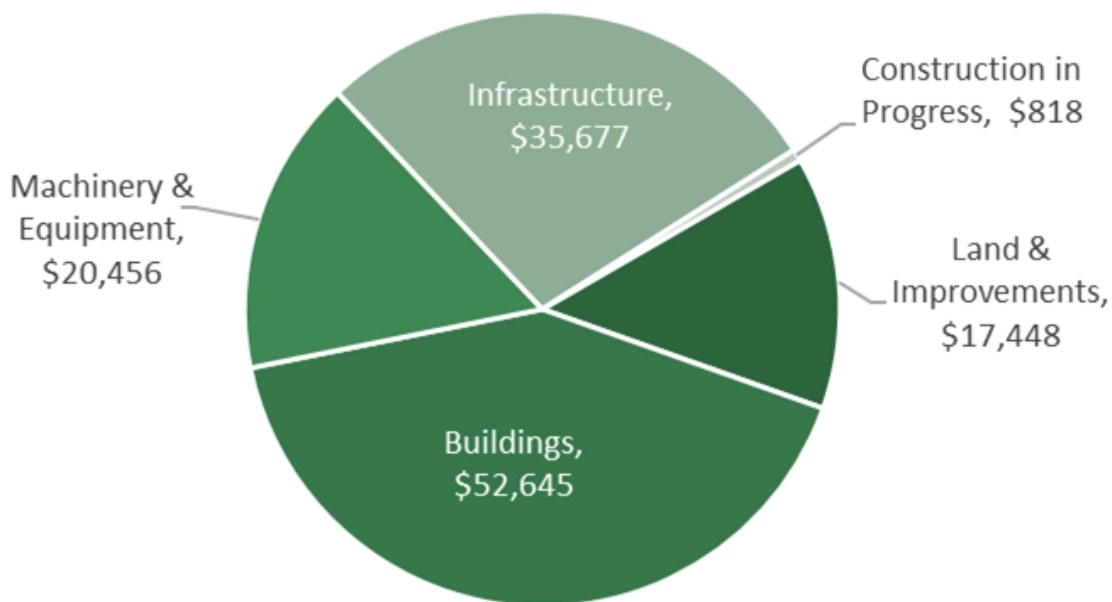
Statement of Activities						
(Amounts Expressed in \$000's)						
	Governmental Activities			Business-Type Activities		
	2018	2017	2016	2018	2017	2016
Program revenues	\$ 36,938	\$ 32,881	\$ 32,626	\$ 28,322	\$ 25,635	\$ 25,454
General revenues	52,176	50,529	48,828	706	23	13
Expenses:						
General government	(15,031)	(13,525)	(13,529)	-	-	-
Public safety	(24,767)	(24,387)	(22,926)	-	-	-
Public works	(13,581)	(9,115)	(11,439)	-	-	-
Health & human services	(27,513)	(27,283)	(27,283)	-	-	-
Culture & recreation	(3,450)	(4,585)	(5,144)	-	-	-
Conservation & development	(1,826)	(2,055)	(2,178)	-	-	-
Samaritan Health Center	-	-	-	(12,851)	(12,378)	(12,273)
Fields of Washington County	-	-	-	(2,443)	(2,310)	(2,205)
Parks	-	-	-	(1,263)	-	-
Family Park Golf Course	-	-	-	(1,288)	(1,196)	(1,169)
Highway	-	-	-	(11,545)	(10,404)	(10,490)
Interest and Transfers	(6,802)	(516)	(59)	5,697	(100)	-
Increase (Decrease) in Net Position	\$ (3,856)	\$ 1,944	\$ (1,104)	\$ 5,335	\$ (730)	\$ (670)
Net Position, beginning	154,777	152,833	153,937	23,007	23,737	24,407
Net Position, ending	\$ 150,921	\$ 154,777	\$ 152,833	\$ 28,342	\$ 23,007	\$ 23,737

Click the picture above to view our Comprehensive Annual Financial Report

Capital Assets — What We Own

Capital assets. The depreciated value of Washington County's total capital assets was \$127 million as of December 31, 2018. These assets include land, improvements, buildings, machinery and equipment, public domain infrastructure (highways and bridges), and construction in progress.

