

## New Issue-Book-Entry Only

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, under existing law, the interest on the Bonds (a) will be excludable from gross income for federal income tax purposes, and (b) is not includable in corporate or individual alternative minimum taxable income as an enumerated item of tax preference, but may be included in the calculation of a corporation's alternative minimum taxable income for federal income tax purposes, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. It is also the opinion of Bond Counsel that, under existing law, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom (including any profit made in the sale thereof) shall be at all times exempt from State of Maryland, county, municipal, or other taxation of every kind and nature whatsoever within the State, but no opinion is expressed as to Maryland estate or inheritance taxes or any other Maryland taxes not levied directly on the Bonds, their transfer, the interest thereon or the income therefrom. See the information contained herein under the caption "THE BONDS—Tax Matters".

RATINGS: Fitch:	AA+
Moody's:	Aa1
S&P:	AA+

# \$13,780,000

## WASHINGTON COUNTY, MARYLAND

### (COUNTY COMMISSIONERS OF WASHINGTON COUNTY)

#### PUBLIC IMPROVEMENT BONDS OF 2017

Dated:	Date of delivery
Due:	July 1, as shown below
Interest Payable:	January 1 and July 1
First Interest Payment Due:	January 1, 2018
Denomination:	Integral multiples of \$5,000
Form:	Registered, book-entry only through the facilities of The Depository Trust Company ("DTC")
Optional Redemption:	The Bonds maturing on or after July 1, 2028 are redeemable prior to maturity at the County's option as set forth in "THE BONDS—Redemption" herein.
Security:	The Bonds are general obligations of County Commissioners of Washington County (the "County") for the payment of which its full faith and credit and unlimited taxing power are pledged (see "THE BONDS—Sources of Payment" herein).

**\$13,780,000**

**County Commissioners of Washington County**  
**Public Improvement Bonds of 2017**

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS, AND CUSIPS

Maturing July 1	Principal Amount	Interest Rate*	Yield*	CUSIP	Maturing July 1	Principal Amount	Interest Rate*	Yield*	CUSIP
2018	\$ 440,000	3.000%	0.910%	937751 7S8	2028	\$ 705,000	3.000%	2.430%	937751 8C2
2019	465,000	4.000	1.040	937751 7T6	2029	730,000	3.000	2.630	937751 8D0
2020	490,000	5.000	1.160	937751 7U3	2030	750,000	3.000	2.810	937751 8E8
2021	515,000	5.000	1.300	937751 7V1	2031	775,000	3.000	2.940	937751 8F5
2022	540,000	5.000	1.470	937751 7W9	2032	800,000	3.000	3.060	937751 8G3
2023	570,000	5.000	1.620	937751 7X7	2033	825,000	3.000	3.180	937751 8H1
2024	595,000	5.000	1.780	937751 7Y5	2034	855,000	3.125	3.250	937751 8J7
2025	630,000	5.000	1.980	937751 7Z2	2035	885,000	3.125	3.310	937751 8K4
2026	660,000	5.000	2.130	937751 8A6	2036	915,000	3.200	3.350	937751 8L2
2027	685,000	3.000	2.230	937751 8B4	2037	950,000	3.250	3.390	937751 8M0

\*The interest rates and yields shown above are those resulting from the successful bid for the Bonds on May 9, 2017 and were furnished by a syndicate led by M&T Securities, Inc., the successful bidder. Other information concerning the terms of the reoffering of the Bonds, if any, should be obtained from the successful bidder and not from the County. (See "MISCELLANEOUS--Sale at Competitive Bidding" herein.)

**Conditions Affecting Issuance:** The Bonds are offered when, as and if issued, subject to, among other conditions, the delivery of the Bonds and the approving legal opinion of Funk & Bolton, P.A., Bond Counsel, with respect thereto and other conditions specified in the official Notice of Sale. Delivery will occur through the facilities of DTC on or about May 23, 2017.

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Prospective bidders and investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

Dated: May 9, 2017

No dealer, broker, salesman or other person has been authorized by the County or the successful bidder for the Bonds to give any information or to make any representations with respect to the Bonds or the County other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are deemed to be reliable but it is not to be construed as a representation by the County as to information from sources other than the County.

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds.

All quotations from and summaries and explanation of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the respective dates as of which information is given herein or the date hereof.

In connection with this offering, the successful bidder for the Bonds may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed by S&P Global Market Intelligence (a part of S&P Global Inc.), and the County does not take any responsibility for the accuracy thereof. The CUSIP number for any specific maturity is subject to change after issuance of the Bonds in certain circumstances. The County has not agreed to, and there is no obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth on the cover page of this Official Statement. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services's information.

**WASHINGTON COUNTY, MARYLAND  
ADMINISTRATION BUILDING  
100 WEST WASHINGTON STREET  
HAGERSTOWN, MARYLAND 21740**

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**COUNTY COMMISSIONERS**

Terry L. Baker, President  
Jeffrey A. Cline, Vice President  
LeRoy E. Myers, Commissioner  
John F. Barr, Commissioner  
Wayne K. Keefer, Commissioner

**ADMINISTRATION**

Robert J. Slocum, County Administrator  
Vicki C. Lumm, County Clerk  
John M. Martirano, County Attorney  
Debra S. Murray, C.P.A., Chief Financial Officer

**COUNTY TREASURER**

Todd L. Hershey

**FINANCIAL ADVISOR**

Public Advisory Consultants, Inc.  
Owings Mills, Maryland

**BOND COUNSEL**

Funk & Bolton, P.A.  
Baltimore, Maryland

**INDEPENDENT AUDITOR**

SB & Company, LLC  
Hunt Valley, Maryland

**BOND REGISTRAR AND PAYING AGENT**

Manufacturers and Traders Trust Company  
Baltimore, Maryland  
and Buffalo, New York

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## I. The Bonds

### Introduction

The purpose of this Official Statement, including the cover page and appendices, is to provide information for prospective purchasers and others regarding County Commissioners of Washington County (the “County”) and its \$13,780,000 Public Improvement Bonds of 2017 (the “Bonds”).

All estimates and assumptions herein have been based upon information believed to be reliable and correct; however, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representations of facts. Figures herein relating to tax collections, assessed value of property and the financial position of the County have been taken from official records of the County.

The County has provided the material and information contained in this Official Statement and has authorized the execution and distribution of this Official Statement.

Any questions concerning this Official Statement or the Bonds should be addressed to Sara Greaves, Deputy Director of Budget and Finance of the County, Washington County Administration Building, 100 West Washington Street, Room 3100, Hagerstown, Maryland 21740; telephone: (240) 313-2300; email: sgreaves@washco-md.net.

### Description of Bonds

The Bonds will be dated the date of their delivery. The Bonds will be issued in the principal amounts and will mature on the dates in the years and in the amounts set forth on the cover page hereof. The Bonds will be legally binding general obligations of the County to the payment of which the full faith and credit and unlimited taxing power of the County are pledged. (See “THE BONDS—Sources of Payment” herein.)

Interest on the Bonds, calculated on the basis of a 30-day month/360-day year factor, will be payable at the interest rates specified on the cover page of this Official Statement on January 1, 2018, and semiannually thereafter on the first day of July and January of each year until the date of maturity unless redeemed prior to that date. Interest payments will be made to the persons who are registered owners of record as of the 15th day of the month next preceding each such interest payment date. Each Bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from its date of delivery.

The Bonds will be issued in fully-registered form without coupons, in denominations of \$5,000 and integral multiples thereof. The Bonds initially will be issued in book-entry form without any physical distribution of certificates made to the public. The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds and the Bonds will be registered in the name of DTC’s partnership nominee, Cede & Co. (See “THE BONDS—DTC and Book-Entry Only System” herein).

So long as the Bonds are maintained in book-entry form, payments of principal of and interest on the Bonds will be made as described below under “DTC and Book-Entry Only System.” At any other time the principal amount of the Bonds will be payable at the designated corporate trust office of Manufacturers and Traders Trust Company (the “Bond Registrar and Paying Agent”).

Interest on the Bonds will be payable by check of the Bond Registrar and Paying Agent mailed to the registered owners thereof. The principal of and interest on the Bonds will be paid in lawful money of the United States of America in the manner and at the places hereinabove described.

So long as the Bonds are maintained in book-entry form, transfers of ownership interests will be made as described below under “DTC and Book-Entry Only System.” At any other time, any Bond may be exchanged for a Bond or Bonds in authorized denominations of \$5,000 or integral multiples thereof in aggregate principal amount equal to the principal amount of the Bond transferred or exchanged and maturing on the same date and bearing interest at the same rate. The transfer of any Bond may be registered upon presentation and surrender of such Bond at the office of the Bond Registrar and Paying Agent, together with a written instrument of transfer duly executed by the registered owner or his attorney or legal representative. The Bond Registrar and Paying Agent may require the person requesting any such exchange or transfer to reimburse it for any tax, fee or other governmental charge, shipping charges and insurance payable in connection therewith.

### **DTC and Book-Entry Only System**

Initially, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (as DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfer of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry only system is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, payments of the principal of, redemption premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants, and not of DTC, the Bond Registrar and Paying Agent or the County, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Bond Registrar and Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository for the Bonds at any time by giving reasonable notice to the County or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers for the Bonds through DTC (or a successor securities depository). In that event Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

### **Book-Entry Only System - Miscellaneous**

**THE COUNTY AND THE BOND REGISTRAR AND PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OF THE BONDS WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT OF ANY AMOUNT DUE TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BONDS TO BE GIVEN TO BOND OWNERS; (5) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.**

In the event the County determines to discontinue a book-entry only system of registration of the Bonds, payments of interest, principal and redemption price and transfer and exchange of the Bonds will be made as described above under "THE BONDS—Description of Bonds".

**Authorization**

The Bonds are issued pursuant to the authority of Chapter 60 of the Laws of Maryland of 2013 (“Chapter 60”) and Title 6 of the Code of Public Local Laws of Washington County, Maryland (2007), as amended (the “Water and Sewer Act”), as applicable, and in accordance with Resolution No. RS-2017-08 adopted by the Board of County Commissioners of Washington County (the “Board”) on April 25, 2017 (the “Resolution”).

Chapter 60 and the Water and Sewer Act are collectively referred to in this Official Statement as the “Act”. Copies of the Act and the Resolution are available at the office of the Chief Financial Officer of the County (the “CFO”).

**Application of Proceeds**

Proceeds of the Bonds, exclusive of any premium paid by the successful bidder therefor, will be applied to costs of the following projects:

<u>Use*</u>	<u>Amount*</u>
Infrastructure Projects	\$ 8,257,000
Environmental Projects	1,780,000
Education Projects	1,431,000
Public Safety Projects	1,368,000
Public Facilities	944,000
	<u>\$ 13,780,000</u>

\*Preliminary; subject to change

Any premium received by the County will be applied to costs of issuance of the Bonds or additional costs of the projects, or a combination thereof.

**Redemption**

***Optional Redemption***

The Bonds that mature on or before July 1, 2027 are not subject to redemption at the option of the County prior to their maturities. The Bonds that mature on or after July 1, 2028 are subject to redemption at the option of the County as a whole or in part at any time on or after July 1, 2027, in any order directed by the County, at a redemption price of the principal amount of the Bonds (or portions thereof) to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

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***Selection of Bonds for Redemption; Notice of Redemption***

If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Bond Registrar and Paying Agent in such manner as in its discretion it shall determine; provided that, so long as the Bonds are maintained in book-entry form, the selection of individual ownership interests in the Bonds to be credited with such partial redemption shall be made by DTC in accordance with DTC's then existing procedures.

If all or a portion of the Bonds outstanding are to be redeemed by redemption, the County shall give or cause to be given a redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address of such registered owner appearing on the bond register maintained by the Bond Registrar and Paying Agent, provided, however, that the failure to mail the redemption notice or any defect in the notice so mailed shall not affect the validity of the redemption proceedings. The County may, but shall not be obligated to, also publish such notice of redemption at least once not less than thirty (30) days prior to the date fixed for redemption in a newspaper circulating in the City of Baltimore, Maryland, and also in a financial journal or daily newspaper of general circulation in the City of New York, New York. The redemption notice shall state (i) whether the applicable Bonds are to be redeemed in whole or in part and, if in part, the maturities, numbers and CUSIP numbers of the Bonds to be redeemed, (ii) in the case of a partial redemption of any Bond, the portion of the principal amount which is to be redeemed, (iii) that the interest on the Bonds (or portions thereof) to be redeemed shall cease on the date fixed for redemption, (iv) the date fixed for redemption and the redemption price, (v) the address of the Bond Registrar and Paying Agent with a contact person and phone number, and (vi) that the Bonds to be redeemed in whole or in part shall be presented for redemption and payment on the date fixed for redemption at the designated corporate trust office of the Bond Registrar and Paying Agent. Any such notice may be conditioned upon receipt by the Bond Registrar and Paying Agent of sufficient funds to effect such redemption.

From and after the date fixed for redemption, if funds sufficient for payment of the redemption price plus accrued interest thereon to the date fixed for redemption are held by the Bond Registrar and Paying Agent on such date, the Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price provided for redemption of such Bonds on such date, interest on such Bonds (or portions thereof) shall cease to accrue and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof plus accrued interest thereon to the date fixed for redemption from the monies so held by the Bond Registrar and Paying Agent. Upon presentation and surrender for redemption, the Bonds to be redeemed in whole or in part shall be paid by the Bond Registrar and Paying Agent at the redemption price plus accrued interest thereon to the date fixed for redemption. If Bonds (or portions thereof) so called for redemption are not paid upon presentation and surrender, the Bonds designated for redemption shall continue to bear interest at the rates stated therein until paid.

**Sources of Payment**

The Act provides that the Bonds constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County to the payment of the maturing principal of and interest on the Bonds as and when they become payable. The Act further provides, and the County has covenanted in the Resolution, that in each and every fiscal year that any of the Bonds are outstanding, the County shall levy or cause to be levied ad valorem taxes upon all assessable property within the corporate limits of Washington County in rate and amount sufficient to provide for or assure the payment, when due, of the principal of and interest on all Bonds maturing in each such fiscal year and, if the proceeds from the taxes so levied in such fiscal year prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up any deficiency.

**Bondholders' Remedies**

It is the opinion of Funk & Bolton, P.A., Baltimore, Maryland, Bond Counsel, that the County may be sued in the event that it fails to perform its obligations under the Bonds and the Resolution to the registered owners and that any judgments resulting from such suits would be enforceable against the County. Nevertheless, a registered owner of a Bond who has obtained any such judgment may be required to seek additional relief to compel the County to assess, levy and collect such taxes as may be necessary to provide the funds from which such judgment may be paid. Although there is no Maryland law with respect to this issue, it is the opinion of Bond Counsel that the appropriate courts of Maryland have jurisdiction to entertain proceedings and power to grant additional relief, such as a mandatory injunction, if necessary, to enforce the levy and collection of such taxes and payment of the proceeds thereof to the holders of general obligation bonds, *pari passu*, subject to the inherent constitutional limitations referred to below.

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It is also the opinion of Bond Counsel that, while remedies would be available to the registered owners of the Bonds and while the Bonds are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute.

Enforcement of a claim for payment of the principal of or interest on the Bonds could be made subject to the provisions of federal bankruptcy laws or of any statutes that may hereafter be constitutionally enacted by the United States Congress or the Maryland General Assembly extending the time for payment or imposing other constraints upon enforcement.

## **Tax Matters**

### ***State of Maryland and Local Income Tax***

In the opinion of Funk & Bolton, P.A., Bond Counsel, under existing law, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom (including any profit made in the sale thereof) shall be at all times exempt from State of Maryland, county, municipal, or other taxation of every kind and nature whatsoever within the State, but no opinion is expressed as to Maryland estate or inheritance taxes or any other Maryland taxes not levied directly on the Bonds, their transfer, the interest thereon or the income therefrom.

Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Prospective purchasers of the Bonds should consult their tax advisors regarding the taxable status of the Bonds in a particular state or local jurisdiction other than the State of Maryland.

### ***Federal Income Tax***

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of certain certifications of the County and continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not a tax preference item directly subject to the alternative minimum tax imposed on individuals, corporations or other taxpayers pursuant to the Code; however, interest on the Bonds held by certain corporations may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder. Interest on the Bonds may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America.

Bond Counsel's opinion will be given in reliance (without independent investigation) on certifications, covenants and agreements by representatives of the County as to certain facts material to both the opinion and the requirements of the Code. The County will covenant and agree to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, the use of the projects financed from Bond proceeds and the timely payment to the United States of America of any arbitrage rebate amounts with respect to the Bonds or payments in lieu thereof. Bond Counsel assumes no responsibility for, and will not monitor, compliance with the covenants and agreements of the County. In the event of noncompliance with such covenants and agreements, available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes retroactively to the date of issue.

Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty companies, certain recipients of social security or railroad retirement benefits and certain S corporations. Prospective purchasers of the Bonds should consult with their own tax advisors as to any collateral federal income tax consequences.

Certain of the Bonds may be offered and sold at a discount ("original issue discount") equal generally to the difference between their public offering price and principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the purchaser's tax basis in the Bond for determining taxable gain or loss upon disposition (including sale, redemption or payment at maturity). Purchasers of Bonds at a discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to any state or local tax consequences of owning such Bonds.

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Certain of the Bonds may be offered and sold at a purchase price over the stated redemption price of such Bonds at maturity. This excess constitutes premium on such Bonds. For federal income tax purposes, original issue premium is amortizable periodically over a Bond's term through reductions in the owner's tax basis for the Bond for determining taxable gain or loss upon disposition (including sale, redemption or payment at maturity). An owner of a premium Bond cannot deduct amortized original issue premium relating to that premium Bond. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to any state or local tax consequences of owning such Bonds.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete or to identify all aspects of federal income taxation that may be relevant to a particular purchaser of the Bonds in light of his or its particular circumstances and income tax situation. Prospective purchasers of the Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Bonds.

