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<p>Washington County Maryland 100 West Washington Street Hagerstown, MD 21740</p> <p>www.washco-md.net</p>	

Fiscal Year 2016 Budget

A Citizen's Guide to the Budget

This document is a “brief” look at the 2016 Washington County budget. We hope it will enhance your understanding of how Washington County is organized, the services it provides, and the funding sources used to provide those services. Our purpose is to deliver to the citizens of Washington County the very highest quality of services as efficiently and economically as possible, making every dollar count.

The 2016 budget represents the sixteenth year with the same real estate and income tax rate. Major changes for the County operations include funding for Phase I fire plan, funding for education, and a new state voting system.

The County Commissioners thank you for the opportunity to serve you and to be able to make Washington County government the best it can be.



Washington County, Maryland Fiscal Year 2016 Budgets

A premier community in which to live, work, and raise a family.



Vice President Jeffrey A. Cline



Commissioner John F. Barr



President Terry L. Baker



Commissioner LeRoy E. Myers



Vincent G. Spong

Overview

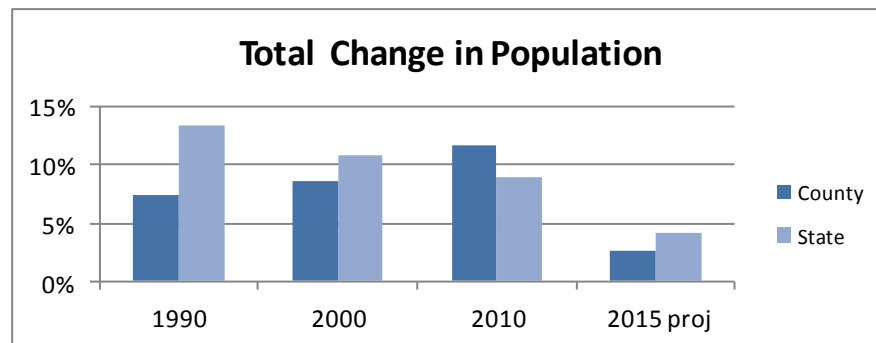
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, Maryland. Two major highways, Interstate 81 – running north and south, and Interstate 70 – running east and west, cross within Washington County's borders. The County is a body corporate and politic; and is a mid-size multi-service local government serving the needs of approximately 153,000 residents with nine incorporated municipalities.



Under public local law both the executive and legislative functions of the County are vested in the elected, five member Board of County Commissioners of Washington County (Board). The County Commissioners are elected on a countywide basis and serve four-year terms with no term limits. As authorized by the County Code, the County Commissioners appoint the County Administrator, County Clerk, and Chief Financial Officer. Other elected County funded positions include County Sheriff, State's Attorney, and Treasurer.

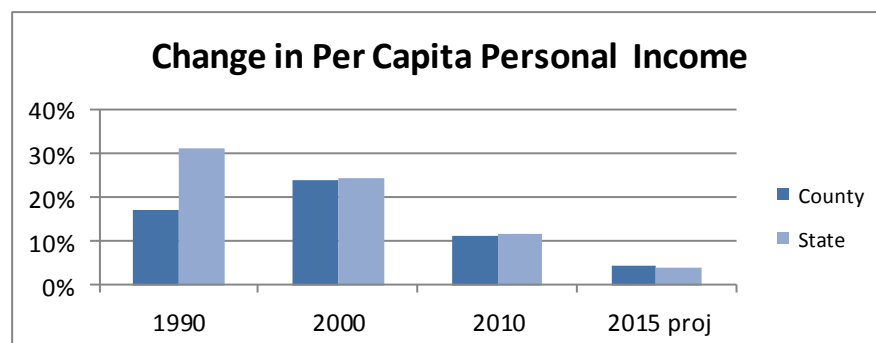
Demographics

Washington County is home to an estimated 153,000 residents and currently ranked 11th in population and 12th in population growth in the State of Maryland. Between 2000 and 2013, Washington County grew in total by 13.4% or by an annual average of 1.0% per year compared to the State of Maryland at 11.9% or an annual average of .9% per year.



Source: MD Department of Planning.

Between 1990 and 2010, Per Capita Personal Income for Washington County residents has increased by 44% or by an annual average of 2.2% per year. The Per Capita Personal Income is projected to increase by 1.15% annually through 2015. The State of Maryland increased 44% from 1990 through 2010 or an annual average of 2.2% per year.



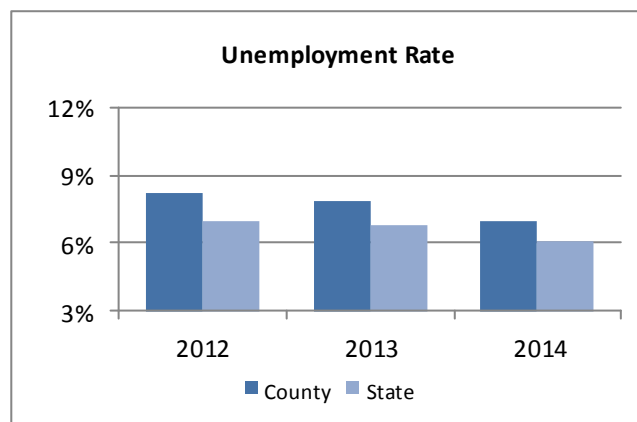
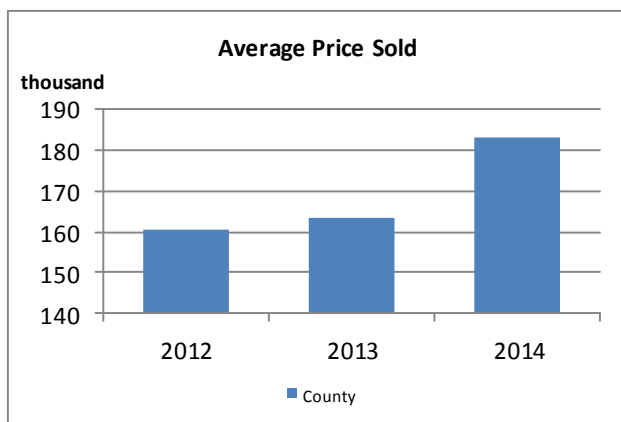
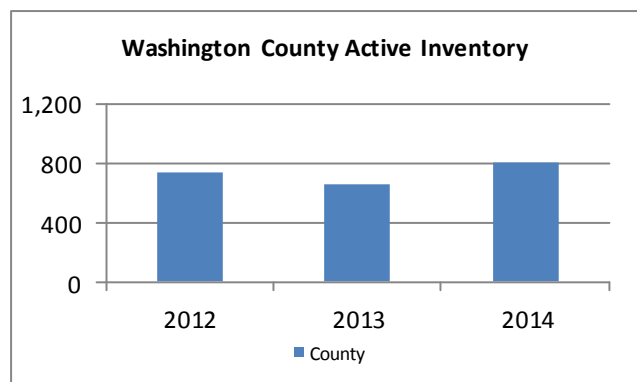
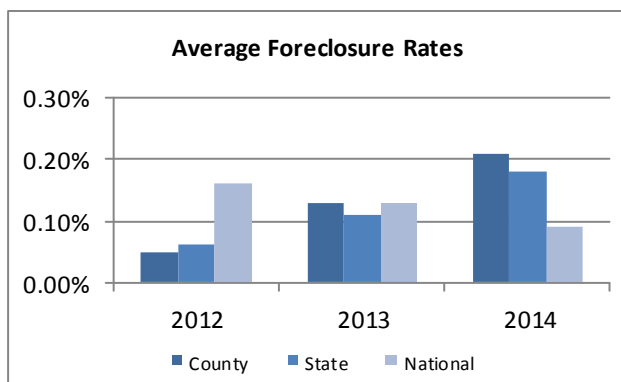
Source: MD Department of Planning.