CAPITAL ASSETS - DEPRECIATED VALUE (AMOUNTS EXPRESSED IN 000'S)



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Major capital asset events in the current fiscal year included the following:

- Several County highways (net value of \$3.5 million) were transferred to other jurisdictions.
- Sheriff ongoing squad replacements of \$0.35 million and transit vehicle replacements of \$0.2 million.
- Upgrades to Sheriff radio system for \$4.4 million.
- Replacement of the fair park electric sign (\$0.2 million) and various building generators (\$0.1 million).

Debt — What We Owe

Long-term debt. The County issued \$10 million of new general obligation debt in October 2018 for road projects included in the 2050 Transportation Network Sustainability Plan. Pre-construction work including design and right-of-way acquisitions have already begun and road work will begin in Spring 2019.

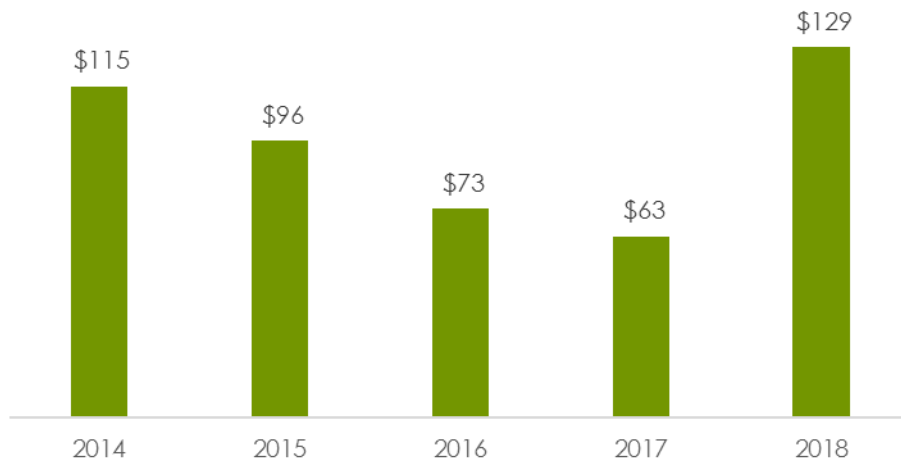
Outstanding Debt Balances			
<i>(Amounts Expressed in \$000's)</i>			
	2018	2017	2016
Governmental Activities	\$ 11,315	\$ 2,075	\$ 2,800
Samaritan Health Center	\$ 5,695	\$ 6,190	\$ 6,665
Total Long-Term Debt	\$ 17,010	\$ 8,265	\$ 9,465

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Current state statutes limit the amount of general obligation debt the County can issue to 5% of the equalized value of taxable property in the County. County policy takes a more conservative and sustainable approach by further limiting debt to no more than 0.5% of the equalized value. Additionally, in no circumstances shall debt be used to finance ongoing operational expenses. Debt is only considered when the projects to be funded are essential to achieving strategic goals and result in significant, long-term benefit to the County. As of December 31, 2018 the County had had \$17.5 million of general obligation debt outstanding, which is 0.08% of equalized value, well below statutory limits and our own policies.

Debt per capita increased significantly in 2018 due to the \$10 million of new debt.

DEBT PER CAPITA



[Click the picture above to view our Comprehensive Annual Financial Report](#)



Washington County Board of Supervisors

[Click the picture above to view our Website](#)

County Governing Structure

The County operates under a County Board-Administrator form of government. The Board of supervisors consists of twenty-six (26) non-partisan members elected by district to serve two-year terms. The current term expires on April 21, 2020. The Board meets the 2nd Wednesday of every month at 6 p.m. in the Herbert J. Tenies Government Center.