***Effects of Future Enforcement, Regulatory or Legislative Actions***

The Internal Revenue Service (the "Service") has a program to audit state and local government obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the Service audits the Bonds, under current Service procedure, the Service will treat the County as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate in the process. Any selection by the Service of the Bonds or of tax-exempt obligations similar to the Bonds for audit could affect the marketability or market value of the Bonds.

The Service and the U.S. Department of the Treasury have ongoing programs to promulgate regulations to interpret and apply the provisions of the Code. In addition, from time to time regulatory actions are announced or proposed and litigation is threatened or commenced which, depending on its conclusion, could modify or impact federal or state tax treatment of tax-exempt obligations such as the Bonds and could have an adverse effect on the marketability or market value of the Bonds.

From time to time, there are Presidential proposals, proposals of various federal committees, or legislative proposals in the United States Congress or various state legislatures that, if enacted, could alter or amend the federal tax matters referred to above, state treatment of the tax status of the Bonds or adversely affect the market value of the Bonds. Furthermore, such proposals may affect the marketability or market value of the Bonds merely by virtue of being proposed. It cannot be predicted whether or in what form any such proposal may be enacted or whether, if enacted, it would apply to tax-exempt obligations, including the Bonds, issued prior to enactment. In addition, legislation enacted after issuance of the Bonds may directly or indirectly cause interest on the Bonds to be subject to federal or state income taxation or reduce the benefit of the excludability of interest on the Bonds under existing law. Each purchaser of the Bonds should consult with his or its own tax advisor regarding any pending or proposed federal or state tax legislation. Bond Counsel will not express any opinion regarding pending or proposed federal or state enforcement actions, regulations, litigation or legislative actions.

See Appendix B hereto for the proposed form of opinion of Bond Counsel to be delivered with respect to the Bonds upon issuance.

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## II. Government and Administration

### Location

Washington County is situated in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 460 square miles in area. The County seat, Hagerstown, is 70 miles northwest of Washington, D.C. and 72 miles west of Baltimore, Maryland. Two major highways, Interstate 81 – running north and south, and Interstate 70 – running east and west, cross within Washington County’s borders.

The major part of Washington County is fertile valley with rolling terrain. The lowland belt known as the Hagerstown Valley lies between the Blue Ridge Mountains to the east and the Appalachian Highlands to the west.

### Form of Government

The County is a body politic and corporate, which performs all local governmental functions in Washington County except those performed by the nine incorporated municipalities within Washington County. The executive offices of the County are located at 100 West Washington Street, Hagerstown, Maryland 21740. The County’s central telephone number is (240) 313-2210 and its website is [www.washco-md.net](http://www.washco-md.net).

Under the Code of the Public Local Laws of Washington County (2007 Edition), as amended, being Article 22 of the Code of Public Local Laws of Maryland (the “County Code”), both the executive and legislative functions of the County are vested in the elected, five-member Board of County Commissioners of Washington County (the “Board”). The Board may only exercise such powers as are conferred upon it by the General Assembly of Maryland, including authorization to issue debt to finance its capital projects. County Commissioners are elected on a countywide basis and serve four-year terms.

Each member of the Board has one vote and a simple majority of the Board is sufficient to take action subject to the authority vested in the Board by the County Code. Emergency action also requires a simple majority vote. The Board elects its own officers. The General Assembly of Maryland must authorize powers not specifically authorized by the County Code.

As authorized by the County Code, the Board appoints a County Administrator. The County Administrator is selected on the basis of his or her executive and administrative abilities, including his or her knowledge and experience in public administration. The County Administrator is charged with the supervision of the departments and agencies of the County and oversight of day-to-day operations in conformity with all laws applying to the County.

County financial matters are administered in part through the office of the Treasurer of Washington County. The County Code establishes the elective office of County Treasurer. The County Treasurer is constituted the collector of County and State taxes, charges and assessments and is charged with the enforcement of collection of taxes in the manner provided by law.

As authorized by the County Code, the Board appoints the CFO. The CFO is charged with assisting the Board in the preparation and administration of the County budgets and other accounting and fiscal matters as the Board deems necessary. In addition, the CFO is responsible for the study of the organization, methods and procedures of each office, department, board, commission, institution, and agency of County government. The CFO reports directly to the Board.

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**Legislative and Administrative Officials*****Board of County Commissioners***

TERRY L. BAKER, a third-term County Commissioner, was first elected in 2006, and serves as President of the Board of County Commissioners. He is a 1973 graduate of Williamsport High School, a 1975 graduate of Hagerstown Community College and a 1978 graduate of Auburn University, with a Bachelor's degree in Education. Mr. Baker retired in 2015 from the position of Washington County Students Trades Coordinator for the Washington County Technical High School after being an educator for 34 years. Prior to being elected a County Commissioner he served from 2002 to 2004 as a member of the Council for the municipality of Clear Spring, Maryland, and as Assistant Mayor for such municipality from 2004 to 2006.

JOHN F. BARR, a third-term County Commissioner, was first elected in 2006. He was raised in Boonsboro, Maryland and is a Master Electrician in five states. In high school, Mr. Barr worked for his father as a field electrician at M/L Electric, Inc., founded in 1927. In 1979 he formed the management team overseeing the service department. In 1984 Mr. Barr bought the company from his father and changed the name to Ellsworth Electric, Inc. He has built the company from 75 to 150 employees. Mr. Barr is active in various service organizations and community projects. He recently completed a one-year term as President of the Maryland Association of Counties.

JEFFREY A. "JEFF" CLINE, a second-term County Commissioner, serves as Vice President of the Board of County Commissioners and is a Williamsport, Maryland, resident. He is a graduate of Williamsport High School and Hagerstown Community College. Mr. Cline has experience as a realtor since 2003. He graduated from the Maryland Association of Realtors' 2008 Leadership Academy and received the Graduate of Realtor Institute (GRI) designation. Mr. Cline served on the Williamsport Town Council from 2005 to 2009.

LEROY E. MYERS, JR., a first-term County Commissioner, was born in Washington County and has lived in the Clear Spring, Maryland, area his entire life. He is a three term Maryland State Delegate serving District IC from 2003-2014. He graduated from Clear Spring High School and attended Hagerstown Community College for two years. Mr. Myers is the owner and president of Myers Building Systems, Inc., a general contracting firm.

WAYNE K. KEEFER, a first-term County Commissioner, was appointed to fill a vacancy on the Board of County Commissioners on March 25, 2016 by Maryland Governor Lawrence J. Hogan, Jr. and assumed office on April 5, 2016. He is a lifelong resident of Hancock and a 2004 graduate of Hancock Middle-Senior High School. Mr. Keefer holds an A.S. degree in Management from Hagerstown Community College and a B.S. degree in Business Administration and an M.B.A. from Frostburg State University. He has over a decade of experience as a commercial banker and is currently a small business owner and an adjunct instructor with Frostburg State University and the University System of Maryland at Hagerstown. He is active in the community including the Hancock Chamber of Commerce and Rural Children's Fund.

***County Treasurer***

TODD L. HERSHEY, County Treasurer, was first elected to his position in November 1986. He holds a Bachelor of Science degree, majoring in Sociology, from Guilford College and a Master of Science degree in Management and Administration from Hood College. He was formerly a commercial banker.

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*Administrative Officials*

ROBERT J. SLOCUM, County Administrator, holds a Bachelor of Science degree in Civil Engineering from the University of Arizona and is a licensed professional engineer in the State of Maryland. He was appointed as County Administrator effective March 28, 2017 after serving Washington County for 15 years in various capacities. His first position with the County was Deputy Chief Engineer, where he was primarily responsible for capital improvement projects. In 2008, Mr. Slocum was promoted to Deputy Director of Public Works and in 2013 he was promoted to Director of the Division of Engineering and Construction where he was responsible for the Engineering, Construction Management and Inspections, and Plan Review and Permitting Departments. He is the Building Code Official for Washington County and is a member of the County Engineers Association of Maryland, the American Society of Civil Engineers, the Institute of Transportation Engineers, the Maryland Traffic Engineers Council, and the National Society of Professional Engineers.

DEBRA S. MURRAY, C.P.A., Chief Financial Officer, holds a B.S. degree in Accounting from Frostburg State University. She is a Certified Public Accountant and a Certified Global Management Accountant. She was appointed Director of the Office of Budget and Finance in 1995 and appointed Chief Financial Officer in 2014. She served as Assistant Director of the Office of Budget and Finance from 1993 until her appointment as Director. Prior to her employment with Washington County she held the position of audit manager with a regional public accounting firm. Ms. Murray currently serves as Treasurer on the Maryland Theatre Board. She is a member of the American Institute of Certified Public Accountants, the Maryland Association of Certified Public Accountants, the Government Finance Officers Association of the United States and Canada (“GFOA”) and the Maryland Government Finance Officers Association.

KIMBERLY K. EDLUND, C.P.A., Director of Budget and Finance, is a summa cum laude graduate from Shepherd University with a B.S. degree in Accounting. She earned a Master of Business Administration degree from Frostburg State University. Mrs. Edlund was hired by Washington County in 1995 as the Assistant Director of Budget and Finance and was promoted to Director in 2014. Prior to her employment with Washington County she was a Senior Accountant with a regional public accounting firm. She is a member of the American Institute of Certified Public Accountants, the Maryland Association of Certified Public Accountants, and the Maryland Government Finance Officers Association.

SARA L. GREAVES, C.P.A., Deputy Director of Budget and Finance, holds a B.S. degree in Accounting from the University of Maryland University College. She earned a Master of Business Administration degree from Frostburg State University. Mrs. Greaves was hired by Washington County in 2012 as an accountant and was promoted to Deputy Director in 2014. She is a member of the American Institute of Certified Public Accountants, the Maryland Association of Certified Public Accountants, and the Maryland Government Finance Officers Association.

JOHN M. MARTIRANO, County Attorney, holds a B.A. degree, *cum laude*, from West Virginia University and a J.D. degree from the University of Pittsburgh School of Law. He was admitted to the Maryland Bar in 1990 and to the West Virginia Bar in 1994. He was in private practice with Miles & Stockbridge from 1990 to 1993 and with Steptoe & Johnson from 1993 to 1996. He was a Senior Surety Claim Attorney with The St. Paul Companies, Inc. (formerly USF&G) from 1996 to 1999. Mr. Martirano was appointed Assistant County Attorney for Washington County in 1999 and Deputy County Attorney in 2004. He was appointed County Attorney in 2005. He is a 2010 graduate of Leadership Maryland and a 2006 graduate of Leadership Hagerstown (now known as Leadership Washington County). Mr. Martirano is active in numerous community organizations, including serving on the boards of directors of Hospice of Washington County and the United Way of Washington County. He is also a member of the American, Maryland and Washington County Bar Associations.

R. DAVID HAYS, Director of Emergency Services, was hired by Washington County in February 2016. He is a career administrative and executive Command Officer. Additionally, he is a firefighter and a paramedic with over 30 years experience. Mr. Hays is a nationally certified Fire Officer III, Fire Fighter III, Instructor Level II, and a nationally registered EMT/Paramedic. Prior to his employment with Washington County, he was the Assistant Chief of Operations for Community Rescue Service, Inc. located in Hagerstown, Maryland. Mr. Hays continues to serve as a volunteer paramedic/firefighter with this organization.

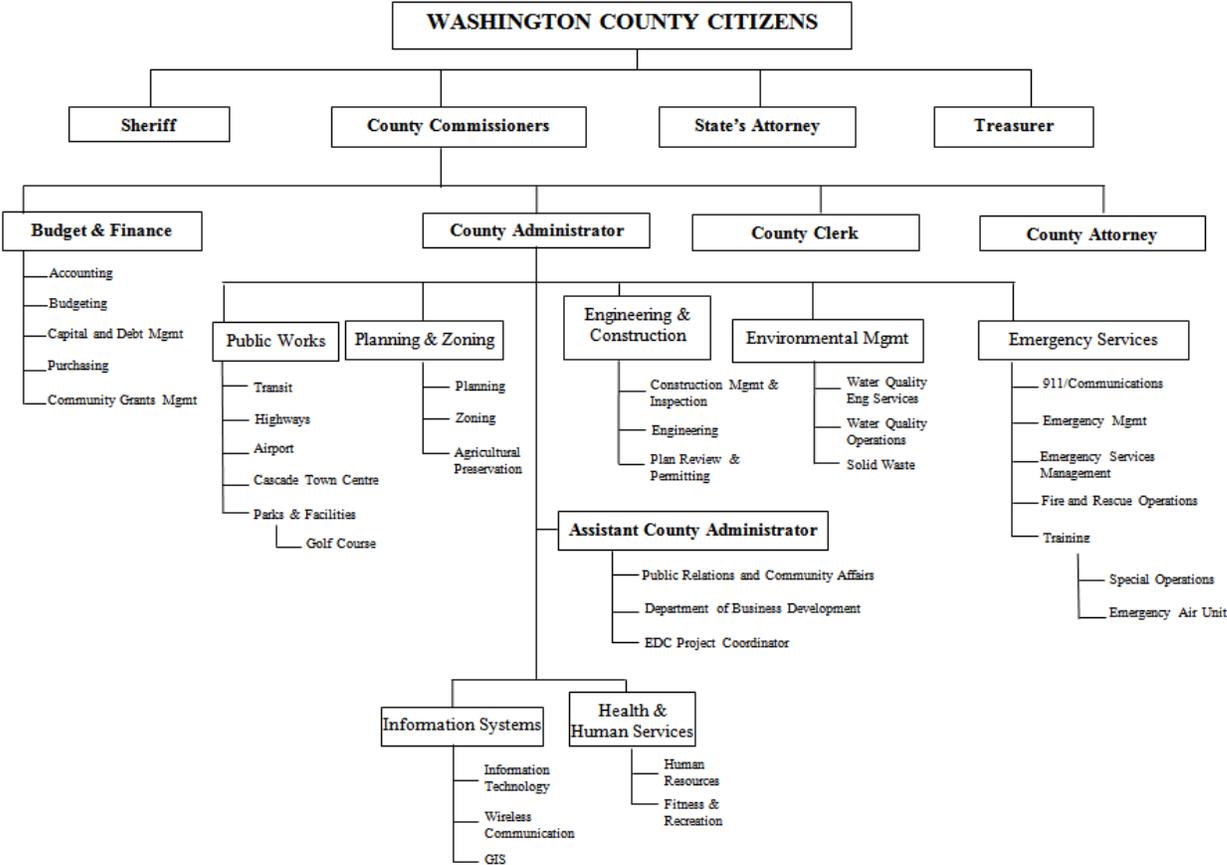
## **GOVERNMENT AND ADMINISTRATION**

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JULIE A. PIPPEL, Director of Environmental Management, is a licensed Water and Wastewater Operator in Maryland and a certified Manager of Landfill Operations with the Solid Waste Association of North America. Ms. Pippel holds an A.A. degree in Ecology and Environmental Technology from Paul Smith College and a B.S. degree in Business Administration from the University of Maryland University College. She is currently pursuing a Master's degree in Public Administration from the University of Baltimore. Ms. Pippel was promoted to the Director position in July of 2007 after 18 years of experience with the Washington County Department of Water Quality. Ms. Pippel is the Chair of the State Water Quality Advisory Committee, Chair of the Maryland Upper Potomac Tributary Team, President of the Maryland Association of Municipal Wastewater Authorities, Treasurer of the Maryland Municipal Stormwater Association, and a member of various other professional associations.

JAMES L. STERLING, Director of the Division of Public Works, has held different positions with Washington County beginning as a Construction Inspector, working as an Assistant Supervisor with the Highway Department, and subsequently as Assistant Superintendent overseeing the operation of the Highway Department. Mr. Sterling was promoted in 2000 to the Director of Parks and Facilities. Mr. Sterling was promoted to his current position in 2015, where he is responsible for the departments of Highways, Parks and Facilities, and Transit, Washington County Regional Airport and Black Rock Golf Course. He is a member of numerous professional organizations and serves as a liaison for the County with various State agencies, advisory boards and the County's municipalities.

Washington County Government Organizational Chart



County Employment

As of June 30, 2016 the County employed 778 full-time employees and 546 part-time employees, including seasonal positions. The County has a compensation and classification plan, which is complemented by a performance evaluation system. There are 149 employees of the County’s Division of Public Works, Division of Emergency Services, and Division of Environmental Management represented by a collective bargaining agreement that expires on June 30, 2018. The County has not experienced a work stoppage due to labor relation disputes and considers its relationships with employees to be good.

Pension and Retirement System

Employees of the County government are provided retirement benefits through a pension plan (the “Plan”). Participation in the Plan is mandatory and there were 1,120 participants as of June 30, 2016. All full-time County employees are eligible to participate in the Plan. The Plan also provides death and disability benefits. The employees and the County fund the guaranteed allowance. Approximately 33% of the non-uniformed participants contribute to the Plan at the rate of 5.5% of their annual salary and the remaining non-uniformed and uniformed employees contribute 6% of their annual salary.

The County’s contribution is comprised of two parts: (i) contribution to cover current service costs and (ii) annual accrued liability contribution to liquidate the County’s unfunded accrued liability by June 30, 2029. Contributions for items (i) and (ii) above are based on an assumed investment rate of 7.75% compounded annually. Contributions for items (i) and (ii) are currently funded at 18.70% of total salary expense. Salaries are assumed to increase at an annual rate of 3.0%. Contributions from participants and from the County are pooled to provide the guaranteed allowance for each member.