Economic Indicators

Real estate activity is an important economic indicator that greatly impacts the County's economy, planning, permits, construction, and revenue activity.

Washington County's foreclosure activity has decreased from an average of 0.22% in FY2014 to 0.20% in FY2015. Some statistical trends also indicate improvement, such as the average price of a home sold in Washington County which increased significantly since 2011.

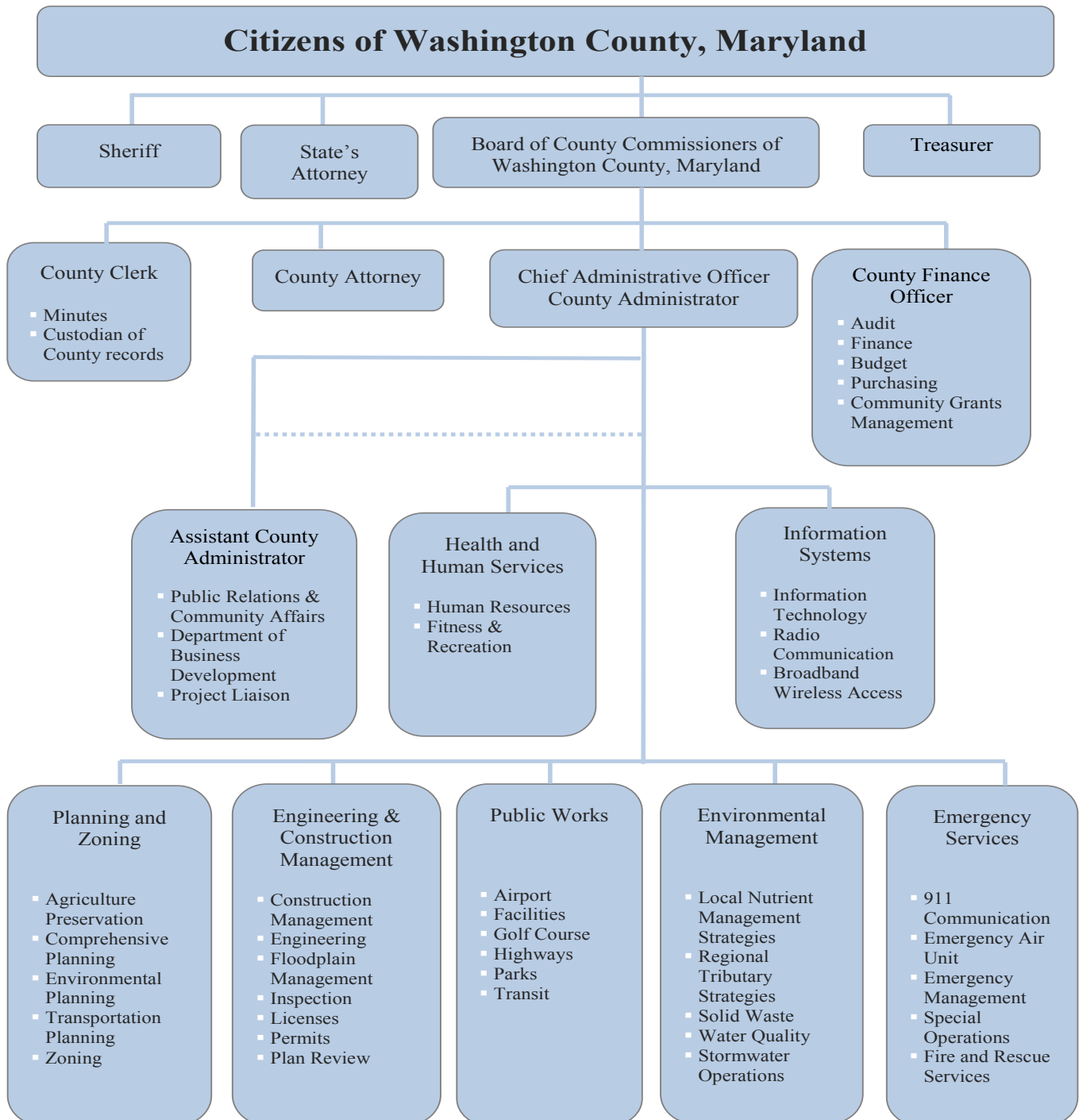
The County's unemployment rate decreased from a high of 10.9% in February 2010 to the current rate of 6.4% as of March 2015. The unemployment rate has shown a consistent gradual decrease. The State of Maryland unemployment rate decreased from 7.8% to 5.4% for the same time period.



Sources: Maryland Realtors Association, Realtytrac.com; and Maryland Department of Labor, Licensing & Regulation.

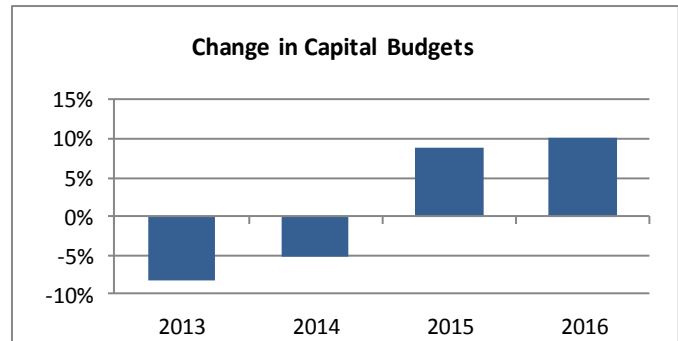
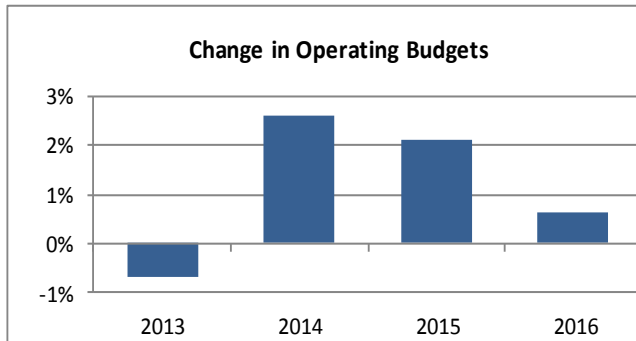
Organizational Overview

The County is a corporate body which performs all local government functions in Washington County except those performed by the nine incorporated municipalities within Washington County. Both executive and legislative functions are vested in the elected, five member Board of County Commissioners of Washington County. 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.