Profile of the County

Washington County, created in 1836, serves a population of approximately 135,000 and is located in southeastern Wisconsin, in the northwestern corner of the Milwaukee region. The County encompasses an area of 431 square miles and consists of two cities, six villages, and twelve towns. The City of West Bend is the County seat.

The financial condition of the county is strong, as reflected by our “AAA” rating from Moody’s in 2018. Additionally, our economy is diverse, ranging from manufacturing, educational and social services, retail, professional, and construction. Indications show the County has positive signs of economic recovery since the great recession. Since 2000, the County’s population has grown more than twice as fast as the state’s growth rate. Along with a rapidly growing population, labor force and employment remain stable. The 2018 annual unemployment rate was 2.5% and is one of the lowest in the state. Unemployment rates were 2.8% in 2017 and 8.7% in 2009 at the height of the great recession.

As the County continues to grow, service demands grow as well. Since we operate under a state imposed tax levy limit, increased service demands become more difficult to finance. To prepare for these increases, Washington County engages in a strategic planning process which focuses on prioritizing programs and issues impacting county government. In 2016, the Board identified a set of long term goals for 2017 through 2019. These goals were developed in conjunction with the County’s implementation of the priority based budgeting tool.

Washington County Quick Facts

County Established	December 7, 1836
Population (2018)	135,693
Number of Households (2012-2016)	57,201
Median Income (2012-2016)	\$73,021
Median Age	42.4
Unemployment Rate	2.50%
Area (square miles)	430.70
Equalized Value	\$14.8 billion
Total Expenditure Budget (2018)	\$127.5 million
Mill Rate/Tax Rate per thousand (County)	\$2.3930
Number of Employees (2018)	818
Miles of Roads & Streets (County)	186
Acres of County-owned Parks	1,200

Top Employers

<u>Employer</u>	<u># of Employees</u>
West Bend Mutual Insurance Co.	1,268
Walmart	1,230
SigniCast LLC	850
West Bend Joint School District	821
Washington County	818
Froedert—St. Joseph's Hospital	766
Broan NuTone Group	725
Aurora Healthcare	692
MGS Manufacturing	600
Serigraph Inc	580

Outstanding Achievements

CAFR Award

The Washington County CAFR for the year ended December 31, 2018, from which the information in this PAFR has been drawn, has been submitted to the Government Finance Officers Association of the United State and Canada (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The County has received this award for sixteen consecutive years and believes that our current CAFR continues to meet the Certificate of Achievement Program's requirements.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Washington County
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill
Executive Director/CEO

Glossary of Terms

- **Assets:** Items the County owns including cash, investments, inventories, and capital assets.
- **Capital Assets:** Assets with a life extending beyond the current year that are intended to continue to be used, such as land, buildings, vehicles, machinery, infrastructure (roads and bridges), and other equipment.
- **Deferred Inflow of Resources:** An accounting term for acquiring assets applicable to a future reporting period. An example are taxes received in advance of the period for which they are levied. (i.e. receive 2019 taxes in 2018)
- **Deferred Outflow of Resources:** An accounting term for the County's use of assets applicable to a future reporting period. An example is a grant received by the County before we meet related timing requirements (i.e. received in 2018, but will be used in 2019).
- **Equalized Value:** an estimated value of all taxable real and personal property in the County as certified by the Wisconsin Department of Revenue annually.
- **Expenditures:** County purchases using revenue and/or borrowed funds.
- **Liabilities:** Planned future spending that results from past transactions and/or events such as obtaining an item without yet paying for it.
- **Net Position:** The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. This is the County's equity.
- **Revenue:** Financial resources received from various sources. Washington County receives revenue through property, sales, and taxes, licenses and permits, grants, fines and forfeitures, charges for services, investment income, and other sources.