The following table presents the pension and retirement contributions and unfunded liabilities of the County and certain County agencies for completed fiscal years 2013 through 2016 and for fiscal year 2017. The County has already paid the \$7,009,448 amount reflected in the “Total” column in the table below, which payment is the aggregate of the amounts reflected in the columns “Current Service Costs” and “Recommended Payment for Unfunded Accrued Liability” for fiscal year 2017, which began on July 1, 2016.

<u>As of July 1</u>	<u>Current Service Costs</u>	<u>Recommended Payment for Unfunded Accrued Liability</u>	<u>Total</u>	<u>Unfunded Accrued Liability</u>
2016	\$1,454,253	\$5,555,195	\$7,009,448	\$55,888,691
2015	1,411,897	5,209,259	6,621,156	53,172,860
2014	1,727,349	4,417,936	6,145,285	47,088,710
2013	3,779,971	2,662,116	6,442,087	27,333,395
2012	3,402,453	2,570,315	5,972,768	27,826,378

Source: Bolton Partners, Inc.

As a result of the implementation of GASB Statement 68—Accounting and Financial Reporting for Pensions, the County modified its actuarial cost method for determining contributions to the Plan. For fiscal years prior to fiscal year 2015, costs and liabilities were based on a blend of the Projected Unit Credit and Aggregate actuarial cost methods. For fiscal year 2015 and later, the funding costs and liabilities are based solely on the Projected Unit Credit cost method. The new method produces higher liabilities but lower normal costs than the previous method. However, both methods produce actuarially sound contribution amounts intended to fully fund the Plan by 2029.

Please refer to Notes 1 and 11 to the financial statements for fiscal year 2016 set forth in Appendix A to this Official Statement and to the Required Supplementary Information included with the financial statements of the County for fiscal year 2016 set forth in Appendix A to this Official Statement for additional information regarding the County’s pension obligations.

**Other Post–Employment Benefits**

The County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans (“OPEB”) and GASB 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions in fiscal year 2008.

The County’s OPEB plan is a single employer defined benefit healthcare plan. The County established a trust for administering the plan assets and paying healthcare costs and death benefits on behalf of the participants.

There is no vesting in the post-employment health benefits and they are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have (i) a minimum of five years of County service, and (ii) immediately preceding retirement, been enrolled in a medical, vision, or prescription drug insurance plan offered to active employees in the County. The retirees pay 50% of the health insurance premium. Retirees participating in the County’s health plan are also covered by a death benefit equal to their final annual salary, not to exceed \$100,000. These benefits cease when the retiree attains age 65 or becomes Medicare eligible. As of June 30, 2016, 51 retirees were receiving OPEB benefits and 20 employees were retirement-eligible.

The County intends to fund any annual short-fall between the OPEB annual required contribution and actual pay-go expense into a legally executed trust fund. The trust fund is invested as a long-term pension trust, using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns.

**Components of Net OPEB Obligation**

Annual Required Contribution	\$ 1,203,000
Interest on Net OPEB Obligation	\$ 133,000
Adjustment to Annual Required Contribution	<u>\$ (130,000)</u>
Annual OPEB Cost (Expense)	\$ 1,206,000
Contributions Made or Accrued	<u>\$ 1,485,600</u>
Increase in Net Obligation	<u>\$ (279,600)</u>
Net OPEB Asset - Beginning of Year	<u>\$ (1,767,775)</u>
Net OPEB Asset – End of Year	<u><u>\$ (2,047,375)</u></u>

Source: Bolton Partners, Inc.

Please refer to Note 16 to the financial statements for fiscal year 2016 set forth in Appendix A to this Official Statement and the Required Supplementary Information included with the financial statements of the County for fiscal year 2016 set forth in Appendix A to this Official Statement for additional information regarding the County’s OPEB obligations.

**Insurance**

The County maintains commercial insurance for general liability, automobile, excess workers’ compensation, law enforcement, public officials’ liability, and catastrophic coverage. The County is required to provide unemployment insurance coverage for County employees.

**Certain Services and Responsibilities**

*Education*

The Board of Education of Washington County (the “Board of Education”) implements all educational policies and programs for public schools in Washington County under the administration of the State Board of Education. The Board of Education, composed of seven members elected for four-year terms, oversees 22,545 students (including 644 in pre-kindergarten), in 46 elementary and secondary schools, which include middle and combined schools. The staff to student ratio in 2015-16 averaged better than one staff member for every 22.25 pupils; the average unrestricted pupil expenditure was \$11,937 for the 2015-16 school year.

The largest General Fund appropriation by the County in its adopted budget for fiscal year 2017 is \$94,844,030 for the Board of Education, which represents 44.79% of the General Fund budget. This appropriation is for operating expenditures. In addition, the County appropriated \$2,316,000 in its capital budget for fiscal year 2017 for Board of Education projects.

Washington County’s high school graduation rate for the 2015-2016 school year as compared to other selected peer group counties and the State of Maryland is as follows:

<b>Washington County</b>	Frederick County	Cecil County	Carroll County	Charles County	St. Mary’s County	State of Maryland
<b>91.06%</b>	92.06%	90.65%	95.00%	92.17%	93.68%	87.61%

Source: Maryland Board of Education

*Training/Higher Education*

Within a 70-mile radius of the County seat, the City of Hagerstown, there are more than 30 institutions of higher learning. There are numerous opportunities in Washington County for residents to obtain education and training beyond the high school level. The following describes certain programs and schools within Washington County.

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**Training**

*Western Maryland Consortium* provides a wide range of workforce development services for jobseekers and employers. Employer services include referral of applicants, customized training, financial aid for on-the-job training, recruitment, and screening assistance. Services are generally provided at no cost to employers.

*Washington County Technical High School* is a two-year public high school that is under the administration of the Washington County Public Schools. It offers 28 academic courses and 19 career and technology programs. These programs prepare students for professional/technical careers based on current industry skill standards. Enrollment is open to qualified 11<sup>th</sup> and 12<sup>th</sup> grade students, and tuition paying adults.

*Barr Construction Institute*, an education division of Associated Builders and Contractors, Inc., offers management education and professional industrial, commercial and apprenticeship trade training. Construction and maintenance training is recognized by the U.S. Department of Labor, Bureau of Apprenticeship & Training, and is accredited by the National Center for Construction Education and Research (an affiliate of the University of Florida).

*Pittsburgh Institute of Aeronautics (“PIA”)* established the Federal Aviation Administration (FAA) - approved Aviation Maintenance Technician (AMT) education program at the Hagerstown Regional Airport. With the skills PIA graduates acquire from the program, they are equipped to work in many industries including aviation, mechanical systems, hydro-mechanical systems and the green technology field.

**Higher Education**

*Hagerstown Community College (“HCC”)*, founded in 1946, offers more than 100 programs of study for university transfer or for immediate career preparation, as well as continuing education courses, workforce development, and adult basic education. Associate degrees, certificates and letters of recognition are awarded, including degrees and certificates in biotechnology, alternative energy technology and cyber security. HCC’s business incubator, the Technical Innovation Center (“TIC”), is the largest, most comprehensive technology-based business incubator in Western Maryland. It provides space and other services and amenities to entrepreneurs, start-ups, and existing companies. TIC’s facilities consist of office space, conference rooms and 4,000 square feet of biotech research labs. The college has a five-story, 65,000 square foot Science, Technology, Engineering and Math (STEM) Building, the recently renovated Kepler Theater and a Performing and Visual Arts Education Center.

The County appropriated \$9,543,050 in its fiscal year 2017 operating budget for HCC. HCC receives the balance of its funding from student tuition, State grants, and other miscellaneous sources. In addition, the County appropriated \$646,000 in its capital budget for fiscal year 2017 for HCC projects.

*Kaplan University-Hagerstown*, a private institution since 1938, offers one doctoral degree, 25 master degree programs, 25 bachelor degrees, eight associate degrees and 31 certificate programs in the areas of business, allied health, criminal justice, paralegal studies, graphic design, human services and information technology. Online and traditional, on-campus courses are available.

*University System of Maryland at Hagerstown (“USMH”)* opened in January 2005 and is located in Hagerstown’s historic City Center. USMH is part of a regional system offering 13 undergraduate and 30 graduate degree programs from seven respected universities within the Maryland system: Frostburg State University, University of Maryland University College, University of Maryland College Park, University of Maryland Eastern Shore, Towson University, Coppin State University and Salisbury University. Students can complete a bachelor’s degree or earn a master’s degree. USMH also offers access to on-site academic advising, computer labs, and a full-service library.

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*Planning and Zoning*

The Washington County Planning Commission was created in 1957. The Planning Commission consists of seven members appointed by the Board and is supported by the County's Planning and Zoning Department with a staff of 10. The Planning Commission has authority to approve subdivision and site development plans. The plans are required by the Subdivision and Zoning ordinances and managed by the County's Division of Engineering and Construction. Another of the primary responsibilities of the Planning Commission is the Comprehensive Plan for the County. The Planning Commission first recommended the adoption of a Comprehensive Plan for Washington County in 1971. Major updates to the Comprehensive Plan were completed in 1981 and in 2002. Another update of the Comprehensive Plan is now in progress, with adoption expected in late 2017.

From the original adoption in 1973 and through amendments in 2002, 2005 and 2012, the Zoning Ordinance provides seven classifications for industrial development: (i) "Industrial General" which encompasses heavy manufacturing plants requiring extensive transportation, water and sewerage facilities; (ii) "Industrial Restricted" which encompasses light manufacturing such as processing or assembly of previously processed materials; (iii) "Planned Industrial" which encompasses the planned development of industrial park locations; (iv) "Airport" which permits industrial uses that have a need to be located near the airport or provide airport related services and include height limitations located around the Hagerstown Regional Airport; (v) "Highway Interchange District" which allows light industrial uses in the vicinity of interstate interchanges to take advantage of transportation needs and opportunities; (vi) "Office, Research and Technology" which is geared toward the development of corporate offices, research facilities, and high-tech communication land uses; and (vii) "Office, Research and Industry" which allows a mix of technology and selected industries with increased performance standards. The zoning regulations as well as the newly adopted 2015 Maryland Building Performance Standards, the 2015 International Existing Building Code, trade codes and local amendments administered by the Division of Engineering and Construction govern the development of these areas.

The Planning and Zoning Department continues to update and revise the Subdivision Ordinance, the Zoning Ordinance and other ordinances and functional plans that relate to land development in Washington County. In July 2012 the County adopted major revisions to the zoning text and map for the Urban and Town Growth areas to implement the recommendations of the Comprehensive Plan. Those revisions are designed to create a more desirable and efficient urban living environment. The amendments include improvements to the design guidelines in the industrial districts mentioned above. A new educational zone, called Education, Research and Technology is designed specifically to allow Hagerstown Community College to partner with emerging high-tech industries and expand its role as business partner in the community. In an effort to coordinate development and infrastructure needs, staff is continuing to review the Adequate Public Facilities and Excise Tax Ordinances for possible improvement. The County has also devised an analysis and mitigation protocol to manage the effects of increases in public school enrollments that result from new residential development.

The Water and Sewerage Plan, the Solid Waste Plan and the Land Preservation, Parks and Recreation Plan are other plans prepared and administered by the Planning and Zoning Department to assist in the development of the County in an orderly fashion. The State of Maryland requires the County to update each of these plans, as well as the Comprehensive Plan, at regular intervals.

Land use control and planning within the County's nine incorporated municipalities is under the jurisdiction of the municipalities. Each of the municipalities has adopted its own zoning and land development regulations.

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*Hospital and Medical Care***Meritus Health**

Meritus Health, located in Hagerstown, Maryland, is the largest health care provider in Western Maryland. As a community-focused, not-for-profit system, Meritus Health's programs span the continuum of health care, ranging from inpatient care to occupational health services to physician practices and outpatient care.

Meritus Medical Center, which opened in 2010, is a state-of-the-art, Joint Commission-accredited hospital with 243 licensed beds in single-patient rooms. Services offered include a special care nursery, a level III trauma program, a primary stroke center and a wound center, as well as a cardiac diagnostic laboratory. Hospital services that address outpatient needs include the John R. Marsh Cancer Center, Total Rehab Care, Meritus Diabetes Education, Meritus Home Health, Meritus Medical Laboratory and Equipped for Life.

Meritus Medical Group, with close to 100 physicians and advanced practice professionals, is a medical neighborhood of primary and specialty care practices offering comprehensive, coordinated health care services to all ages.

**Washington County Health Department**

The Washington County Health Department, which provides various health services to the citizens of Washington County, is budgeted to receive a total of \$2,339,270 in fiscal year 2017 from the County. Along with the main headquarters, it has staff and programs based at eight other sites. The Health Department employs a total of 199 full-time and part-time personnel in five divisions.

The Environmental Health Division of the Health Department engages in food inspection, well and septic services, community services, transient and non-transient water analysis, rabies control, complaint and outbreak investigations, and emergency response. The Nursing Division is responsible for maternal and child health programs, communicable disease surveillance and control, tuberculosis control, refugee and migrant health services, reproductive health services, STD screening and treatment, HIV and AIDS services, immunizations, Maryland Children's Health Insurance Program, cancer screening, vision screening, adult evaluation and review services, and WIC services. The Health Planning and Strategic Initiatives Division is responsible for relaying of public information, community relations, emergency preparedness, as well as developing and maintaining agency partnerships and providing chronic disease prevention and control initiatives. The Division of Behavioral Health Services provides a comprehensive system of care, including prevention, intervention, referral and treatment services for substance use and mental health disorders in a variety of settings. The Administration Division, which includes Personnel, Information Technology, and Health Officer Staff, provides management support for all programs within the agency.

**Other Medical Facilities**

The George W. Comstock Center for Public Health Research and Prevention is a facility of the Johns Hopkins Bloomberg School of Public Health and was established in 1962 as a joint enterprise of the Maryland Department of Health and Mental Hygiene, Washington County Health Department and The Johns Hopkins University. The center has expertise and capacity in the conduct of large community health surveys, as well as a close working relationship with the County Health Department. Funding, sponsored through research grants by the National Institutes of Health as well as private foundations, supports 20 to 30 staff members in the Comstock Center. Research includes heart disease surveillance and epidemiology of cancer, heart disease, lung disease, diabetes, sleep and other conditions. Prevention research results are disseminated nationally and internationally primarily through numerous journal publications.

There are nine privately owned licensed skilled nursing facilities with a total of 1,075 beds and one State-owned licensed skilled nursing facility with 63 beds in Washington County. All of these facilities are dually certified by Medicare and Medicaid. In addition there are 18 privately owned assisted living facilities with a total of 725 beds. Other medical facilities include the Western Maryland Center, a 123 bed State-owned, chronic care facility, and the Brook Lane Psychiatric Center, a privately-owned psychiatric facility. None of these facilities receives funds from the County.

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*Safety***Law Enforcement**

The Washington County Sheriff's Office, the Maryland State Police, and municipal police agencies provide police protection in Washington County. The Sheriff's Office has 101 sworn personnel and 97 radio-dispatched vehicles. The Sheriff's Office is responsible for the operation of the Detention Center, which has a capacity of 450 inmates. In October 2016, a Day Reporting Center opened that provides treatment services to non-violent offenders with drug and/or alcohol addictions. The State Police has 34 troopers assigned to the local barrack, which is located just south of Hagerstown. The Hagerstown Police Department has a full-time force of 105 officers. The Hancock Police Department employs five full-time officers. In addition, the Smithsburg Police Department employs four officers and the Boonsboro Police Department employs five police officers.

**Emergency Services**

The County's Division of Emergency Services ("DES") oversees Emergency Communication/911, Emergency Management, Fire Department Special Operations, Fire Department Support Services, and the Emergency Medical Services Operations Program. DES is led by a full-time career Director and five full-time department heads who oversee the daily operational components of Emergency Services in Washington County. The division has 86 full-time and part-time personnel working directly within the division and approximately 40 volunteers who provide dedicated service to the citizens of Washington County.

*Emergency Communications*

The Emergency Communications Center is overseen by an assistant director with two full-time executive support staff. The Emergency Communications Center processes all of the 911 and non-emergency calls for the City of Hagerstown, the County, and all of the municipalities through one central dispatch location. The call center and new digital radio system enables first responders to communicate in a safe, seamless and compatible way, enhancing their ability to respond to emergencies and save lives. The call center also integrates Hagerstown's and Washington County's non-emergency responders, allowing them to serve the community quickly and efficiently.

*Emergency Management*

Emergency management activities are overseen by an assistant director with support from a full-time emergency planner. Emergency Management includes mitigation, planning, response and recovery from natural and technical disasters. Washington County has a Local Emergency Planning Committee, overseen by Emergency Management that coordinates disaster planning, conducts drills to exercise the County Emergency Operations Plan, and oversees a community outreach program consisting of home chemical safety training, citizen preparedness, and pertinent educational programs.

*Fire Department Special Operations*

The department's activities are overseen by an assistant director. The County has a vision to become the regional leader in providing and coordinating efficient public services. In response to that vision the Special Operations Team has both volunteer and career personnel who complete extensive training in various technical and/or specialized areas including hazardous materials, trench rescue, rope rescue, water rescue, structural collapse and confined space rescue.

*Emergency Medical Services*

The Emergency Medical Services ("EMS") section provides leadership, direction, support and coordination to the County's EMS system in order to continuously improve the efficiency and quality of medical services being provided to those who reside and travel within the County. EMS is overseen by an assistant director and includes eight full-time advanced life support ("ALS") technicians and five part-time ALS technicians. This team deploys two highly specialized ALS chase units which support the eight independent EMS companies in the delivery of the highest quality pre-hospital care. Additionally, three ALS support vehicles and a reserve ambulance are available for supplemental staffing to the independent companies and are available to provide additional resources for high risk events and large public gatherings.