Total Budget History

Washington County's history over the past four years for operating and capital budgets are shown in the table below. County Operating budgets are still below 2010 levels by \$2.6 million or 1.03%. Capital Budgets vary from year-to-year due to the level of major construction activity, mandated funding requirements, and the initiation of new funds or service responsibilities.



Budget Summarization

Total revenues and expenditures for 2016 Washington County budgets are summarized and compared to prior years on the following pages and are discussed throughout this budget message. The 2016 budget was balanced by adhering to sound financial management and policies that have kept Washington County in a solid financial position during this recent economic downturn.

The 2016 Washington County budget totals \$304,231,865, which is \$6,362,975 or 2.14% above the 2015 approved budget. The budget was balanced based on the following major changes and objectives:

- Increase in the real estate assessable base
- Increases in local income tax revenue
- Includes required mandated state pension contribution
- Insurance increases
- Completes funding of Phase I of the fire plan
- Employee step increases
- Funds salaries for state mandated District Court Commissioners appearances

There were several issues which the County addressed in the 2016 budget decisions. Some of the main issues were the assessment base adjustments, cuts and costs passed down from the State, and increased regulatory mandates from the federal and state governments to the local level. Even with these difficult issues and cost adjustments, the County still presents a budget that maintains current service levels with no increase in the property tax or income tax rates which have been held at the same rate for sixteen years.

Budget Summarization

In addition, conservative budgeting practices of the County and the budgeting policies in place has resulted in the County having one of the lowest expenditures per capita in the State at \$3,451 per person with the Statewide average at \$4,690 placing Washington County 21st according to the Department of Legislative Services report among Maryland counties for expenditures per capita.

The Education budget funds maintenance of effort and mandated State pension cost of \$4.8 million for 2016. The Maintenance of Effort level decreased by \$743,480 due to decreased student enrollment. In addition to local operating funds, \$2.7 million in local capital funding is allocated for the Jonathan Hager Elementary School. In total, capital funding has resulted in 38% of the general fund debt service being attributable to primary education.

Other Educational changes included a 2.59% base increase to the Washington County Free Library to fund salary and benefit increases resulting from positions for public services and security at the new library facility based on previous disclosure when construction commitments were made.

Public Safety costs reflect an increase of \$716,870 over last year which mainly include changes for phase I of the fire plan, personnel cost changes, insurance increases, and an increase in animal control costs.

Operating transfers and capital reflect an increase of \$.4 million. This increase is mainly the result of personnel changes and positions transferring to other departments within the county. In addition, an increase in the transfer to Black Rock Golf Course was needed based on the past three year revenue trend.

Finally, the Capital improvement budget was increased by \$4.8 million over 2015. Changes include increases for education, public safety, and water quality funds. Water Quality is supported through self supported debt and does not require general fund contribution.

Overall, the 2016 budget maintains services, provides for new initiatives and was prepared in line with sound financial management practices as in the past. As the County proceeds with 2016 we will face challenges for the next several years over service requirements/demands and State mandates. We will continue to monitor the economic conditions, service requirements/demands and State changes while striving to maintain existing government services, maintain rates, increase employment, improve education, and meet infrastructure needs. We understand that the economy is on a slow recovery for our citizens and for the County. With that the 2016 budget still provides base services, maintains low debt levels, and preserves our cash operating reserves so that we can meet challenges and opportunities in the future as we have in the past.

General Fund

A summary of the 2016 revenues, with a comparison to the current year is shown in the table below. A more detailed listing of General Fund Revenues is available at the Office of Budget and Finance and will also be available in the Annual County Budget Book.

General Fund Revenue Summary				
	2016	2015	\$ Change	% Change
Property Tax	\$ 118,695,180	\$ 117,938,190	756,990	0.64%
Local Tax	81,480,000	78,510,000	2,970,000	3.78%
Interest Income	379,000	544,500	(165,500)	(30.39%)
Fees	4,041,770	5,162,090	(1,120,320)	(21.70%)
Excess Fund Balance	0	477,030	(477,030)	(100.00%)
Intergovernmental	1,996,500	1,907,200	89,300	4.68%
	206,592,450	204,539,010	2,053,440	1.00%

Our revenue projections are based largely upon the following assumptions:

The local economy will see a slow recovery, which will impact development activity, housing sales, income tax, and employment levels.

Local tax revenue projections are based on an analysis of trends & State projections.

Property tax estimates are based on information provided by the State Department of Assessment and Taxation.

Based upon the above assumptions, review of revenue patterns and future projections, General Fund revenues reflect an increase of 1.00% or \$2.1 million over the 2015 budget. Following is a detailed discussion regarding the major changes affecting General Fund revenues:

Property Tax revenue increased by 0.64% or \$0.8 million in 2016. This increase is directly related to an increase in the real estate assessable base which represents the first positive change since 2010.

Local Tax revenue reflect an increase of \$3 million which is largely based on decreases in County unemployment, projected job growth and projected overall wage growth. Revenue related to recordation tax for 2016 has increased based on existing trends and anticipated growth in the housing market.

Fees reflect a decrease of \$1.1 million mainly due to a reduction in miscellaneous revenue and permit fee revenue based on current activity.

Excess Fund Balance was used in 2015 to provide for the phase in of State education pension contribution due to lack of revenue, however based on the projected movement in the economy no excess reserve is required in 2016.

General FundExpenditures

General Fund expenditures increased in total by \$2.1 million or 1.00% for 2016. This increase was allocated to the County's educational and public safety services, as well as other government programs.

Education and public safety services account for over 73% of the General Fund budget or \$149.9 million. These services include primary, secondary, library, law enforcement and emergency services. In 2016 these services increased by \$1.1 million. This increase helped pay for costs such as:

- State mandated pension costs;
- Partial offset to HCC tuition and middle college costs;
- Public Liability Insurance increases;
- 1 full time deputy;
- Fully funds Phase I fire plan.

Capital costs, operating transfers and general operations account for 6% of the General fund budget and include items such as cash payments to offset debt for project costs, operating payments for Highway operations, insurance coverage's, and retirement related costs. These costs increased by \$.5 million.

Debt service costs account for 7% of the general fund budget and increased by \$25,210. Of the debt service cost approximately 49% are for education and public safety projects like new schools and detention center facilities. A majority of the remaining debt service cost is related to road and bridge construction.

The remaining budget includes all other programs and services and accounts for 14%. This area covers services such as the court system, community funding, recreation, permits, economic development, State's Attorney, Health Department, and other general public and county services. This area increased by 1.7% in total for all services.