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### *Fire and Rescue*

Fire and rescue protection is coordinated through DES by an assistant director. Working collaboratively with the Washington County Volunteer Fire and Rescue Association (the “WCVFRA”), DES coordinates the services provided by 14 volunteer fire companies and eight volunteer ambulance companies throughout Washington County. All volunteer companies belong to the WCVFRA. The association has approximately 700 volunteers who provide a combination of firefighting, rescue, emergency medical and administrative services to the community. Several volunteer companies have hired career personnel to supplement the volunteer staff during times of low volunteer availability.

Fire protection within the City of Hagerstown is provided by a combination career and volunteer fire department. The department includes six stations with five engines and two ladder trucks. The department is led by a career Fire Chief, a Fire Marshall, two Assistant Fire Marshalls, and six Shift Commanders. The department has 84 full-time career firefighters and 43 trained volunteer firefighters.

### *Environmental Management*

The Division of Environmental Management (“DEM”), which includes the Department of Water Quality, the Environmental Engineering Department, the Solid Waste Department, the Stormwater Management Department and the Watershed Department, was created in fiscal year 2007. The State and federal environmental initiatives as they pertain to water, wastewater, stormwater, solid waste and nutrients are all jointly related. DEM is responsible for integrating the regulations and applying them to the operations of these departments.

### **Solid Waste**

The Washington County Solid Waste Department is responsible for a solid waste disposal system that protects the environment and public health. Currently the County disposes of solid waste at the 40 West Landfill, which opened in 2000. At current disposal rates, this site could meet the County’s estimated disposal needs until 2120. In 2013, the County entered into an agreement with a private firm to begin construction of a new solid waste facility to handle this material in a more environmentally friendly manner. This new facility will sort the solid waste materials collected into recyclables, materials that can be processed into a refuse derived fuel (RDF) pellet and materials which need to be land-filled. The processing of suitable materials to RDF pellets will be the first phase of operation with this product being sold as a fuel source to industries. In phase two of the new facility, the RDF pellets will be further processed to generate a synthetic diesel product which can be sold on the open market. Once this facility is in operation, it is anticipated that less than 10% of the solid waste materials received by the County will need to be land-filled. The Department operates five solid waste convenience centers that are strategically located throughout Washington County. Supporting and strengthening individual and community self-reliance and responsibility in the areas of waste reduction, recycling, and proper disposal of solid waste is the mission of the Solid Waste Department.

### **Water Supply and Wastewater Facilities**

The County has a master water and wastewater plan, which assigns service priority designations for all areas within Washington County. These designations range from “No Planned Service” to “Existing and Under Construction”. The plan serves as a guide for the orderly development and expansion of water and wastewater facilities, both within Washington County and in those incorporated municipalities owning and operating their own systems, requiring the County or incorporated municipality to obtain a proper service designation before constructing or expanding water or wastewater services.

The County is authorized to provide public water and wastewater service to areas outside the incorporated municipalities and may provide service within a municipal corporation located in Washington County with the consent of the municipality. The County currently provides water and/or wastewater services to nearly all of the immediate densely populated area surrounding the City of Hagerstown (except the Dual Highway corridor), the areas of Highfield, Elk Ridge, Sandy Hook, and the towns of Sharpsburg and Smithsburg. The incorporated municipalities of Hagerstown, Boonsboro, Clear Spring, Funkstown, Hancock, Keedysville, Smithsburg and Williamsport all own their water/wastewater facilities, or portions thereof. In addition to providing the wastewater service described above, the County operates the water and wastewater systems for the Town of Clear Spring, and provides operational assistance to the Town of Williamsport.

Five treatment plants serve the County water system with an aggregate capacity of 419,000 gallons per day, with individual plant capacities from 4,000 to 230,000 gallons per day. The County wastewater system is served by five treatment plants with an aggregate capacity of 5,393,000 gallons per day, with individual plant capacities from 21,000 to 4.1 million gallons per day. The County is in the process of upgrading its wastewater facilities to comply with the State’s enhanced

nutrient removal (“ENR”) strategy. The Winebrenner Treatment Plant ENR upgrade began construction in fiscal year 2015 and was completed in the fall of 2016. The Conococheague Wastewater Treatment Plant ENR upgrade began construction in the fall of 2016 and is scheduled to be complete in 2018.

Usage of water and wastewater systems is measured in Number of Services and Number of Equivalent Dwelling Units (“EDUs”). Number of Services refers to the number of actual connections and EDU is a unit of measure, which equates the consumption, or flow of commercial or industrial connections, to the average flow of a residential dwelling unit.

The County bills its customers quarterly except for those for which wastewater treatment service is provided by the City of Hagerstown, in which case the County’s charges are billed and collected on its behalf by the City of Hagerstown. The following table shows the total Number of Services and EDUs of the County’s water and wastewater systems and the annual residential user rates effective July 1, 2016. For customers receiving County collection services only, treatment is provided by the City of Hagerstown.

<b>WATER SYSTEM</b>			
	<b>No. of Services</b>	<b>No. of EDUs</b>	<b>Residential Annual (Avg) User Rate</b>
Full Service.....	<u>1,339</u>	<u>1,560</u>	\$654.56

<b>WASTEWATER SYSTEM</b>			
	<b>No. of Services</b>	<b>No. of EDUs</b>	<b>Residential Annual (Avg) User Rate</b>
Full Service .....	7,071	10,518	\$614.92
Collection Service Only .....	3,713	5,140	\$219.36
Wholesale .....	<u>5</u>	<u>3,487</u>	
Total.....	<u>10,789</u>	<u>19,145</u>	

Source: Washington County Department of Budget and Finance

The County provides wastewater “treatment only” services to its wholesale customers, which are the towns of Williamsport and Smithsburg, the Conococheague Pretreatment Facility (the “Pretreatment Facility”), Fort Ritchie and the City of Hagerstown. The only major wastewater treatment facility for public use in Washington County other than those operated by the County is the Hagerstown Wastewater Treatment Plant, owned and operated by the City of Hagerstown, which has a capacity of 10.5 million gallons per day.

The Pretreatment Facility serves all of Washington County by providing pretreatment of non-hazardous industrial wastewater, landfill leachate and metals-bearing waste streams, and has a capacity of 125,000 gallons per day (current average usage is 115,000 gallons per day). The Pretreatment Facility was privatized in 2006 through a long-term lease to a private corporation.

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### III. Economic and Demographic Information

#### Department of Business Development

The Washington County Department of Business Development (the “DBD”) is dedicated to expanding economic opportunities for the citizens of Washington County. It works to promote Washington County as a place of business and improve the overall business climate of the community.

The Washington County Economic Development Commission Board of Directors (the “EDC”) is comprised of 12 unpaid volunteers and six *ex-officio* members. As representatives of the local business community, the EDC is responsible for evaluating and recommending policies affecting the County’s ability to attract, nurture, and sustain employment, and to further promote economic growth and change in a managed environment.

The DBD currently has five full-time employees to conduct the day-to-day operations of the office. The staff works to fulfill the strategic priorities recommended by the EDC and as approved by the Board.

Throughout the year the DBD meets with representatives of existing companies in need of assistance. Discussions include appropriate funding programs, enterprise zone benefits, training, and other sources of business support. The DBD has formed strategic partnerships with such organizations as the Maryland Department of Commerce, Tri-County Council for Western Maryland, Maryland Small Business Development Center, Western Maryland Consortium, and Maryland One Stop Job Center in order to better serve the needs of businesses in Washington County.

The DBD distributes the following publications to promote economic development by providing current, relevant information to the business community: Business & Industry Directory, Business Development Guide, Economic Data Summary, and an Annual Report. The DBD also distributes listings of available buildings and sites.

The DBD maintains a web-site, [www.hagerstowncdc.org](http://www.hagerstowncdc.org), and an online reference guide for economic development allies, partners, site selection consultants, clients, and the general public. The site includes statistical data on Hagerstown-Washington County’s Community Demographics, Quality of Life, Business Climate, Incentives, Local Business Resources, Property Search, Maps, and Recent News. Online publications include the DBD’s Economic Data Summary, the Business and Industry Directory, and the Annual Report. Visitors to [www.hagerstowncdc.org](http://www.hagerstowncdc.org) can access a database that highlights available commercial/industrial buildings and sites within Washington County. The database includes each property’s pertinent information and describes its development potential.

The DBD administers the Enterprise Zone Program, identifying eligible businesses that qualify for local real property tax credits and State income tax credits in the City of Hagerstown, the Town of Hancock, and elsewhere in Washington County. For tax year 2016-17 (fiscal year 2017), the City of Hagerstown, the Town of Hancock, and the County granted \$60,970, \$932, and \$554,054, respectively, in real property tax credits for private capital investment. The State of Maryland is expected to reimburse \$30,485 to the City of Hagerstown, \$466 to the Town of Hancock, and \$279,027 to the County for these credits.

**Business Development**

*New and Expanding Businesses*

In 2016 the County experienced new and expanding businesses highlighted by the creation of more than 480 new jobs and known new investments of approximately \$64.6 million. Many of these achievements are a result of incentive packages provided through partnerships of the County and State to provide training programs, State financing, and Enterprise Zone tax credits. Significant projects announced in 2016 and 2017 that are expected to provide an additional 395 new jobs and an additional \$53.6 million of new investments are noted in the following table:

**Hagerstown-Washington County, Maryland -- Significant Business Activity for 2016/2017**

Company Name	Business Type	Completed/ Expected Completion	Project Cost <sup>(1)</sup>	#New Jobs <sup>(1)</sup>	Type of Activity
<b>Completed Projects Announced in 2016</b>					
Sharrett Collision Center	Retail	1Q16	\$1,000,000	0	New Construction
America's First Incorporated	Energy Manufacturing	1Q16	\$12,000,000	70	New Jobs/Construction
Tempur Sealy International	Manufacturing	1Q16	\$5,000,000	120	New Jobs/Construction
Cycle Aviation	Maintenance and Repair	2Q16	\$150,000	40	New Jobs/Renovation
Lenox Incorporated	Retail/Distribution	2Q16	\$3,000,000	14	New Jobs/Construction
Mission BBQ	Restaurant	3Q16	\$1,300,000	25	New Jobs/Construction
Antietam Brewery	Bar and Brewery	4Q16	\$500,000	0	Construction
Cushwa Brewing Company, Inc.	Bar and Brewery	4Q16	\$425,000	4	New Jobs/Construction
Lanco-Pennland	Cheese Manufacturing	4Q16	\$23,000,000	90	New Jobs/Construction
Love's Travel Center	Retail	4Q16	\$14,000,000	25	New Jobs/Construction
Pinnacle Foods, Inc.	Manufacturing	4Q16	\$4,200,000	100	New Jobs/Renovation
	Sub-totals		\$64,575,000	488	
<b>Projects Under Development Announced in 2016/2017</b>					
Fahrney-Keedy	Senior Living/Nursing Home	4Q17	\$10,000,000	30	New Jobs/Expansion
Harvest, Inc.	Manufacturing	4Q17	\$5,000,000	125	New Jobs/Construction
Kind Therapeutics, Inc.	Manufacturing	4Q17	\$4,000,000	40	New Jobs/Construction
Sierra Nevada Corporation	Manufacturing	1Q18	\$4,500,000	0	Construction
Pepsi Bottling	Manufacturing	2Q18	\$2,100,000	0	Construction
Cosmo Films	Manufacturing	3Q18	\$5,000,000	100	New Jobs/Construction
Dot Foods, Inc.	Warehouse/Distribution	4Q18	\$23,000,000	100	New Jobs/Construction
	Sub-totals		\$53,600,000	395	
<b>Totals for Projects Announced in 2016/2017:</b>			<b>\$118,175,000</b>	<b>883</b>	

Source: Washington County Department of Business Development  
 (1) Estimates based on company announcements.

**Business Parks and Sites**

Through the DBD, the County promotes the development of both private and non-profit business parks and sites. The County also successfully obtains financing for necessary infrastructure through various State and federal agencies to support these developments as locations for new and expanding businesses. The County offers prospective businesses a selection of sites in planned industrial/business parks, which include:

<b>Park</b>	<b>Total Acreage</b>	<b>Available Acreage</b>	<b>Ownership</b>
<b>City of Hagerstown—Washington County</b>			
<b>Enterprise Zone:</b>			
Valley Business Park .....	188	125	Private
<b>Town of Hancock Enterprise Zone:</b>			
Hancock Industrial Park.....	38	38	Town
<b>Other Locations:</b>			
Airport Business Park .....	39	30	Nonprofit
Friendship Business Park .....	450	139	Private
Friendship Town Center .....	161	161	Private
Cascade Town Centre.....	400	400	Public
Gateway Business Park.....	65	12	Private
Hub Business Park.....	80	80	Private
Hunter’s Green Business Center.....	631	90	Private
Light Business Park .....	27	14	Private
Mount Aetna Technology Park at Hagerstown (MATH).....	179	179	Nonprofit
Newgate Industrial Park.....	245	20	Nonprofit
Showalter Road Center.....	88	88	Private
Vista Business Park.....	200	200	Private
Washington County Business Airpark .....	67	30	County
Westgate Industrial Complex.....	175	175	Private

Source: Washington County Department of Business Development

**New Jobs Tax Credit Program**

The “New Jobs Tax Credit” is a program initiated by the County in November 2002. The credit was created to help attract companies to the local business community that are involved in a high-tech industry and that offer well-paying jobs. The program provides a six-year tax credit for businesses that either expand or relocate in Washington County and qualify under the program’s guidelines. The credit applies to Washington County’s tax that is imposed on real property owned or leased by the business and the tax imposed on personal property owned by that business.

**Enterprise Zones**

Approximately 5,500 acres in Washington County are within two State-designated Enterprise Zones. The *City of Hagerstown/Washington County Enterprise Zone* was renewed and expanded by the State in 2012. This zone now encompasses approximately 4,000 acres located within the City of Hagerstown and Washington County. The zone has more than doubled in size and includes Hopewell Valley Industrial Park, Washington County Business Park, CSX Valley Park, the City of Hagerstown Business Park, and the Central Business District in downtown Hagerstown. The *Hancock Enterprise Zone* was renewed in 2015. This 1,500 acre zone surrounds the Town of Hancock, stretching from the Pennsylvania border to the Potomac River. The zone includes commercial and industrial development opportunities in select areas of Hancock as well as commercial frontage along Main Street. Local and State incentives are available to new or expanding companies in these zones to promote growth of the industrial and commercial base. Qualified businesses can receive local property tax credits for capital investment and State income tax credits for the creation of new jobs. Each Enterprise Zone is approved by the State for a 10 year period.

### *Pad-Ready Commercial Stimulus Program*

The Board adopted the “Pad-Ready” Commercial Stimulus Program on October 25, 2011. The program is designed to encourage developers/builders to bring undeveloped land to a shovel-ready state, but is also intended for sites with existing buildings in need of redevelopment. Under the program, undeveloped parcels of land, demolitions, renovations and expansions of existing buildings qualify for incentives. Qualifying projects are entitled to priority plan review by the Washington County Development Advisory Committee, deferral of County site-plan application and review fees, and a real-estate tax credit issuance once buildings are constructed and occupied. The tax credit is to be four tenths of one percent (.004) of the construction cost of the new improvement as determined by the DBD and will apply for three consecutive years.

### *High Performance Building Tax Credit Program*

On February 7, 2012, the Board established the High Performance Tax Credit Program. Under the program, property tax credits are available for buildings that receive silver, gold or platinum certification in the national LEED (Leadership in Energy and Environmental Design) ranking system. The amount of the credit will depend on which level of certification the building receives and the increase in its assessed value after construction. Silver buildings will be credited 20 percent of the taxes due on that increase; gold buildings, 25 percent; and platinum buildings, 30 percent.

### **Foreign Trade Zone**

Washington County’s Foreign Trade Zone (“FTZ”) status was approved by the United States Department of Commerce’s Foreign Trade Zone Board on July 3, 2002. More than 1,700 acres from five different sites throughout Washington County are eligible. The sites are ideally zoned for manufacturing, distribution, and warehousing activities. FTZs have been shown to provide direct benefits to local businesses involved in foreign trade. Through the reduction, elimination, and deferral of tariffs, firms located within Washington County’s FTZ are able to be more competitive in international markets.

### **Utilities, Transportation and Communication**

#### *Utilities*

**Electricity:** Potomac Edison, a FirstEnergy Company, with its Western Maryland headquarters located in Washington County, serves the County with a system of transmission and distribution lines of various voltages connected to its generating stations. The City of Hagerstown distributes electricity to many parts of the City.

**Telecommunications:** State-of-the-art communications infrastructure, including hybrid cable, digital, fiber optic, wireless data, and cellular 4G LTE services are provided via national and regional vendors. AT&T, Sprint, T-Mobile, US Cellular and Verizon operate within Washington County.

**Natural Gas:** Columbia Gas of Maryland serves the area with natural gas. Propane is also readily available.

#### *Transportation*

**Highways:** Washington County is served by Interstate Highways I-81, I-70, and I-68, complemented by U.S. 40 and U.S. 11, and State Routes 60, 64, 65 and 68. These highways put Washington County businesses within a day’s drive of one-third of the U.S. population and half of all retail trade. The Baltimore and Washington, D.C. beltways are an hour’s drive from central Washington County.

**Air:** Hagerstown Regional Airport (HGR) is a Part 139 Facility which provides daily scheduled commercial service to Baltimore-Washington Thurgood Marshall International Airport (“BWI”) and Pittsburgh International Airport via Southern Airways Express, twice weekly service to Orlando Sanford International and twice weekly service to St. Pete-Clearwater International Airport on Allegiant. The airfield also offers fixed base operation services to general aviation, corporate and military aircraft. There are 17 businesses offering clients a variety of aviation services for all types of aircraft. Approximately 1,400 people are employed at the airport in various aviation-related businesses. In addition, Dulles International, BWI, and Ronald Reagan Washington National airports are located within 70 miles of Hagerstown.

**Rail:** CSX Transportation and Norfolk Southern Corporation Railways provide economical shipment anywhere on the Atlantic seaboard. CSX, with a public siding, operates daily trains and connects with other major carriers for long-distance shipping. The Norfolk Southern mainline is just outside of Hagerstown and a CSX interchange with Norfolk

## ECONOMIC AND DEMOGRAPHIC INFORMATION

Southern is in Hagerstown for nationwide access. In January 2014, Norfolk Southern Rail opened a 200 acre intermodal terminal in Greencastle, Pennsylvania, immediately adjacent to Washington County. The County is also only 19 miles from CSX's 85 acre intermodal terminal in Chambersburg, Pennsylvania. Daily Amtrak and weekday MARC passenger services are available from Martinsburg, West Virginia (23 miles south of Hagerstown). MARC passenger service from neighboring Frederick County to Washington, D.C. is also available.

**Local Transportation:** Washington County Commuter provides local bus service throughout Washington County. Local taxi service and auto rental and leasing services are available within Washington County.

### *Communication*

**Newspapers:** The daily newspaper, The Herald-Mail, has a Monday-Saturday circulation of 27,000, and a Sunday circulation of 32,000. Two weekly local newspapers, The Hancock News, with a weekly circulation of 2,000, and The Picket News, with a weekly circulation of 10,000, also serve Washington County. Several metropolitan newspapers, including the Washington Post and The Baltimore Sun, are available daily to residents.

**Television:** WHAG and Herald-Mail (HMTV6) provide local news, weather, community information, sports coverage and programming to the tri-state area. Antietam Cable Television and Comcast offer cable and digital television services. Satellite television is available through private vendors.

**Internet:** There are numerous private vendors providing local dial-up, wireless, and broadband Internet access. The Washington County Free Library provides access to the Internet through SAILOR, the State of Maryland's Online Public Information Network. Information about Washington County, including economic data, can be accessed on the World Wide Web:

- www.washco-md.net (Washington County)
- www.hagerstownmd.org (City of Hagerstown)
- www.washcolibrary.org (Washington County Free Library)

## Population

The following table illustrates the population growth of Washington County, the State of Maryland, and the United States from 1970 to 2016.

### Population Growth

Year	<u>Washington County</u>		<u>State of Maryland</u>		<u>United States</u>	
	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>
2016	149,585	1.5	6,016,447	3.9	323,127,513	4.6
2010	147,430	11.8	5,787,988	9.0	308,845,538	9.7
2000	131,923	8.7	5,296,486	10.8	281,421,906	12.7
1990	121,393	7.3	4,781,753	13.4	249,633,000	10.2
1980	113,086	9.9	4,216,000	7.4	226,505,000	11.4
1970	103,829	—	3,923,897	—	203,302,000	—

Source: U.S. Department of Commerce, Bureau of the Census for 1970, 1980, 1990, 2000, 2010; Maryland Department of Planning, Maryland State Data Center for 2016

**Income**

Median household Effective Buying Income (“EBI”) in Washington County was estimated at \$56,228 for the year 2016. The median household EBI for Washington County, the State of Maryland and the United States are estimated as follows:

<b>Median Household Effective Buying Income</b>					
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Washington County	\$56,228	\$56,477	\$55,700	\$54,239	\$48,984
State of Maryland	74,551	74,149	72,345	71,707	52,108
United States	53,889	53,482	52,176	51,771	41,644

Source: MD Brief Economic Facts for 2013-2016; Nielsen-Claritas, Inc. for 2012

Comparative statistics relating to the distribution of EBI are presented in the following table:

<b>Distribution of Effective Buying Income (2015)</b>			
<b>Households By EBI Group</b>	<b><u>Washington County</u></b>	<b><u>State of Maryland</u></b>	<b><u>United States</u></b>
Under \$25,000	21.6%	15.3%	23.0%
\$25,000 - \$49,999	23.2	17.9	23.5
\$50,000 - \$74,999	20.3	17.1	17.8
\$75,000 - \$99,999	13.2	13.4	12.1
\$100,000 - \$149,999	13.7	18.2	13.1
\$150,000 - \$199,999	4.7	9.0	5.1
\$200,000 and over	3.2	9.2	5.3

Source: MD Brief Economic Facts based on U.S. Bureau of the Census released in 2016

**Area Labor Supply**

Washington County has an available civilian labor force of approximately 77,732. In addition, businesses draw employees from Allegany, Garrett and Frederick counties in Maryland; Franklin and Fulton counties in Pennsylvania; and portions of Berkeley, Jefferson and Morgan counties in West Virginia. The civilian labor force for all these counties totals more than 431,000.

**Employment**

Within Washington County there are more than 3,450 businesses. The following table shows the employment statistics for the 15 largest employers in Washington County as of December 2015.

<b>Employer</b>	<b>Employment</b>
Washington County Public Schools.....	3,100
Meritus Medical Center.....	2,740
State of Maryland .....	2,385
Citi.....	2,300
First Data.....	2,185
Washington County Government.....	1,352
Volvo Group.....	1,300
FedEx Ground.....	900
Hagerstown Community College.....	890
Bowman Group, LLP (The).....	745
Federal Government.....	567
Merkle Response Management Group.....	545
City of Hagerstown.....	486
Brook Lane Health Services.....	485
Dot Foods, Inc.....	441

Source: Washington County Department of Business Development

**Unemployment Rate**

Unemployment in Washington County averaged 6.8% between 2012 and 2016. The following table indicates the County’s average unemployment rate as compared with the State of Maryland for the five most recent calendar years.

	<b>Unemployment Rate – Annual Average</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Washington County	5.1%	5.8%	6.9%	7.4%	8.6%
State of Maryland	4.4%	5.2%	5.8%	6.1%	6.8%

Source: Maryland Department of Labor, Licensing and Regulation

**Construction Activity**

Construction activity during the years 2012-2016 in Washington County is provided below:

<b>Year Ended</b> <b>Dec. 31</b>	<b>Residential New</b>		<b>Other Permits</b>		<b>Total</b>	
	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
2016	172	\$40,510	1,977	\$99,632	2,149	\$140,142
2015	202	52,305	2,065	97,055	2,267	149,360
2014	168	37,720	1,615	98,942	1,783	136,662
2013	228	48,547	1,654	93,245	1,882	141,792
2012	152	32,660	1,536	47,306	1,688	79,966

Source: Washington County Department of Permits and Inspections

**Housing Starts**

The number of single family housing starts in Washington County for the past five years is listed below:

<b>Year Ended</b> <b>December 31</b>	<b>Single Family (One and</b> <b>Two- Unit Structures)</b>
2016	159
2015	177
2014	158
2013	207
2012	133

Source: Washington County Department of Permits and Inspections

Multi-family housing starts in the County were nominal during 2016, 2014, 2013 and 2012. During the year ended December 31, 2015, there were five, 24-unit multi-family buildings constructed.

**Agriculture**

Agriculture is an important part of Washington County’s economy. Approximately 129,600 of Washington County’s 293,223 acres (44%) are considered farmland by the U.S.D.A. Agricultural Statistical Service. By far the greatest contributors to agriculture are the livestock and dairy industries. Livestock and dairy products account for approximately 58% of the total farm sales.

Washington County is the heart of the fruit industry in Maryland. Apple and peach growers harvest nearly 1,372 acres annually producing approximately 61% of the State’s apple crop and 27% of the State’s peach crop each year. Dairy is the principal livestock enterprise. The average number of milk cows is 12,670 head, ranking second in the State. In addition to milk and fruit, the other chief agricultural commodities are beef cattle and cereal grains. Selected agricultural statistics for Washington County for calendar year 2012 are as follows:

**Washington County Agriculture Statistics, 2012**

Number of farms.....	860
Average acres/farm.....	151
Total farm income.....	\$107.7 mil
Livestock income.....	\$62.26 mil
Average income/farm.....	\$125,219

Source: U.S.D.A. Agriculture Census 2012  
 The U.S.D.A. conducts a census every five years

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## IV. Financial Information

### Accounting System

The accounts of the County are organized on the basis of funds, each of which is considered a separate fiscal and accounting entity. The financial position and operations of each fund are accounted for with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

### Fund Structure

The revenues and receipts of the County are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent. The various funds are identified in the financial statements of the County. The fund types used by the County are Governmental Funds (General, Special Revenue and Capital Projects), Proprietary Funds (Enterprise and Internal Service) and Fiduciary Funds (Trust and Agency). Details of the County's fund structure are set forth in the notes to the financial statements, which are included in Appendix A to this Official Statement.

The County's general fixed assets and general long-term obligations are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

### Basis of Accounting, Measurement Focus, and Financial Statement Presentation

Basis of accounting refers to the time at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting policies of the County conform to generally accepted accounting principles as applicable to governments.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements for the General Fund, Special Revenue Fund and Capital Projects Fund are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

### Accounting Enterprise System

The County utilizes an integrated financial, human resource, and budget enterprise system. This enterprise system has a web-based platform that streamlines workflow, which allows the County to automate numerous processes including real-time reporting. All County departments have access to the system for requisitioning, reporting, and inquiries for information concerning accounts and project status at any time. The system provides an excellent means for control of finances, and allows for efficient use of resources. It also promotes accountability by generating timely reports and allowing budgetary controls for management.

## Capital Budget Preparation Software

The County uses a web-based capital budget preparation and monitoring system. It allows all departments and outside agencies to access the system and input their capital budget requests, including funding sources, cost categories and operational costs. The County set up a priority-ranking matrix system within the software. The ranking system is composed of 14 scored and weighted criteria, which is the basis for assigning projects into one of the five priority ranking categories. The ranking system provides management with the information required to make decisions regarding scheduling and funding for each project. The capital budget system provides multiple reporting options and allows for continuous monitoring of activities of existing projects.

## Distinguished Budget Presentation Award

The County received the Distinguished Budget Presentation Award for its 2017 Budget Document from the GFOA. The award is given to those entities that satisfy nationally recognized guidelines for effective budget presentation. Those guidelines are designed to assess how well an entity's budget serves as a policy document, a financial plan, an operations guide, and a communication device. The County has received the award for 13 consecutive years. The award reflects the commitment of the County to meet the highest standards in governmental budgeting.

## Budget Process and Schedule

The County's budgetary practices focus on long-term financial planning to ensure that budget decisions are understood over multiple years and to assess whether program and service levels can be sustained over those years. Practices require the development of organizational goals, policies, and procedures to achieve the goals, and making the allocation of resources available to accomplish the goals.

The County's budget process is key to its long-range strategic plan. With the adoption phase ending in May, the entire budget process encompasses nine months in preparation time. Financial forecasts, economic trends, policy reviews, and citizen input are all part of this process and result in the development of the operating and capital budgets for the year. The following describes the phases of the budget process.

### *Financial Capacity and Analysis Phase*

The County develops statistical analysis of major revenue sources through various available resources. The County prepares and annually updates a long-range (five year) financial forecasting system, which includes projections of revenues, expenditures, future costs, and financing of capital improvements that are included in the Capital Improvement Budget, Cost of Service Plans, and the Operating Budget.

Revenue estimates are monitored to identify any potential trends which would significantly impact the various revenue sources. The County reviews current construction trends, the number of building permits, mortgage rates, and other economic data that can impact revenue collections.

The County uses other financial modeling techniques that impact the long-term operations and rates for the Water Quality and Landfill Enterprise Funds.

The County annually undertakes a detailed analysis of its financial position. The County then plots and converts its financial position into certain financial ratios and examines its performance trend. Most of the financial trend analysis includes peer group median and historical data. Trend indicators are tracked for specific elements of the County's fiscal policies for evaluation.

Debt capacity is evaluated on an annual basis prior to the adoption of the Capital Improvement Budget. The County examines statistical measures to determine debt capacity and creates ratios, which it compares to the ratios of other counties within its peer group, rating agency standards, and Washington County's historical ratios to determine debt affordability.

The economic and financial trend analysis is an integral part of the County's decision-making process that includes short and long-term forecasts. The County's current financial condition as well as future financial capacity, long-range plans, and future goals and visions are evaluated. During this phase forecasting assumptions, policy and reserve reviews, compensation adjustments, and inflation assumptions are made.

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### ***Budget Development Start***

The development of the budget starts with notice to departments and agencies that the capital and operating budget programs are ready for input. Instructions for completing the budgets, due dates, and updated information on budgetary numbers, personnel positions, and goals are included with the notification.

### ***Budget Development Phase***

Capital Improvement Budget development begins in the winter after the development of the debt capacity and financial trend and economic trend analysis. The Capital Improvement Program (the "CIP") provides a comprehensive approach to planning and impacts all facets of County operations. The County Administrator, the CFO, the Director of Engineering and Construction, the Director of Planning, and the Director of Public Works comprise the Capital Improvement Program Committee (the "CIP Committee"). From the time the CIP's initial annual review begins in October through its adoption in May of each fiscal year, there is constant interaction among departments, the CIP Committee, and the elected officials. This effort is characterized by cooperation and reflects a common goal of ensuring that the CIP meets the objectives of the County and remains affordable and achievable.

The CIP is reviewed in conjunction with the annual debt affordability analysis and with revenue projections, inclusive of rate analysis, in order to determine funding availability. A financial analysis of funding sources and project costs is conducted for all proposed capital improvement projects in conjunction with the results of the priority ranking system.

It is the CIP Committee's responsibility to review all requests that County departments and agencies submit. Based on the results of the priority ranking, and current and future needs, as developed in the 10-year capital plan, and available funding sources, the CIP Committee determines which capital projects best meet established criteria for the current fiscal year Capital Improvement Budget and the 10-year forecast. Operating impacts of current and proposed capital projects are also taken into consideration by staff when developing the Capital Improvement Budget.

Operating Budgets represent existing service levels and two years of prior historical information. Departments and agencies request funding for the upcoming fiscal year. Any increases in program and services require justification, as do all capital outlay requests. These requests are summarized with projected funding shortfalls or overruns calculated.

### ***Review/Modification Phase***

The CFO presents the Operating and Capital Improvement Budgets to the Board. Preliminary recommendations are reviewed to ensure that preliminary budgets address the County's goals and fiscal management policies. The County Administrator and the CFO work with the Board on the proposed budget documents for adoption.

### ***Adoption Phase***

Proposed budgets are voted on by the Board to take to a public hearing to communicate to the general public for all operating and capital funds. Advertisement is disseminated through the local newspaper, handouts, and the County website. Documents and handouts are prepared for the public.

Public hearings are held on the proposed budgets along with the current tax levy. A 10 day waiting period is held for public comment. Local law requires a balanced budget to be adopted by July 1st.

### ***Budget Monitoring***

Department managers are responsible for their budgets throughout the fiscal year. Expenditure percentages are calculated and compared to budget. Corrective action, if necessary, is taken if serious negative trends exist. Management and the Board have real-time budgeting reports available on-line, as well as updates on major events and/or issues.

The County's Operating Budget is adopted at the program/service level and the Capital Improvement Budget is adopted at the project level. Transfers between programs or projects in excess of \$25,000 require Board approval. Any transfer out of contingency requires the approval of the Board.

The CFO reviews the project status and revenues before any issuance of debt. Any modification to a project and/or the total debt to be issued based upon this review is required to be approved by the Board either for an increase or decrease in total borrowing amount or for a change in the total borrowing source.

General Fund Revenues and Expenditures

The General Fund’s major function is to provide funding for education, public safety, courts, planning, permits, public works, parks and recreation, general operations, and economic development. The major revenue sources to provide these programs and services for the public are: Real and Personal Property Tax, Income Tax and Recordation Tax. The following table displays the County’s General Fund actual revenues and expenditures compared to the final budget for fiscal year 2016, budgeted revenues and expenditures for fiscal year 2017, and the proposed budget for fiscal year 2018.