The expenditure tables which follow summarize the 2016 General Fund expenditure budget, and compares it with the 2015 approved budget. One table presents the budget by function, while the other presents the budget by object of the expenditure. A departmental presentation can be found in 'Expenditure by Function' section of this document.

General Fund

As shown in the following table, expenditures by function show a 1.00% or \$2,053,440 increase over 2015. Functional changes of 1.00% include educational increases of .35%, public safety increases of 1.70%, and general government increases of 1.53%. Intergovernmental transfers reflect a increase of 3.14%. The net change resulted in a base line increase over 2015 of \$2,053,440.

General Fund Expenditures By Function				
	2016	2015	\$ Change	% Change
Education	\$107,110,870	\$106,738,390	\$372,480	0.35%
Public Safety	42,819,930	42,103,060	716,870	1.70%
Intergovernmental Transfers	11,751,280	11,393,970	357,310	3.14%
Debt Service	14,935,490	14,910,280	25,210	0.17%
General Government	14,342,280	14,125,650	216,630	1.53%
Courts	4,777,370	4,432,810	344,560	7.77%
State Agencies	4,473,490	4,197,020	276,470	6.59%
Community Programs & Services	1,683,420	1,683,420	0	0.00%
Public Works & Permits	2,074,710	2,168,520	(93,810)	(4.33%)
Parks & Recreation	2,623,610	2,785,890	(162,280)	(5.83%)
	\$206,592,450	\$204,539,010	\$2,053,440	1.00%

As indicated in the table below, overall cost categories by object increased by 1.00% or \$2,053,440. Net expenditures changed as follows:

Wages increased to reflect a step increase of 3.5%, offset by retirement savings turnover.

Health insurance increases of 4%.

Wages and benefits increased for 1 position for an additional deputy needed at the Court House.

Operating increased to reflect public safety increases of \$527,080 and educational increases of \$372,480. State agencies reflect operating increases of \$271,420, while other operating areas reflect an increase of \$425,630.

General Fund Expenditures By Object				
	2016	2015	\$ Change	% Change
Full Time	\$27,977,920	\$27,499,303	\$478,617	1.74%
Part Time	1,400,410	1,372,120	28,290	2.06%
Overtime	703,270	680,770	22,500	3.31%
Fringe Benefits	18,112,540	18,227,457	(114,917)	(0.63%)
Operating	158,292,570	156,695,960	1,596,610	1.02%
Capital Outlay	105,740	63,400	42,340	66.78%
	\$206,592,450	\$204,539,010	\$2,053,440	1.00%

Capital Improvement Funds

The Capital Improvement Plan (CIP) details the County's current projected capital improvement needs and financing sources that supports the County's current and future population and economy. The capital plan does not authorize the expenditure of funds. Rather, the funds for capital projects are appropriated annually in the County's operating and capital budgets.

The combined Ten-year Capital Improvement Program includes Fiscal Year 2016 budget and expenditure projections for the next ten years; the total capital request for Fiscal Years 2016 through 2025 is \$394,154,500.

The Capital Improvement Program is a separate budgeting process within the annual operating budget. The CIP process is used to plan, budget, and finance the purchase and/or construction of large capital infrastructure, facilities, equipment, and other fixed assets. The County uses this process to ensure these assets are aligned with its strategic direction and that the funds are well spent.



Current Construction at Robinwood Drive

A listing of the major capital projects to be undertaken or purchased in 2016 and the method of financing are listed in the summaries that follow.

Funding for capital projects can be obtained from any of the following sources:

Cash Sources:

Grants and Contributions include federal, state, and local contributions for specific projects or purposes. Examples include library donations, intergovernmental contributions, and developer contributions.

Cash is revenue transferred from various operating funds and is non-restrictive as to project funding. General sources can be from user fees, taxes, and general revenue sources.

Taxes and fees include restrictive taxes and fees such as transfer and excise tax. Revenues in these categories must be allocated to specific project categories and usually by specific allocation percentages.

Cash reserves used represent excess cash saved over the past years from project savings and excess revenues.

Debt Sources:

Bonds are interest bearing debt issued by the County and include: 1) tax-supported debt for governmental activity supported by general tax dollars, and 2) self-supported debt supported by service fees, also known as double barrel bonds. Examples are landfill and utility operations.

The funding mix for the 2016 Capital budget is 60% cash and 23% tax-supported debt and 17% self-supported debt.

Capital Improvement Funds

2016 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2016 Budget
Airport:				
Taxiway C and Roadway Loop Rehab	1,807,000			1,807,000
Other Airport Projects < \$500,000	412,000			412,000
Bridges:				
Other Bridge Projects < \$500,000	1,419,000	1,025,000		2,444,000
Drainage:				
Stormwater Retrofits	860,000			860,000
Other Drainage Projects < \$500,000	10,000			10,000
Board of Education:				
Capital Maintenance—BOE	3,500,000			3,500,000
Jonathan Hager Elementary School	5,251,000	2,303,000		7,554,000
Hagerstown Community College:				
Student Center Expansion	816,000	1,483,000		2,299,000
Learning Resource Center Renovation	3,010,000			3,010,000
Central Utility Plant Upgrade	2,124,500	1,219,000		3,343,500
Advanced Technology Center	490,000	301,000		791,000
Public Library				
Other Library Projects < \$500,000	10,000			10,000
General Government:				
General Government Projects < \$500,000	691,000	579,000		1,270,000
Parks and Recreation:				
Projects < \$500,000	255,000			255,000
Public Safety:				
Detention Center Building Improvements	50,000	500,000		550,000
Law Enforcement - Fleet Replacement	510,000			510,000
Other Public Safety Projects < \$500,000	502,000			502,000
Road Improvement:				
Pavement Maintenance and Rehab	3,630,000	435,000		4,065,000
Robinwood Corridor II		867,000		867,000

Capital Improvement Funds

2016 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2016 Budget
Southern Boulevard 1		2,034,000		2,034,000
Eastern Boulevard Widening Phase—1		714,000		714,000
Professional Boulevard Ext—Phase 3	1,000,000			1,000,000
Crayton Boulevard Extended	1,000,000	71,000		1,071,000
Highway Equip and Veh Replacement	510,000			510,000
Other Projects < \$500,000	564,000	469,000		1,033,000
Solid Waste:				
Projects < \$500,000			103,000	103,000
Transit:				
Projects < \$500,000	417,000			417,000
Water Quality:				
Pump Station Upgrades - Various			510,000	510,000
Conococheague Wastewater Treatment	1,710,500		6,055,000	7,765,500
PO 1 Pump Station Upgrade			1,530,000	1,530,000
Other Projects < \$500,000	325,000		438,000	763,000
Total	30,874,000	12,000,000	8,636,000	51,510,000

The Ten Year Capital plan for 2016 through 2025 by category is as follows:

Capital Improvement Project Summary										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Education	20,507,500	7,762,000	14,939,000	17,395,000	13,125,000	13,216,000	22,671,000	21,787,000	30,699,000	19,743,000
Roads	14,608,000	15,530,000	13,896,000	11,482,000	11,968,000	11,380,000	8,468,000	8,103,000	6,079,000	8,978,000
Environmental	10,671,500	12,788,500	1,621,000	4,863,000	6,464,000	7,339,000	4,735,000	2,252,000	2,514,000	7,204,000
Transportation	2,636,000	2,427,000	1,654,000	3,905,000	1,855,000	1,723,000	2,910,000	2,027,000	2,694,000	3,393,000
Other	3,087,000	1,588,000	1,437,000	1,385,000	1,435,000	1,376,000	1,495,000	1,431,000	1,426,000	1,482,000
Total	51,510,000	40,095,500	33,547,000	39,030,000	34,847,000	35,034,000	40,279,000	35,600,000	43,412,000	40,800,000

Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General fund. For 2016 these funds total \$45.9 million. However, the nature of the revenue sources specifies that these monies be used for a specific activity. Hence, they are budgeted and accounted for in separate funds. Summary figures for each fund can be found in the table below each related section.

A. Environmental Services

The County has six funds which deal with environmental issues: solid waste, utility administration, water, sewer, pretreatment and land preservation funds. These funds are used for operations, debt financing administration, closure and post closure cost, construction reserve requirements and cost of service financial modeling.

Major changes in these funds are summarized as follows:

The County is involved in a public/private partnership to convert landfill operations to a Waste-to-Energy facility. Permitting has already begun for this new process which is expected to convert at least 95% of the waste to energy sources.

The increase in Utility Funds relate to the Cost of Service projection. User fees were increased for water and sewer usage by 3.0% and 3.5% respectively. These increases are the result of State regulatory mandates for capital improvement requirements.

The Land Preservation fund has decreased due to a reduction in grant funds for FY2016.



Environmental Service Funds				
	2016	2015	Change	
Solid Waste	\$6,152,650	\$6,590,000	(\$437,350)	(6.6%)
Utility Funds	17,124,215	16,863,860	260,355	1.5%
Land Preservation	1,678,660	2,440,780	(762,120)	(31.2%)
	\$24,955,525	\$25,894,640	(\$939,115)	(3.6%)

Other Program Service Funds

B. Transportation Services

The County has three major transportation responsibilities including the County road system, County Commuter services, and the Hagerstown Regional Airport. The Highway fund increased in total by \$278,090. This increase is mainly reflective of an increase in the cash contribution towards the equipment and vehicle replacement program, which replaces items such as snowplows and other heavy equipment items. The Airport fund increased by 12.46% which is mainly the result of an increase in various operational expenses as well as the cash contribution towards t-hangar roof replacements included in the Capital Improvement Plan. These increases are supported through Airport revenues which reflect increased hangar rental rates. The Metro Planning Organization represents a regional organization hosted by Washington County and deals with major transportation planning and issues. The decrease in the regional organization is the result of a decrease in State grants.

County Commuter Transfer Center



Transportation Service Funds				
	2016	2015	Change	
Highway Fund	\$9,591,340	\$9,313,250	\$278,090	3.0%
Transit Fund	2,397,810	2,379,890	17,920	0.8%
HEPMPO	470,440	582,970	(112,530)	(19.3%)
Airport Fund	1,961,860	1,744,560	217,300	12.5%
	\$14,421,450	\$14,020,670	\$400,780	2.9%

C. Other Services

Other various funds provide services and programs to County residents and range from recreation to human service type programs. The Contraband fund is showing the largest change with a 177.8% increase, reflective of video/audio equipment for hostage negotiators requested in 2016. Both the Contraband and the Inmate Welfare funds are funded with confiscated monies and inmate funds.

Hole 18 Black Rock Golf Course



Other Program Service Funds				
	2016	2015	Change	
Golf Course	\$1,245,960	\$1,249,490	(\$3,530)	(0.3%)
Hotel Rental Tax	2,350,000	2,337,000	13,000	0.6%
Agricultural Education	216,750	219,390	(2,640)	(1.2%)
Community Grant Management	384,890	330,250	54,640	16.5%
Inmate Welfare	382,000	480,470	(98,470)	(20.5%)
Gaming	2,147,840	2,058,970	88,870	4.3%
Contraband	25,000	9,000	16,000	177.8%
	\$6,752,440	\$6,684,570	\$67,870	1.0%

Debt and Reserve Management

The County may only issue bonds under the authority given by the Maryland General Assembly. Currently the County may issue bonds up to \$80 million under Chapter 392. The projected amount of bonds applied under Chapter 392 as of June 2015 was \$80 million. The County may issue bonds in an amount up to \$60 million under Chapter 60. The projected amount of bonds applied under Chapter 60 as of June 2015 was \$10.2 million. The total unused authorization available is \$49.8 million.

Along with the Maryland General Assembly authorization, the County annually evaluates its debt capacity in conjunction with the budget process and the planning of its long-range Capital Improvement Plan. It measures the appropriate balance between the County's capital needs and its ability to pay for them. The County measures itself against other Maryland Counties (peer group) and nationally accepted benchmark ratings for mid-size counties with the same rating and population. It sets maximum targets within the four main ratio targets. In addition, the County analyzes the impact of changing economic conditions on the recommended level of annual debt issuance.

As indicated in the table below, the projected debt ratios are estimated to stay below peer group and maximum level targets. The projections are intended only to provide a method of assessing the impact of issuing debt on a long-term basis. The County's debt affordability analysis is designed to: ensure that anticipated future debt is manageable from a fiscal and budgetary perspective, meet peer group ratio targets, avoid negative treatment by rating agencies in the form of downgrades, and keep borrowing cost to a minimum.

Projected Debt Ratios						
*Assumes debt issuance at \$15 million per year 2016-2018	2015	2016	2017	2018	Maximum Policy Target	2016 Peer Group Target
Debt per Capita	\$912	\$943	\$966	\$990	\$1,500	\$1,536
Debt as % of Fair Market Value	1.17%	1.19%	1.20%	1.21%	1.50%	1.68%
Debt Service as % General Fund Revenue	7.15%	6.64%	7.23%	7.18%	8.00%	8.41%
Debt Service per Capita as % income per Capita	0.24%	0.23%	0.24%	0.24%	0.50%	0.33%

Projected debt balances for the period ended June 30, 2015, including proposed borrowing scheduled for the current fiscal year are presented below. These amounts have not been adjusted for proposed refunding in the current fiscal year. The pay-off for the balances is projected to be paid off at 37% within the first five years and 67% in ten years. The benchmark for pay-off ratios (rapidity ratio) is 25% and 50% for five and ten years, respectively.

Projected Debt Balances			
	Tax Supported	Self Supporting	Total
Balance June 30, 2014	135,763,567	43,748,285	179,511,852
2015 Borrowing	12,000,000	3,460,000	15,460,000
2015 Payments	(10,147,505)	(4,416,525)	(14,564,030)
Balance June 30, 2015	137,616,062	42,791,760	180,407,822

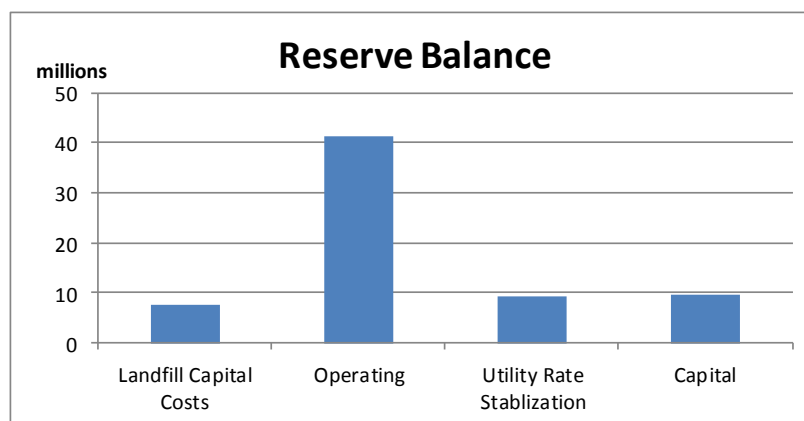
Debt and Reserve Management

The County is provided with a rating for debt issuance by three New York rating agencies. The County was upgraded in 2014 by Standard and Poor's from AA to a AA+. In addition, Moody's upgraded the County's rating from AA to a AA+ and Fitch from Aa2 to a Aa1 in 2015. These upgrades were based on several factors including financial and economic data. The following indicates each of the agency's rating and its corresponding description according to the agency.

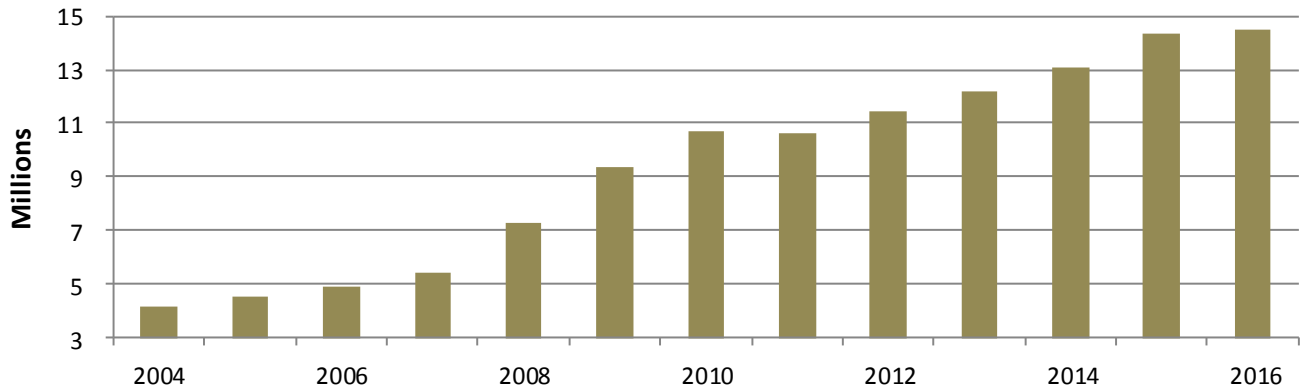
Washington County Bond Ratings		
Rating Agency	Rating	Rating Description
Standard and Poor's	AA+	Rating reflects the County's strong economic profile, diverse tax base, very strong financial performance, and low overall debt burden.
Fitch	AA+	Rating reflects the County's strong financial profile, robust reserves, low overall debt levels, and adequate economic base.
Moody's	Aa1	Rating reflects the County's solid financial position, supported by strong fiscal policies and practices, healthy reserve levels and modest debt burden.

Reserve Management

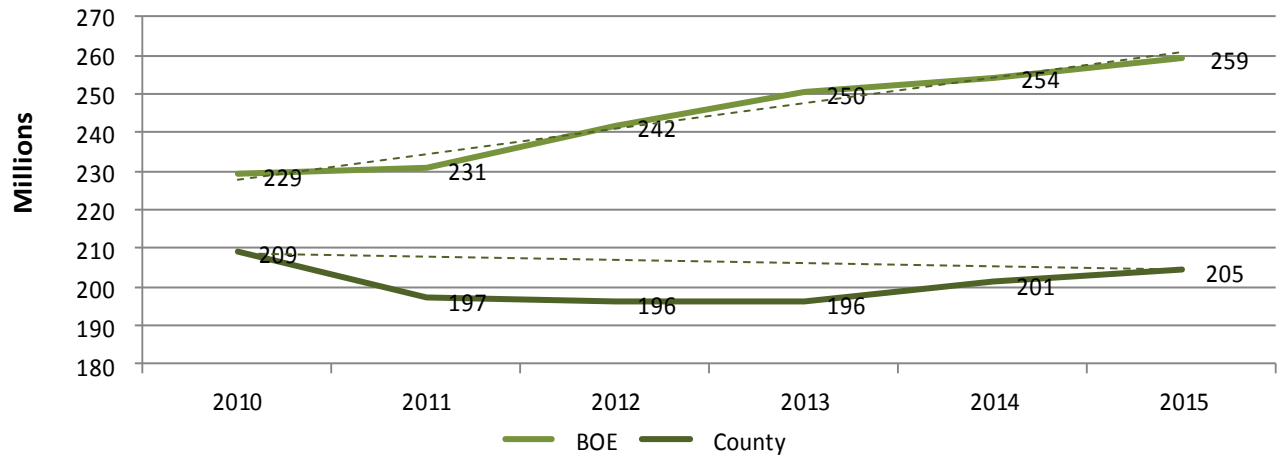
The table below presents the actual financial results for the reserve balances as of the year ended June 30, 2014. Reserve balances or savings are maintained by the County for various financial reasons including: reserves for catastrophic events, economic downturns, cash flow needs, mandated reserve requirements on capital for landfill capital costs, unanticipated Federal and State capital mandates, and rate stabilization funds for the utility funds. In 2016, it is projected that operating reserves will not fall below stated County targets. Operating targets vary from 17% to 25% of operating expenditures depending on the fund and type of activity. As discussed in previous sections, reserve balances have helped the County weather recent downturns in the economy and still provide services to its citizens.