County Commissioners of Washington County Budget Comparison General Fund Fiscal Years 2016, 2017 and 2018				
	Fiscal Year 2016		Fiscal Year 2017	Fiscal Year 2018
	Final Budget	Actual Amounts	Original Budget <sup>(1)</sup>	Proposed Budget
<b>REVENUES</b>				
Property Tax				
Real Property Tax.....	\$ 106,977,350	\$ 108,378,572	\$ 108,354,710	\$ 111,037,170
Personal Property Tax.....	12,497,840	14,449,229	12,950,000	13,757,540
Property Tax Interest Income.....	480,000	409,974	430,000	430,000
Other Property Tax.....	714,020	666,620	651,720	784,290
State Administrative Fees.....	(525,000)	(578,891)	(600,000)	(580,000)
Property Tax Discounts, Credits, and Fees.....	(1,469,020)	(1,323,558)	(1,310,480)	(1,731,590)
Total Property Taxes.....	\$ 118,675,190	\$ 122,001,946	\$ 120,475,950	\$ 123,697,410
Other Local Taxes				
Income Tax.....	\$ 74,910,000	\$ 75,208,180	\$ 77,500,000	\$ 82,000,000
Admissions and Amusement Tax.....	300,000	274,939	300,000	280,000
Recordation Tax.....	5,800,000	6,539,448	5,800,000	6,000,000
Trailer Tax.....	470,000	544,979	500,000	525,000
Total Other Local Taxes.....	\$ 81,480,000	\$ 82,567,546	\$ 84,100,000	\$ 88,805,000
Other Revenues				
Licenses and Permits.....	\$ 1,260,200	\$ 1,316,242	\$ 1,310,200	\$ 1,379,300
Court Costs and Fines.....	330,300	252,384	302,300	2,753,600
Charges for Services.....	388,850	477,971	679,750	835,210
Revenues from Use of Property.....	976,550	1,074,126	979,250	564,200
Reimbursed Expenses.....	1,145,170	1,011,679	1,052,770	1,303,610
Miscellaneous Revenues.....	426,310	493,792	396,710	185,500
Grant and Shared Revenues.....	7,162,210	6,349,348	2,460,720	2,292,230
Highway Revenues.....	1,688,310	1,720,771	2,175,890	2,416,500
Total Other Revenues.....	\$ 13,377,900	\$ 12,696,313	\$ 9,357,590	\$ 11,730,150
TOTAL REVENUES.....	\$ 213,533,090	\$ 217,265,805	\$ 213,933,540	\$ 224,232,560
<b>EXPENDITURES</b>				
General Government.....	\$ 26,853,460	\$ 25,392,800	\$ 25,047,240	\$ 26,882,560
Public Safety.....	43,777,700	41,898,282	43,071,310	43,145,400
Health.....	2,339,270	2,339,270	2,339,270	2,339,270
Social Services.....	446,020	454,165	373,390	424,390
Education.....	104,109,040	104,109,040	104,387,080	106,743,410
Parks, Recreation, and Culture.....	5,640,500	5,586,517	5,738,860	5,974,980
Conservation of Natural Resources.....	651,730	669,041	677,840	691,840
Highway.....	9,619,400	9,821,132	10,365,890	10,567,610
General Operations.....	610,960	596,080	490,020	437,720
Unallocated Employee Insurance and Benefits.....	699,330	1,738,720	704,640	4,644,030
Intergovernmental.....	3,850,190	9,427,062	5,263,000	7,176,780
Debt Service.....	14,935,490	13,818,901	15,475,000	15,204,570
TOTAL EXPENDITURES.....	\$ 213,533,090	\$ 215,851,010	\$ 213,933,540	\$ 224,232,560
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 1,414,795</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Washington County Department of Budget and Finance

(1) Budget revisions are possible until the close of the year on June 30, 2017. Amendments to date to the fiscal year 2017 budget since its adoption have not been material.

The following table displays the County’s General Fund revenues and expenditures on a GAAP basis with additional ratios for fiscal years 2012 through 2016.

<b>County Commissioners of Washington County</b>					
<b>Statement of Revenues, Expenditures and Changes in Fund Balance</b>					
<b>General Fund</b>					
<b>Year Ended June 30</b>					
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>					
Taxes, interest and penalties.....	\$ 204,569,492	\$ 198,990,605	\$ 194,994,560	\$ 194,197,780	\$ 191,600,621
Shared taxes and grants .....	6,349,348	3,355,253	3,377,036	3,566,550	3,547,046
Licenses and permits .....	1,316,242	1,362,651	1,187,285	1,149,568	1,278,654
Revenues from use of money and property .....	1,074,126	881,502	945,977	988,019	1,066,799
Charges for services.....	477,971	434,237	451,814	448,406	497,092
Other revenue .....	1,757,855	2,049,297	1,793,593	2,389,892	2,026,413
Highway revenue .....	1,720,771	1,554,706	1,697,840	1,683,821	1,291,748
Total revenues .....	<u>\$ 217,265,805</u>	<u>\$ 208,628,251</u>	<u>\$ 204,448,105</u>	<u>\$ 204,424,036</u>	<u>\$ 201,308,373</u>
<b>Expenditures:</b>					
General government .....	\$ 25,392,800	\$ 23,779,920	\$ 21,474,148	\$ 19,725,043	\$ 19,552,837
Public safety .....	41,898,282	39,155,311	36,352,815	35,020,519	33,771,477
Health .....	2,339,270	2,339,270	2,339,270	2,339,270	2,876,643
Social services .....	454,165	571,517	934,217	2,321,055	2,248,270
Education .....	104,109,040	103,810,462	103,418,590	101,816,613	101,693,900
Recreation and culture .....	5,586,517	5,622,928	5,271,404	5,436,653	5,230,239
Conservation of natural resources .....	669,041	595,350	568,873	556,845	514,055
Intergovernmental .....	38,543	38,543	38,543	38,543	38,543
General operations .....	2,337,705	2,003,326	4,956,600	6,131,561	2,947,076
Highway.....	9,821,132	9,953,368	9,872,245	8,622,908	9,262,056
Debt service:					
Principal .....	9,748,588	10,147,504	9,901,824	9,878,013	9,216,975
Interest .....	4,070,313	4,504,974	4,109,946	4,352,421	4,371,195
Total Expenditures .....	<u>\$ 206,465,396</u>	<u>\$ 202,522,473</u>	<u>\$ 199,238,475</u>	<u>\$ 196,239,444</u>	<u>\$ 191,723,266</u>
Excess of revenues over expenditures .....	<u>\$ 10,800,409</u>	<u>\$ 6,105,778</u>	<u>\$ 5,209,630</u>	<u>\$ 8,184,592</u>	<u>\$ 9,585,107</u>
<b>Other financing sources(uses):</b>					
Net bond proceeds.....	\$ -	\$ -	\$ -	\$ 3,039	\$ 34,443
Proceeds of capital leases.....	-	-	56,548	-	759,137
Principal amount of new debt for advanced refunding.....	7,078,184	26,026,715	-	-	-
Deposit to escrow fund for advance refunding and repayment of loans.....	(7,075,279)	(26,021,529)	-	-	-
Operating transfers in .....	-	-	-	-	-
Operating transfers out .....	(9,388,519)	(5,974,080)	(5,915,929)	(7,980,296)	(9,318,716)
Total other financing sources(uses) .....	<u>\$ (9,385,614)</u>	<u>\$ (5,968,894)</u>	<u>\$ (5,859,381)</u>	<u>\$ (7,977,257)</u>	<u>\$ (8,525,136)</u>
Excess of revenues and other sources over expenditures and other uses .....	\$ 1,414,795	\$ 136,884	\$ (649,751)	\$ 207,335	\$ 1,059,971
Fund balances at beginning of year .....	<u>38,327,353</u>	<u>38,190,469</u>	<u>38,840,220</u>	<u>38,632,885</u>	<u>37,572,914</u>
Fund balance at end of year .....	<u>\$ 39,742,148</u>	<u>\$ 38,327,353</u>	<u>\$ 38,190,469</u>	<u>\$ 38,840,220</u>	<u>\$ 38,632,885</u>
<b>Fund Balance:</b>					
As a percent of revenue .....	18.3%	18.4%	18.7%	19.0%	19.2%
As a percent of expenditures .....	19.2%	18.9%	19.2%	19.8%	20.2%
<b>Committed, Assigned and Unassigned Fund Balance:</b>					
\$ 38,122,456	\$ 36,844,446	\$ 37,162,054	\$ 37,503,352	\$ 37,427,426	
As a percent of revenue .....	17.5%	17.7%	18.2%	18.3%	18.6%
As a percent of expenditures .....	18.5%	18.2%	18.7%	19.1%	19.5%
<b>Debt Service:</b>					
\$ 13,818,901	\$ 14,652,478	\$ 14,011,770	\$ 14,230,434	\$ 13,588,170	
As a percent of revenue .....	6.4%	7.0%	6.9%	7.0%	6.7%
As a percent of expenditures .....	6.7%	7.2%	7.0%	7.3%	7.1%

Source: Washington County Department of Budget and Finance

## Anticipated Results for Fiscal Year 2017

Fiscal year 2017 final results are not available as of the date of this Official Statement. However, based on current review, the County's two largest revenue sources, real estate and income taxes, are projected to meet current year budget and all expenditures are in-line with the approved budget. Overall the financial results for fiscal year 2017 are expected to end on the positive side, with total revenues in excess of total expenditures. The County expects to maintain its cash reserves for fiscal year 2017.

### Sources of Tax Revenue

Ad valorem property taxes, the County's largest source of tax revenues, were 60% of total tax revenues in both fiscal years 2015 and 2016. During the same period, income tax revenues as a percentage of total tax revenues were 37% in fiscal year 2015, and 36.8% in fiscal year 2016. The following table presents the County's tax revenues by source for each of the last five fiscal years as well as the budgeted amounts for fiscal year 2017.

**Tax Revenues by Source**

<b>Fiscal Year Ended June 30</b>	<b>Total Taxes</b>	<b>Local Property Taxes<sup>(1)</sup></b>	<b>Local Income Taxes</b>	<b>Other Local Taxes<sup>(2)</sup></b>
Budgeted 2017	\$ 204,595,940	\$ 120,495,940	\$ 77,500,000	\$ 6,600,000
2016	204,569,492	122,001,946	75,208,180	7,359,366
2015	198,990,605	118,513,533	73,603,292	6,873,780
2014	194,994,560	120,678,207	68,864,506	5,451,847
2013	194,197,780	122,450,670	65,763,209	5,983,901
2012	191,600,621	122,669,812	64,578,939	4,351,870

Source: Washington County Department of Budget and Finance

(1) Includes payments in lieu of taxes, additions and abatements, interest on taxes, discounts on taxes and tax credits for the elderly and disabled.

(2) Includes trailer court fees, recordation taxes, admission and amusement taxes and hotel/motel taxes.

### Local Property Taxes

Property valuations and assessments are determined by the Maryland State Department of Assessments and Taxation, which maintains local offices in Baltimore City and each county. For State and County real property tax purposes, real property is valued at full cash value ("value"). All property is physically inspected once every three years and any increase in value arising from such inspection is phased in over the ensuing three taxable years in equal annual installments.

Commencing with the tax year beginning July 1, 2001, property tax rates are applied to 100% of the value of real property. The County and municipal rates applicable to all personal property and operating real property of public utilities are 2.5 times the property tax rate for real property.

Tangible personal property is generally assessed at cost, less depreciation for each year held to a minimum of 25%. For most categories of personal property, depreciation is 10% per year subject to the minimum assessment of 25% of cost.

State law provides a credit against State, local and municipal real property taxes on certain owner-occupied residential property. The tax credit for each tax year is computed by multiplying the State, local or municipal real property tax rate by the amount by which (i) the current year's assessment on residential property exceeds (ii) the homestead percentage multiplied by the previous year's assessment. The State homestead percentage is 110%. The counties and municipalities set their own respective homestead percentage, but the credit percentage may not exceed 110% for any taxable year. The County adopted a homestead percentage of 105% effective July 1, 2007.

The State also provides a tax credit based on the ability of homeowners to pay property taxes. The credit is calculated by use of a scale, which indicates a maximum tax liability for various income levels. This tax credit for local property taxes for Washington County for fiscal year 2016 was \$1,627,582 and the credit for fiscal year 2017 is budgeted at \$1,559,109.

Pursuant to State law, the Board may grant a property tax credit against the County property tax imposed on, among other categories of property, certain property owned by nonprofit civic associations and real property that is subject to the County’s agricultural land preservation program. Manufacturing and commercial inventories of businesses are exempt from County tax.

**Assessed Value, Tax Rates and Tax Levy**

The following table sets forth the assessed value of all taxable property in Washington County for each of its five most recent fiscal years and the County and State tax rate applicable in each of those years. Assessed value of tax-exempt properties owned by federal, State and County governments, churches, schools, fraternal organizations, cemeteries, disabled veterans and the blind, aggregating \$2,211,120,257 for the fiscal year ended June 30, 2016 is not included in the table. Under applicable law, there is no limit to the total tax levy for property taxes. In the opinion of the County, the tax rate established by it for each fiscal year, when applied to the property subject thereto, is sufficient to provide revenues to discharge the County’s obligations to pay principal and interest maturing on its outstanding general obligation indebtedness in each fiscal year.

**Assessments and Tax Rates of all Property by Class  
Fiscal Years Ended June 30  
(Stated in Thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Real property .....	\$11,889,530	\$11,798,859	\$11,918,538	\$12,310,975	\$12,740,518
Personal property:					
Railroads and public utilities .....	172,128	162,536	167,959	161,054	162,932
Business corporations .....	405,500	390,610	375,606	350,000	379,500
Total property	<u>\$12,467,158</u>	<u>\$12,352,005</u>	<u>\$12,462,103</u>	<u>\$12,822,029</u>	<u>\$13,282,950</u>
Change in market value of property	0.9%	(0.9)%	(2.8)%	(3.5)%	(6.4)%
County tax rate (per \$100 assessed value)	\$0.948	\$0.948	\$0.948	\$0.948	\$0.948
State tax rate (per \$100 assessed value)	0.112	0.112	0.112	0.112	0.112

Source: Maryland State Department of Assessments and Taxation

There were no changes to the property tax rates for the County or the State in fiscal year 2017. As of the date of this Official Statement, there are no proposed changes to the County or State property tax rates for fiscal year 2018.

**Tax Collection**

County taxes are due and payable as of July 1. Delinquent taxes are collected after nine months of delinquency by tax sales conducted by the County Treasurer, selling either real or personal property. Historically, the County has conducted tax sales on an annual basis.

The following table sets forth certain pertinent information with respect to the County’s tax levies and tax collections for each of its five most recent fiscal years.

<b>Fiscal Year Ending June 30</b>	<b>Taxes Levied</b>	<b>Taxes Collected in Year of Levy</b>		<b>Total Taxes Collected (Current and Delinquent)</b>		<b>Taxes Receivable</b>	<b>Taxes Receivable as a Percentage of Total Taxes Collected</b>
		<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>		
2016	\$ 122,703,971	\$ 122,397,609	99.75	\$ 122,899,961	100.16	\$ 480,714	0.39
2015	120,444,868	119,903,244	99.55	120,597,778	100.13	676,704	0.56
2014	121,676,979	121,014,378	99.46	121,414,874	99.78	829,615	0.68
2013	123,303,379	122,940,251	99.71	124,018,282	100.58	567,508	0.46
2012	125,425,501	124,342,889	99.14	125,166,347	99.79	1,282,411	1.02

Source: Washington County Department of Budget and Finance

**Principal Taxpayers**

The 20 largest taxpayers in the County as of June 30, 2016, ranked by assessed value, are listed below.

Name of Taxpayer	Assessed Value	Percentage of Assessed Value
Outlet Village of Hagerstown.....	\$ 100,457,460	
PR Valley Limited Ptsp.....	96,895,700	
Potomac Edison.....	83,180,320	
Liberty Property Limited.....	73,065,267	
FedEx Ground Package System Inc.....	69,928,974	
Bowman Group.....	62,816,183	
Washington Real Estate.....	60,579,990	
Staples of Maryland LLC.....	49,361,487	
IIT Hagerstown Dist. Ctr.....	47,897,167	
254 Hagerstown/Citigroup/Citicorp.....	45,460,840	
Sub-total	\$ 689,643,388	5.53%
Mack Trucks Inc.....	37,437,940	
Verizon-Maryland.....	37,131,690	
Walmart Stores/Wal-Mart R.E./Sam's R.E./Sam's East.....	35,865,250	
2007 East Greencastle Pike.....	34,360,000	
Lowe's Home Centers Inc.....	33,741,960	
Tractor Supply Company.....	31,286,060	
FR Hagerstown LLC.....	30,622,633	
GP Hagerstown Limited Ptsp.....	30,035,200	
CSX Transportaion CSX Minerals.....	29,789,610	
ARCP MT Hagerstown.....	28,691,800	
Total	\$ 1,018,605,531	8.17%

Source: Washington County Treasurer's Office  
 The information set forth above was compiled from tax rolls on which the names and owners are not always recorded in the same way.

**Local Income Tax**

Effective January 1, 2013, the personal State income tax rates for Maryland residents start at 2% on the first \$1,000 of taxable income and increase up to a maximum of 5.75% on incomes exceeding \$250,000 (or \$300,000 for taxpayers filing jointly, head of household or qualifying widow(ers)). Pursuant to State law, each county and Baltimore City must levy a local income tax at the rate of at least 1.75%, but not more than 3.20%, of the State income tax liability of individuals domiciled in their respective jurisdictions.

The County currently levies a local income tax on Washington County residents at the rate of 2.8%. The County does not levy a local income tax on corporations.

**Other Local Taxes and Revenues**

In addition to general property taxes and income taxes, the County levies and collects miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. Revenues from this tax in the fiscal year ended June 30, 2016 were \$6,539,448. The County also receives revenues from the amusement and admission tax and the trailer tax. Another significant source of local revenue is generated from the issuance of building and other permits. Revenues from all these sources, including recordation taxes, in the fiscal year ended June 30, 2016 were \$8,675,608.

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***State and Federal Financial Assistance*****State Payment of Public School Capital Construction Costs**

Pursuant to State law, the State pays certain costs in excess of available federal funds for all public school construction projects and capital improvements that have been approved by the State of Maryland Board of Public Works. The cost of acquiring land is not a construction cost and therefore does not qualify for State funding.

The Board of Public Works is empowered to define by regulation what shall constitute an approved construction or capital improvement cost and to adopt rules, regulations, and procedures for program administration. Program regulations limit the amount of construction costs paid by the State by instituting a maximum State project allocation for each school construction project funded through the program. Under the formula, the State's share is computed by applying the applicable percentage to the eligible portion of school construction costs. For the County, the maximum State share will equal 71% of approved construction costs.

**State and Federal Grants**

During the County's fiscal year ended June 30, 2016, an aggregate of \$11,305,187 in federal and State funds was received by all County departments for use in operations. The largest single categorical source was a federal and State grant for \$940,237, which was for the Small Urban Area Public Transportation Grant. The County also received a total of \$8,772,996 in federal and State funds for capital projects in the fiscal year ended June 30, 2016. The County projects that \$4,784,884 in federal and State funds will be received in fiscal year 2017 for operations and \$4,793,068 in federal and State funds will be received for capital projects.