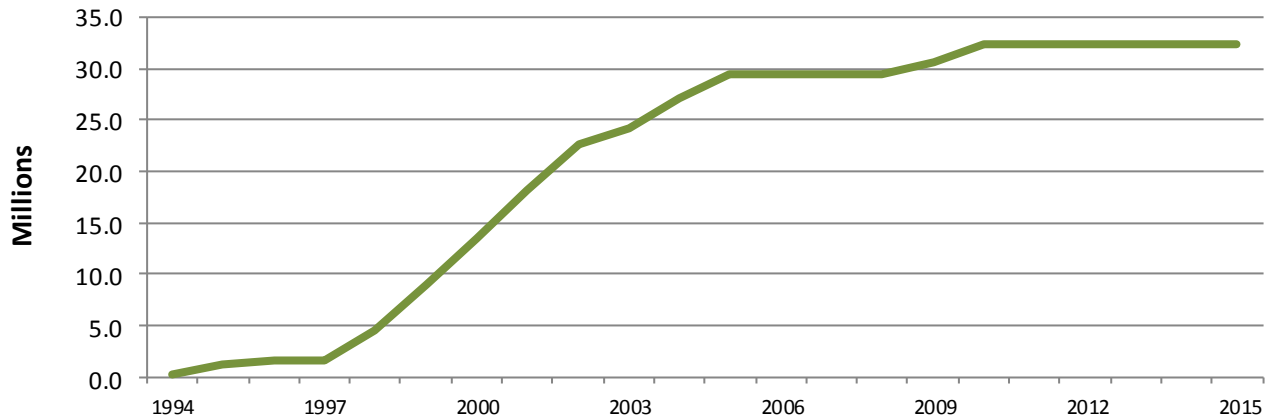
Total Emergency Services Funding



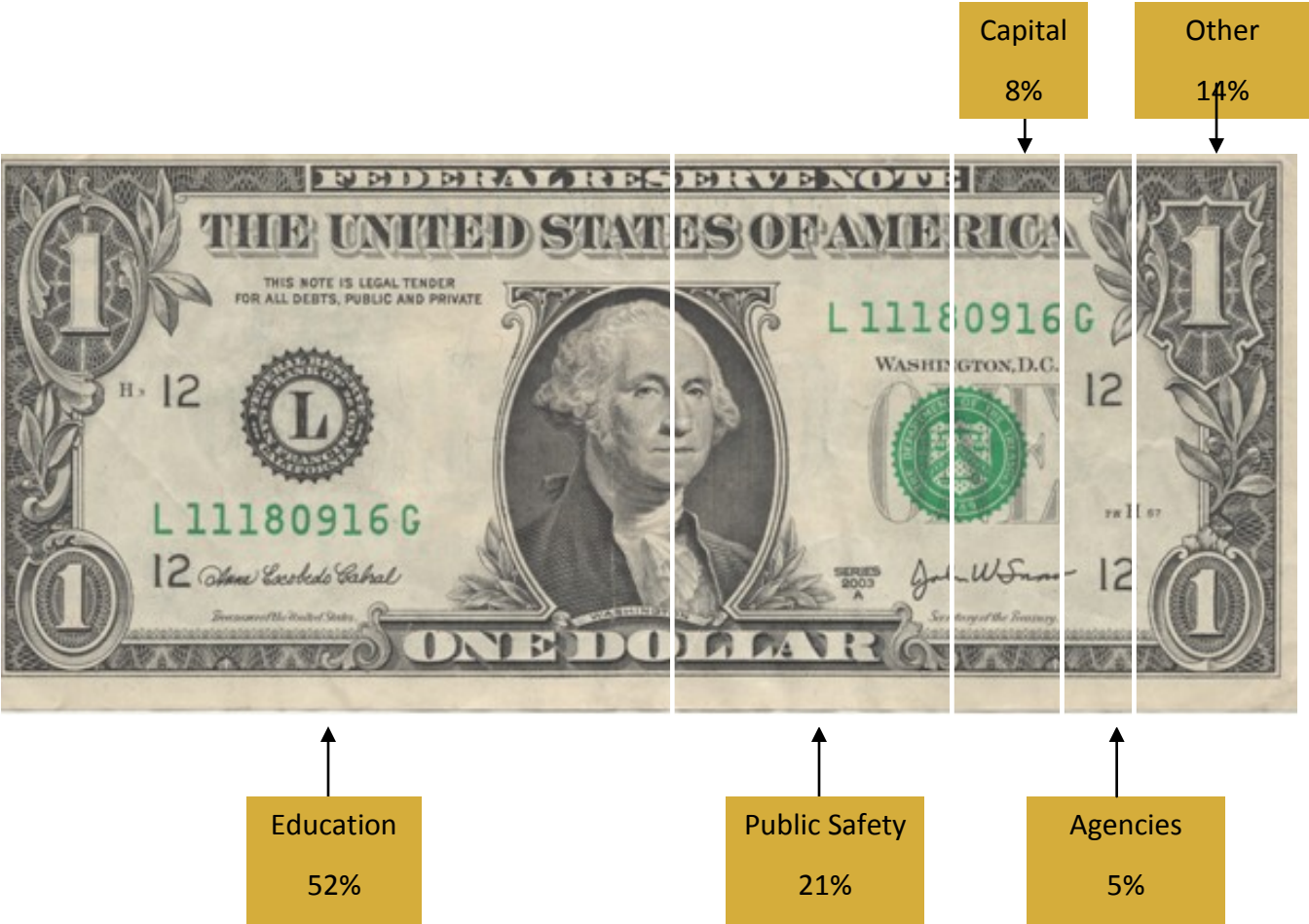
Board of Education Budget



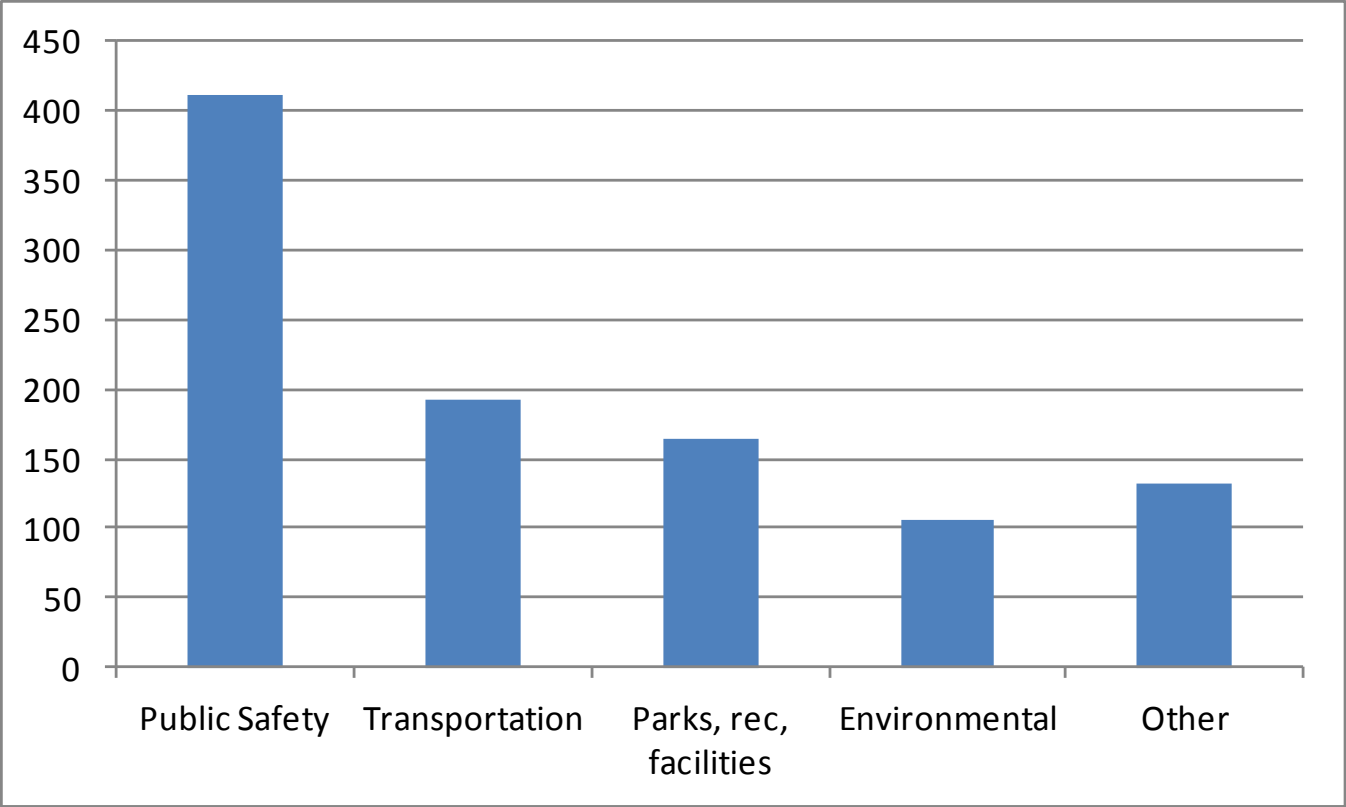
Cummulative Excess MOE



How is Your Dollar Spent?



WHERE ARE EMPLOYEES LOCATED TO SERVE THE CITIZENS



Expenditures by Function

The percentage and dollar changes in a particular department budget as shown below may not always be a valid indication of the extent to which that department's real inflation adjusted resources are changing from prior years. This is often the case because:

Departments have unique items in prior years which are not renewed in the budget year (one-time projects, capital equipment purchases).

There could be significant changes in annual 'fixed costs' such as insurance, rental, or technology expenditures.

Departments could have new operating requirements for the budget year (new facility, new personnel, and mandated Federal and State regulations).

It is necessary to review each department's situation in some detail to fully comprehend the budget. For additional information, please refer to the detailed budget work papers available in the Office of Budget and Finance.

Department Expenditure by Function - 2016

	2016	2015	\$ Change	% Change
General Fund:				
Education				
Board of Education	90,002,270	90,745,750	(743,480)	(0.82%)
State Mandated Pension Shift	4,841,760	4,099,800	741,960	18.10%
Hagerstown Community College	9,265,010	8,965,010	300,000	3.35%
Free Library	2,967,330	2,892,330	75,000	2.59%
Clear Spring Library Building	12,000	13,000	(1,000)	(7.69%)
Smithsburg Library Building	12,000	12,000	0	0.00%
Boonsboro Library Building	10,500	10,500	0	0.00%
Total Education	107,110,870	106,738,390	372,480	0.35%
Public Safety				
Sheriff - Judicial	2,418,650	2,271,750	146,900	6.47%
Sheriff - Process Servers	131,670	127,920	3,750	2.93%
Sheriff - Patrol	9,597,500	9,534,430	63,070	0.66%
Sheriff - Central Booking	854,080	832,960	21,120	2.54%
Sheriff - Detention Center	13,415,240	13,200,620	214,620	1.63%
Sheriff - Narcotics Task Force	680,680	632,430	48,250	7.63%
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	31,060	43,770	(12,710)	(29.04%)
Special Operations	368,620	384,020	(15,400)	(4.01%)

Department Expenditure by Function - 2016

	2016	2015	\$ Change	% Change
Fire & Rescue Volunteer Services	7,188,370	7,056,310	132,060	1.87%
911 - Communications	4,230,110	4,165,790	64,320	1.54%