During the fiscal year ended June 30, 2016, the Board of Education received \$165,992,901 in State funds and \$24,283,744 in federal funds for operating and food service expenses. In fiscal year 2017, the Board of Education anticipates receiving \$168,615,533 in State funds and \$22,171,927 in federal funds for operations.

**General Fund Balance Sheet**

The following table indicates the County’s General Fund balance sheet for each of the five most recent fiscal years.

**County Commissioners of Washington County**

**Balance Sheet  
General Fund**

**As of June 30**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>					
Cash and short-term investments .....	\$ 162,083	\$ 32,999	\$ 40,971	\$ 252,052	\$ 315,956
Investment in U.S. Government					
Agency Securities .....	91,452,894	110,533,955	118,065,564	130,562,407	135,948,740
Property taxes receivable (net) .....	357,582	535,177	588,451	376,599	1,051,056
Accounts receivable .....	503,433	416,161	265,824	374,571	407,981
Due from other funds .....	-	-	-	10,000	20,000
Due from other governments .....	16,757,732	16,373,944	11,838,036	10,811,977	15,804,020
Inventories .....	790,714	763,940	578,396	741,870	816,175
Other assets .....	962,586	1,398,654	955,704	742,564	666,189
Total assets .....	<u>\$ 110,987,024</u>	<u>\$ 130,054,830</u>	<u>\$ 132,332,946</u>	<u>\$ 143,872,040</u>	<u>\$ 155,030,117</u>
<b>LIABILITIES</b>					
Accounts payable .....	\$ 2,514,765	\$ 1,413,769	\$ 1,621,862	\$ 1,421,068	\$ 2,230,907
Accrued expenses .....	1,404,296	1,086,819	940,300	1,150,895	786,727
Liabilities on unpaid claims .....	1,892,223	1,833,471	2,115,251	2,015,593	2,220,225
Due to other funds .....	55,483,023	77,037,235	83,418,109	95,120,905	100,568,990
Unearned revenue .....	346,841	306,901	283,880	3,463,212	9,279,273
Other liabilities .....	1,350,527	1,868,922	1,895,975	1,860,147	1,311,110
Total liabilities .....	<u>\$ 62,991,675</u>	<u>\$ 83,547,117</u>	<u>\$ 90,275,377</u>	<u>\$ 105,031,820</u>	<u>\$ 116,397,232</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues .....	<u>\$ 8,253,201</u>	<u>\$ 8,180,360</u>	<u>\$ 3,867,100</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND EQUITY</b>					
Nonspendable .....	\$ 1,090,714	\$ 1,063,939	\$ 661,513	\$ 136,667	\$ 24,713
Restricted .....	528,978	418,968	366,902	1,200,201	1,180,746
Committed .....	38,104,831	36,830,635	37,141,183	37,452,097	36,294,934
Assigned .....	17,625	13,811	20,871	23,679	1,132,492
Unassigned <sup>(1)</sup> .....	-	-	-	27,576	-
Total fund equity .....	<u>\$ 39,742,148</u>	<u>\$ 38,327,353</u>	<u>\$ 38,190,469</u>	<u>\$ 38,840,220</u>	<u>\$ 38,632,885</u>
Total liabilities and fund equity .....	<u>\$ 110,987,024</u>	<u>\$ 130,054,830</u>	<u>\$ 132,332,946</u>	<u>\$ 143,872,040</u>	<u>\$ 155,030,117</u>

Source: Washington County Department of Budget and Finance

(1) Unassigned fund balance is reflected differently from audited financial statements for years 2014 and 2015. Highway consolidation should have been reflected in Committed Fund Balance. Financial statements will compare to this presentation moving forward.

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**Key Financial Statistics**
***General Fund Cash Reserves and Fund Balance***

The following table illustrates the ratio of the General Fund fund balance as a percentage of total revenues for the last five fiscal years. Also included in the table are the ratios of cash reserves as a percentage of General Fund revenues. It is the intention of the County to maintain a minimum reserve level of 17 percent, which represents 60 days of working capital. It is anticipated that the County will meet or exceed the 17 percent reserve level in fiscal year 2017.

<b>Fiscal Year</b>	<b>Revenues</b>	<b>Fund Balance</b>	<b>Fund Balance as Percentage of Revenues</b>	<b>Reserves as Percentage of Revenues</b>
2016	\$ 217,265,805	\$ 39,742,148	18.29%	17.55%
2015	208,628,251	38,327,353	18.37	17.66
2014	204,448,105	38,190,469	18.68	18.18
2013	204,424,036	38,840,220	19.00	18.35
2012	201,308,373	38,632,885	19.19	18.59

Source: Washington County Department of Budget and Finance

## V. Debt and Capital Requirements

### Debt Management Policy

The County adheres to its Debt Management Policy (the “DM Policy”), which sets forth the parameters for issuing new debt and managing outstanding debt. The DM Policy’s primary objective is to establish conditions for the use of debt and create procedures that minimize debt service and issuance costs, retain high credit ratings, and maintain full and complete financial disclosure and reporting. The DM Policy addresses such matters as: use of debt financing, capital planning, debt affordability measures, types of debt, and method of sale. Adherence to the DM Policy helps to ensure that the County maintains a sound debt position and that credit quality is protected.

### General Obligation and Revenue Bonds

The County may only issue general obligation and revenue bonds under authority conferred by the Maryland General Assembly. No referendum is required.

The County is authorized to issue short-term tax anticipation notes to meet any estimated current fiscal year cumulative cash flow deficit. Such notes must be repaid within six months of their date of issue. The County has no short-term notes outstanding at this time. As of June 1, 1999 the County may use a line-of-credit for \$5,000,000 to meet a temporary cash flow deficit. The County has not used the line-of-credit as of this date.

The County may issue economic development revenue bonds under State law, which provides that such bonds shall not constitute an indebtedness or charge against the general credit or taxing power of the County. Pursuant to the County Code, the County may authorize long-term debt in the form of an installment purchase contract to pay for development rights or make certain other payments in connection with the Agricultural Land Preservation Program.

The County may issue general obligation bonds in an amount up to \$60,000,000 pursuant to the authority of Chapter 60 of the Laws of Maryland of 2013. The principal amount of bonds issued pursuant to Chapter 60, at June 30, 2016, was \$22,265,278. The unused authorization available under Chapter 60 prior to the issuance of the Bonds is \$37,734,722.

The County is authorized by State law to issue its bonds for the purpose of refunding any of its outstanding bonds, including the payment of any redemption premium and interest accrued to the date of redemption, purchase or maturity of the bonds being refunded.

As part of the annual budget process, an annual debt affordability analysis is prepared by the Office of Budget and Finance. It is an effective tool for debt planning and management.

The Solid Waste operation was classified as a fund separate from the Highway Fund in 1996. It has paid for debt from generated revenues since that time. In 2002, the County reclassified the Solid Waste Fund as an enterprise fund. The debt paid out of revenues generated by that fund is considered self-supporting debt. In 2011, the County implemented GASB Statement No. 54 of the Governmental Accounting Standards Board, Fund Balance Reporting and Governmental Fund Type Definitions. Based on this GASB Statement, the Highway Fund did not meet the criteria of a special revenue fund and was consolidated into the General Fund.

The following table sets forth the amount of the County’s general obligation bonded debt issued and outstanding as of June 30, 2016, exclusive of certain water and sewer bonds (see “Water and Sewer Bonds” herein). Outstanding bonds as of such date do not include those maturities of the Public Improvement Bonds of 2007, Public Improvement Bonds of 2008 and Public Improvement Bonds of 2009 for the payment of which non-callable direct obligations of the United States have been placed in escrow. Outstanding amounts have not been adjusted for discounts or premiums.

**Statement of General Obligation Bonded Debt  
Issued and Outstanding\*  
As of June 30, 2016**

	Date of Issue	Amount Issued	Amount Outstanding			Total
			General Fund	Solid Waste Fund	Airport Fund	
Public Improvement Bonds .....	May 2007	\$ 16,000,000	\$ 1,237,743	\$ 252,257	\$ -	\$ 1,490,000
Public Improvement Bonds .....	June 2008	18,539,530 <sup>(1)</sup>	1,700,617	-	-	1,700,617
Public Improvement and Refunding Bonds..	June 2009	18,371,300 <sup>(2)</sup>	2,403,995	659,722	-	3,063,717
Public Improvement Series A Bonds .....	May 2010	6,992,993 <sup>(3)</sup>	2,673,853	1,058,413	-	3,732,266
Taxable Build America Series B Bonds .....	May 2010	9,711,007 <sup>(4)</sup>	6,957,113	2,753,894	-	9,711,007
Public Improvement and Refunding Bonds...	May 2010	13,790,000	6,610,541	1,919,459	-	8,530,000
Public Improvement Bonds .....	May 2011	14,170,000	9,261,436	2,723,564	-	11,985,000
Public Improvement Bonds .....	May 2012	12,068,100 <sup>(5)</sup>	10,719,653	-	-	10,719,653
Refunding Bonds .....	May 2012	7,740,000	4,658,330	26,010	745,660	5,430,000
Public Improvement Bonds .....	May 2013	12,000,000	11,095,000	-	-	11,095,000
Refunding Bonds .....	May 2013	12,540,000	12,221,610	173,390	-	12,395,000
Public Improvement Bonds .....	May 2014	14,000,000	13,535,000	-	-	13,535,000
Public Improvement Bonds .....	May 2015	12,000,000 <sup>(6)</sup>	12,000,000	-	-	12,000,000
Refunding Bonds .....	May 2015	25,573,470 <sup>(7)</sup>	21,425,944	1,682,526	-	23,108,470
Public Improvement Bonds .....	May 2016	12,103,000 <sup>(8)</sup>	12,000,000	103,000	-	12,103,000
Refunding Bonds .....	May 2016	7,317,990 <sup>(9)</sup>	6,396,940	921,050	-	7,317,990
MWQFA <sup>(10)</sup> Financing Cell 3 .....	Nov 2004	2,498,427	-	1,221,970	-	1,221,970
MWQFA <sup>(10)</sup> Solid Waste Refinancing .....	Feb 2005	7,248,761	1,588,810	4,364,951	-	5,953,761
MWQFA <sup>(10)</sup> Resh Road Cap Phase I .....	Dec 2006	5,000,000	3,008,693	-	-	3,008,693
		<u>\$ 227,664,578</u>	<u>\$ 139,495,278</u>	<u>\$ 17,860,206</u>	<u>\$ 745,660</u>	<u>\$ 158,101,144</u>

Source: Washington County Department of Budget and Finance

\* Exclusive of Water and Sewer bonded debt.

- (1) Total issue amount for all County funds was \$19,950,000.  
(2) Total issue amount for all County funds was \$22,130,000.  
(3) Total issue amount for all County funds was \$ 7,860,000.  
(4) Total issue amount for all County funds was \$10,915,000.  
(5) Total issue amount for all County funds was \$17,765,000.  
(6) Total issue amount for all County funds was \$15,460,000.  
(7) Total issue amount for all County funds was \$26,395,000.  
(8) Total issue amount for all County funds was \$20,635,000.  
(9) Total issue amount for all County funds was \$9,455,000.  
(10) Maryland Water Quality Financing Administration.

## Water and Sewer Bonds

Pursuant to Title 6 of the Code of Public Local Laws of Washington County, as amended (the "Water and Sewer Act"), the County is authorized to issue bonds secured by the full faith and credit and unlimited taxing power of the County to provide funds for the design, construction, establishment, purchase and condemnation of water systems, sewerage systems and surface water drainage systems in the service areas created by the County. To the extent that the special assessments and other charges imposed by the County with respect to a certain project are insufficient to pay that portion of the principal of and interest on any such bonds attributable to the cost of a project, the County is obligated to levy and to collect a tax upon all property subject to unlimited County taxation within the corporate limits of Washington County in rate and amount sufficient to provide funds as may be necessary to provide for the payment of such portion of the principal and interest as it becomes due.

By State law, the total bonded indebtedness of the County for these purposes, including bonded indebtedness previously issued by the former Washington County Sanitary District, may not exceed 25% of the assessed value of all property in Washington County subject to unlimited County taxation. At the time the State law was enacted the assessed value was equal to 40% of market value. Pursuant to legislation passed by the Maryland General Assembly, real property assessment law was altered to reflect full market value assessments. Therefore, to maintain the intent of the State law, 25% of the 40% previous reduction of assessed value, or 10%, is used to calculate the legal debt margin.

The following table sets forth the amount of the County’s water and sewer debt issued and outstanding as of June 30, 2016. Outstanding amounts have not been adjusted for discounts or premiums. Debt subject to the Water and Sewer Act is referred to as “Water and Sewer” debt herein.

**Statement of Water and Sewer Bonded Debt  
Issued and Outstanding  
As of June 30, 2016**

	<u>Date of Issue</u>	<u>Issued</u>	<u>Outstanding</u>
Series A Bonds .....	June 1996	\$ 9,606,968	\$ 2,484,878
Public Improvement Bonds .....	June 2008	1,410,470 <sup>(1)</sup>	129,383
Public Improvement & Refunding Bonds .....	June 2009	3,758,700 <sup>(2)</sup>	506,283
Public Improvement Series A Bonds .....	May 2010	867,007 <sup>(3)</sup>	462,734
Taxable Build America Series B Bonds .....	May 2010	1,203,993 <sup>(4)</sup>	1,203,993
Public Improvement Bonds .....	May 2012	5,696,900 <sup>(5)</sup>	5,060,347
Public Improvement Bonds .....	May 2015	3,460,000 <sup>(6)</sup>	3,460,000
Refunding Bonds .....	May 2015	821,530 <sup>(7)</sup>	821,530
Public Improvement Bonds .....	May 2016	8,532,000 <sup>(8)</sup>	8,532,000
Refunding Bonds .....	May 2016	2,137,010 <sup>(9)</sup>	2,137,010
MWQFA <sup>(10)</sup> Loan .....	Mar 2000	3,620,697	1,011,794
MWQFA <sup>(10)</sup> Loan .....	May 2004	8,091,063	3,061,063
MWQFA <sup>(10)</sup> Loan .....	Oct 2006	560,000	321,734
MWQFA <sup>(10)</sup> Loan .....	May 2015	2,553,000	2,553,000
		<u>\$ 52,319,338</u>	<u>\$ 31,745,749</u>

Source: Washington County Department of Budget and Finance

- (1) Total issue amount for all County funds was \$19,950,000.
- (2) Total issue amount for all County funds was \$22,130,000.
- (3) Total issue amount for all County funds was \$7,860,000.
- (4) Total issue amount for all County funds was \$10,915,000.
- (5) Total issue amount for all County funds was \$17,765,000.
- (6) Total issue amount for all County funds was \$15,460,000.
- (7) Total issue amount for all County funds was \$26,395,000.
- (8) Total issue amount for all County funds was \$20,635,000.
- (9) Total issue amount for all County funds was \$9,455,000.
- (10) Maryland Water Quality Financing Administration.

**Water and Sewer Bonded Debt  
Schedule of Legal Debt Margin  
As of June 30, 2016**

Assessed Value of Property in Washington County	\$12,467,158,000
Debt Limit: % of Assessed Value <sup>(1)</sup>	10%
Water and Sewer Borrowing Limitation	1,246,716,000
Water and Sewer Debt	31,745,749
Debt Margin	1,214,970,251
Ratio of Water and Sewer Debt to Assessed Value	0.25%

Source: Washington County Department of Budget and Finance

- (1) Reduced from 25% to 10% - see “Water and Sewer Bonds” herein.

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## Capital Lease Obligations and Other Contracts

The County has entered into several five-year capital lease agreements. The outstanding balance of these obligations as of June 30, 2016 was \$71,293. The lease agreements are primarily for heavy-duty equipment. The leases have been recorded as capital leases in the appropriate County funds in the financial statements.

In addition to contracts for goods and services incurred in the ordinary course of business of the County, the County is party to numerous other contracts, primarily with engineers, architects and contractors relating to capital projects. Funds necessary to meet the County's obligations in respect to such contracts have been appropriated in the related fund.

## Special Obligation Bonds

Washington County may create special taxing districts, levy ad valorem and/or special taxes, and borrow money by issuing and selling special taxing district revenue bonds for the purpose of financing or refinancing the cost of the design, construction, establishment, extension, alteration or acquisition of adequate storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid waste facilities and other infrastructure improvements, whether situated within or outside the special taxing district, and including infrastructure improvements located in or supporting a transit-oriented development, a sustainable community or a State hospital development (within the meaning of the State law). The special taxing district bonds shall be payable solely from the ad valorem or special taxes levied on the property within the special taxing district and neither the bonds, nor any interest thereon, shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the County.

The County created one Special Taxing District and issued bonds in June 1998, November 1998 and May 2000 the County issued its \$3,100,000, \$1,517,000 and \$2,454,000 Washington County, Maryland Special Obligation Bonds (Barkdoll Tract Special Taxing District) Series 1998, Series 1998 B and Series 2000, respectively.

Pursuant to State law, Washington County may also establish a contiguous area as a development district, and borrow money by issuing and selling tax increment financing revenue bonds ("TIF bonds") for the purpose of financing or refinancing the cost of acquiring property interests, site removal, surveys and studies, relocation of businesses or residents, installation of utilities, construction of parks and playgrounds, other needed improvements including roads to, from or in the development district, parking and lighting, construction or rehabilitation of buildings for a governmental purpose or use, reserves or capitalized interest, bond issuance costs or payment of existing indebtedness for such purposes. The list of projects to which TIF bonds may be applied is expanded for RISE zones and sustainable communities (within the meaning of State law). In addition, Washington County may apply TIF bond proceeds for demolition or site removal on privately owned property; pedestrian or vehicular bridges or overpasses (including railroad crossings and related improvements); or parking lots, facilities or structures that are publicly or privately owned or available for public or private use. TIF bonds are payable from real property tax revenues derived from the increase in assessed value of real property located within a development district over a base assessment established in accordance with State law and any other revenues pledged by the County as permitted by State law. The County may determine to pledge its full faith and credit and unlimited taxing power to the payment of TIF bonds; if it does not do so, the TIF bonds are payable solely from incremental tax revenues derived from real properties located within a development district and any other revenues that the County determines to pledge to such TIF bonds. Under State law, the County may also pledge incremental County tax revenues and other revenues to support TIF bonds issued for qualifying purposes by a municipality within the County or the Maryland Economic Development Corporation.

Between fall 2016 and early 2017, the County established two separate development districts: (i) the Conococheague Development District, consisting of approximately 137 acres, and (ii) the Cascade Development District, consisting of most of the acreage comprising the former Fort Ritchie Military Reservation. To date, the County has not passed a bond ordinance authorizing the issuance of TIF bonds for either established development district. Commencing with the tax year beginning July 1, 2017, and until TIF bonds are issued with respect to either designated development district, the County may use incremental tax revenues, if any, derived from properties within such development districts for any legal purpose.

## Bonded Indebtedness of Incorporated Municipalities

Eight of the nine incorporated municipalities of Washington County have outstanding indebtedness in the aggregate amount of \$86,610,103 as of June 30, 2016. The County is not obligated to pay such debt or the interest thereon and neither the faith and credit nor taxing power of the County is pledged to the payment of principal or interest on such indebtedness.

**County Commissioners of Washington County**  
**Outstanding Underlying Debt**  
**As of June 30, 2016**

Towns	Amount
Boonsboro.....	\$ 7,913,958
Clear Spring.....	698,663
Funkstown.....	984,993
Hagerstown.....	70,939,759
Hancock.....	1,661,374
Keedysville.....	1,824,422
Smithsburg.....	603,567
Williamsport.....	1,983,367
Total	<u>\$ 86,610,103</u>

Source: Washington County Department of Budget and Finance

## Direct and Underlying Debt

The following schedules present the County's bonded debt outstanding as of June 30, 2016, and the ratios of such debt to the County's population and real and personal property assessed market values.

**County Commissioners of Washington County**  
**Direct and Overall Bonded Debt**  
**As of June 30, 2016**  
**(Excludes this Issue)**

Direct Debt - Tax-Supported:	
General Government Debt (1).....	\$ 139,495,278
Direct Debt - Self-Supported:	
Solid Waste .....	17,860,206
Water and Sewer .....	31,745,749
Airport .....	745,660
Total Direct Debt.....	189,846,893
Underlying Debt.....	<u>86,610,103</u>
Overall Bonded Debt.....	<u>\$ 276,456,996</u>

Source: Washington County Department of Budget and Finance

(1) Includes Highway debt which is currently considered tax-supported.

**County Commissioners of Washington County**  
**Debt Per Capita and Ratio of Debt to Assessed Values**  
**As of June 30, 2016**  
**(Excludes this Issue)**

Per Capita (Estimated Population 149,585):

Direct Tax-Supported Debt (1).....	\$	933
Overall Bonded Debt.....	\$	1,848

Percentage of Assessed Value of \$12,467,158,000:

Direct Tax-Supported Debt (1).....	1.12%
Overall Bonded Debt.....	2.22%

Source: Washington County Department of Budget and Finance  
 (1) Includes Highway debt which is currently considered tax-supported.

The following table presents the County’s direct tax-supported debt per capita and ratios of direct tax-supported debt to assessed value for the last five fiscal years.

<b>Fiscal Year</b>	<b>Direct</b>	<b>Estimated</b>	<b>Assessed</b>	<b>Per</b>	<b>Direct Tax-Supported</b>
<b>Ended June 30</b>	<b>Tax-Supported</b>	<b>Population</b>	<b>Value (000)</b>	<b>Capita</b>	<b>Debt as a Percentage</b>
	<b>Debt (000)</b>	<b></b>	<b></b>	<b></b>	<b>of Assessed Value</b>
2016	\$139,495	149,585	\$12,467,158	\$933	1.12
2015	137,325	149,573	12,352,005	918	1.11
2014	135,764	150,460	12,462,103	902	1.09
2013	131,784	150,055	12,822,029	879	1.03
2012	129,672	148,830	13,282,950	870	0.98

Source: Washington County Department of Budget and Finance

**Debt Service Requirements on County Debt**

The following tables set forth the debt service requirements for the County’s general obligation bonded debt as of June 30, 2016, adjusted to reflect issuance of the Bonds, and the rapidity of repayment for the County’s direct tax-supported debt.

Washington County Schedule of Debt Service  
Requirements on Long-term Obligations\*  
As of June 30, 2016

Year Ending June 30	Tax-Supported Debt Service			Self-Supporting Debt Service			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 10,170,735	\$ 4,474,924	\$ 14,645,659	\$ 3,608,192	\$ 2,715,934	\$ 6,324,126	\$ 13,778,927	\$ 7,190,858	\$ 20,969,785
2018	10,033,914	4,408,534	14,442,448	4,393,451	2,841,221	7,234,672	14,427,365	7,249,754	21,677,119
2019	8,932,960	4,063,504	12,996,464	4,916,903	2,782,180	7,699,083	13,849,863	6,845,684	20,695,547
2020	9,201,097	3,718,214	12,919,311	4,308,425	2,717,151	7,025,576	13,509,522	6,435,365	19,944,887
2021	9,643,509	3,369,467	13,012,976	3,193,843	940,863	4,134,706	12,837,352	4,310,330	17,147,682
2022	8,806,296	3,019,947	11,826,243	3,317,346	856,005	4,173,351	12,123,642	3,875,952	15,999,594
2023	8,750,106	2,697,534	11,447,640	3,482,881	772,438	4,255,319	12,232,987	3,469,972	15,702,959
2024	8,806,469	2,362,042	11,168,511	2,299,457	681,178	2,980,635	11,105,926	3,043,220	14,149,146
2025	8,722,312	2,056,372	10,778,684	2,256,704	600,395	2,857,099	10,979,016	2,656,767	13,635,783
2026	8,227,284	1,763,676	9,990,960	2,214,630	521,631	2,736,261	10,441,914	2,285,307	12,727,221
2027	7,745,015	1,505,528	9,250,543	2,291,061	456,482	2,747,543	10,036,076	1,962,010	11,998,086
2028	7,723,860	1,256,027	8,979,887	2,330,184	391,599	2,721,783	10,054,044	1,647,626	11,701,670
2029	5,654,129	1,038,675	6,692,804	2,105,952	328,033	2,433,985	7,760,081	1,366,708	9,126,789
2030	5,036,859	854,569	5,891,428	1,784,263	265,851	2,050,114	6,821,122	1,120,420	7,941,542
2031	5,223,885	678,944	5,902,829	1,843,286	209,075	2,052,361	7,067,171	888,019	7,955,190
2032	4,579,351	509,013	5,088,364	1,428,878	157,893	1,586,771	6,008,229	666,906	6,675,135
2033	3,959,655	360,814	4,320,469	1,244,639	117,104	1,361,743	5,204,294	477,918	5,682,212
2034	3,265,576	234,807	3,500,383	889,792	85,593	975,385	4,155,368	320,400	4,475,768
2035	2,573,765	129,389	2,703,154	917,686	59,153	976,839	3,491,451	188,542	3,679,993
2036	1,633,075	52,928	1,686,003	944,467	31,824	976,291	2,577,542	84,752	2,662,294
2037	805,426	12,080	817,506	579,575	8,695	588,270	1,385,001	20,775	1,405,776
2038	-	-	-	-	-	-	-	-	-
	<u>\$ 139,495,278</u>	<u>\$ 38,566,988</u>	<u>\$ 178,062,266</u>	<u>\$ 50,351,615</u>	<u>\$ 17,540,298</u>	<u>\$ 67,891,913</u>	<u>\$ 189,846,893</u>	<u>\$ 56,107,286</u>	<u>\$ 245,954,179</u>

Source: Washington County Department of Budget and Finance

\* Totals may not foot due to rounding.

Washington County Schedule of Debt Service  
 Requirements of Long-term Obligations  
 As of June 30, 2016  
 Adjusted to Reflect Issuance of the Bonds\*

Year Ending June 30	Outstanding Debt Service			Public Improvement Bonds of 2017			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 13,778,927	\$ 7,190,858	\$ 20,969,785	\$ -	\$ -	\$ -	\$ 13,778,927	\$ 7,190,858	\$ 20,969,785
2018	14,427,365	7,249,754	21,677,119	-	305,460	305,460	14,427,365	7,555,214	21,982,579
2019	13,849,863	6,845,684	20,695,547	440,000	497,830	937,830	14,289,863	7,343,514	21,633,377
2020	13,509,522	6,435,365	19,944,887	465,000	481,930	946,930	13,974,522	6,917,295	20,891,817
2021	12,837,352	4,310,330	17,147,682	490,000	460,380	950,380	13,327,352	4,770,710	18,098,062
2022	12,123,642	3,875,952	15,999,594	515,000	435,255	950,255	12,638,642	4,311,207	16,949,849
2023	12,232,987	3,469,972	15,702,959	540,000	408,880	948,880	12,772,987	3,878,852	16,651,839
2024	11,105,926	3,043,220	14,149,146	570,000	381,130	951,130	11,675,926	3,424,350	15,100,276
2025	10,979,016	2,656,767	13,635,783	595,000	352,005	947,005	11,574,016	3,008,772	14,582,788
2026	10,441,914	2,285,307	12,727,221	630,000	321,380	951,380	11,071,914	2,606,687	13,678,601
2027	10,036,076	1,962,010	11,998,086	660,000	289,130	949,130	10,696,076	2,251,140	12,947,216
2028	10,054,044	1,647,626	11,701,670	685,000	262,355	947,355	10,739,044	1,909,981	12,649,025
2029	7,760,081	1,366,708	9,126,789	705,000	241,505	946,505	8,465,081	1,608,213	10,073,294
2030	6,821,122	1,120,420	7,941,542	730,000	219,980	949,980	7,551,122	1,340,400	8,891,522
2031	7,067,171	888,019	7,955,190	750,000	197,780	947,780	7,817,171	1,085,799	8,902,970
2032	6,008,229	666,906	6,675,135	775,000	174,905	949,905	6,783,229	841,811	7,625,040
2033	5,204,294	477,918	5,682,212	800,000	151,280	951,280	6,004,294	629,198	6,633,492
2034	4,155,368	320,400	4,475,768	825,000	126,905	951,905	4,980,368	447,305	5,427,673
2035	3,491,451	188,542	3,679,993	855,000	101,171	956,171	4,346,451	289,713	4,636,164
2036	2,577,542	84,752	2,662,294	885,000	73,983	958,983	3,462,542	158,735	3,621,277
2037	1,385,001	20,775	1,405,776	915,000	45,515	960,515	2,300,001	66,290	2,366,291
2038	-	-	-	950,000	15,438	965,438	950,000	15,438	965,438
	<u>\$ 189,846,893</u>	<u>\$ 56,107,286</u>	<u>\$ 245,954,179</u>	<u>\$ 13,780,000</u>	<u>\$ 5,544,197</u>	<u>\$ 19,324,197</u>	<u>\$ 202,676,893</u>	<u>\$ 61,636,045</u>	<u>\$ 264,312,938</u>

Source: Washington County Department of Budget and Finance

\* Totals may not foot due to rounding.

**Rapidity of Direct Tax-Supported Debt Principal Payment**  
**June 30, 2016**

Number of Years	Before Issuance of Bonds		After Issuance of Bonds	
	Principal Amount	Percent	Principal Amount	Percent
5	\$ 47,982,215	34.40	\$ 49,197,019	32.47
10	91,294,682	65.45	94,991,344	62.70
15	122,678,430	87.94	129,449,112	85.45
20	138,689,852	99.42	149,065,759	98.40
25	139,495,278	100.00	151,495,278	100.00

Source: Washington County Department of Budget and Finance

### Anticipated Future Financing

The County currently anticipates obtaining loans in the maximum principal amount of \$1,849,660 from the Maryland Water Quality Financing Administration (“MWQFA”) during summer 2017 for purposes of upgrading the Conococheague Wastewater Treatment Plant. The loans will be evidenced by two separate general obligation bonds issued by the County to MWQFA. One bond will be subject to scheduled amortization and is expected not to exceed \$1,387,245 in principal amount. The other bond is expected not to exceed \$462,415 in principal amount, will have no scheduled amortization, and will be subject to forgiveness if the County does not default under its loan agreement with MWQFA relating to such bond in the 10 years following issuance. If the County defaults on the bond subject to forgiveness, MWQFA may declare the entire principal amount of such bond advanced to the County immediately due and payable, with interest accruing from the date of declaration. The County expects to pay debt service on the MWQFA loans in the first instance from revenues of the wastewater system, but each bond will be backed by a pledge of the County’s full faith and credit and unlimited taxing power.

The County currently anticipates issuing additional general obligation bonds for approximately \$14.6 million in fiscal year 2018, \$14.1 million in fiscal year 2019, and \$21.2 million in fiscal year 2020. These anticipated debt issuance amounts are for planning purposes and subject to change as part of the annual budgeting process.

### Capital Requirements

#### *Capital Improvement Program Summary*

The County has established the CIP for establishing a Capital Budget to forecast future needs and set priorities. It is reviewed and updated during the annual budget process. The objectives of the CIP are to: (1) provide a means for coordinating and consolidating into one document all departmental and agency requests for capital funds; (2) establish a system by which the capital projects of the County can be examined and given priorities according to their relative importance; (3) provide a budgetary tool for the implementation of the Comprehensive Plan elements; (4) forecast future capital demands on local current revenue; and (5) allow projects to be scheduled over a long-term period, thereby providing adequate planning for both financial resources and project implementation. By applying the guidelines of the County’s DM Policy and the annual debt affordability analysis, the Board is able to adopt a Capital Budget that provides maximum benefits from available public funds and assures sound fiscal planning. See “FINANCIAL INFORMATION – Budget Process and Schedule” herein.

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## **VI. Miscellaneous**

### **Litigation**

The County is currently a defendant in several litigation matters involving various matters and claims. Most of these are covered by insurance, subject to a deductible. Since most of these disputes involve unliquidated damages, it is not possible to provide a reliable total of damages for which the County may become liable. In the opinion of the County Attorney, all such matters now pending or threatened are, collectively, unlikely to result in total liabilities that would have a material effect on the financial condition of the County.

### **Ratings**

Fitch Ratings, Moody's Investors Service, Inc., and S&P Global Ratings have given the Bonds the ratings indicated on the cover page of this Official Statement. An explanation of the significance of any of such ratings may be obtained only from the agency furnishing the rating. The County furnished to such rating agencies the information contained in a preliminary form of this Official Statement and other materials and information pertaining to the Bonds. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. The ratings given the Bonds may be changed at any time and no assurance can be given that they will not be revised downward or withdrawn by one or more of such rating agencies if, in the judgment of any such rating agencies, circumstances should warrant such action. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on market prices for the Bonds.

### **Continuing Disclosure Undertaking**

In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the County will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Bonds, the proposed form of which is attached to this Official Statement as Appendix D. Potential purchasers of the Bonds should note that the definition of Listed Events in Appendix D is intended to completely restate the events specified in Rule 15c2-12. It is noted that certain Listed Events are expected to have no applicability to the Bonds, such as the possibility of unscheduled draws on debt service reserves or credit enhancements, substitution of credit or liquidity providers or their failure to perform, and matters affecting collateral for the Bonds.

Standard & Poor's Financial Services LLC (S&P Global Ratings) upgraded its rating on the County's outstanding general obligation debt from AA to AA+ on April 1, 2014; notice of such upgrade was not posted on EMMA until April 25, 2014. Except as indicated in the previous sentence (to the extent the same constitutes a material failure), the County has not failed in the past five years to comply, in all material respects, with any previous continuing disclosure undertaking entered into by the County pursuant to Rule 15c2-12.

### **Sale at Competitive Bidding**

The Bonds were offered by the County at competitive bidding on May 9, 2017, in accordance with the official Notice of Sale (a copy of which is attached as Appendix C). The interest rates shown on the cover page of this Official Statement are the interest rates resulting from the award of the Bonds at the competitive bidding. The yields shown on the cover page of this Official Statement were furnished by a syndicate led by M&T Securities, Inc., the successful bidder for the Bonds. All other information concerning the nature and terms of any re-offering should be obtained from the successful bidder for the Bonds and not from the County.

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**Legal Matters**

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Funk & Bolton, P.A., Baltimore, Maryland, Bond Counsel. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of an opinion relating to the Bonds substantially in the form set forth in Appendix B to this Official Statement. The certified text of the approving legal opinion for the Bonds will be printed on or attached to the Bonds.

**Independent Auditors**

The financial statements as of June 30, 2016, and for the year then ended, included in this Official Statement, have been audited by SB & Company, LLC, independent auditors, as stated in their report appearing herein.

**Financial Advisor**

Public Advisory Consultants, Inc., Owings Mills, Maryland (the "Financial Advisor") is a registered municipal advisor with the Municipal Securities Rulemaking Board and serves as financial advisor in connection with the issuance of the Bonds and other matters related to the County's finances. The Financial Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the County, with respect to accuracy and completeness of disclosure of such information. The Financial Advisor makes no guaranty, warranty or other representation respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement. The Financial Advisor does not engage in the underwriting, selling, or trading of securities.

This Official Statement has been approved and authorized by the County for use in connection with the sale of the Bonds.

COUNTY COMMISSIONERS OF  
WASHINGTON COUNTY

By: /s/Terry L. Baker  
President, Board of County Commissioners