Fire and Rescue Operations	1,208,510	1,181,960	26,550	2.25%
Emergency Management	133,700	124,520	9,180	7.37%
Wireless Communications	1,310,850	1,343,660	(32,810)	(2.44%)
Animal Control Services - Humane Society	1,247,290	1,199,320	47,970	4.00%
Total Public Safety	42,819,930	42,103,060	716,870	1.70%
Operating and Capital				
Highway	7,931,090	7,788,090	143,000	1.84%
Solid Waste	491,400	491,360	40	0.01%
Agricultural Education Center	181,550	189,190	(7,640)	(4.04%)
Community Grant Management	286,820	248,280	38,540	15.52%
Land Preservation	106,060	96,810	9,250	9.55%
HEPMPO	7,990	7,510	480	6.39%
Utility Administration	174,070	95,820	78,250	81.66%
Transit	472,300	472,270	30	0.01%
Airport	14,500	14,500	0	0.00%
Golf Course	246,950	151,590	95,360	62.91%
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement Fund	1,800,000	1,800,000	0	0.00%
Debt Service	14,935,490	14,910,280	25,210	0.17%
Total Operating Transfers and Capital	26,686,770	26,304,250	382,520	1.45%
Courts				
Circuit Court	1,483,590	1,439,400	44,190	3.07%
Orphans Court	30,920	29,820	1,100	3.69%
State's Attorney	3,262,860	2,963,590	299,270	10.10%
Total Courts	4,777,370	4,432,810	344,560	7.77%
State Agency, Programs, & Services				
Health Department	2,339,270	2,339,270	0	0.00%
Social Services	338,070	331,990	6,080	1.83%
University of MD Extension	232,400	225,650	6,750	2.99%
County Cooperative Extension	38,730	38,730	0	0.00%
Election Board	1,116,420	926,970	189,450	20.44%

Department Expenditure by Function - 2016

	2016	2015	\$ Change	% Change
Soil Conservation	195,400	132,240	63,160	47.76%
Weed Control	203,200	192,170	11,030	5.74%
Gypsy Moth Program	10,000	10,000	0	0.00%
Total State Agencies	4,473,490	4,197,020	276,470	6.59%
Community Programs & Services				
Total Community Programs & Services	1,683,420	1,683,420	0	0.00%
General Government				
County Commissioners	249,000	213,890	35,110	16.41%
County Clerk	97,630	95,290	2,340	2.46%
County Administrator	419,470	406,840	12,630	3.10%
Public Relations and Community Affairs	385,850	373,530	12,320	3.30%
Budget & Finance	1,345,240	1,404,360	(59,120)	(4.21%)
Independent Accounting & Auditing	70,000	70,000	0	0.00%
Purchasing	504,390	491,340	13,050	2.66%
Treasurer	420,690	409,070	11,620	2.84%
County Attorney	662,450	650,690	11,760	1.81%
Human Resources	696,210	648,350	47,860	7.38%
Central Services	203,100	201,770	1,330	0.66%
Information Technology	2,075,900	2,035,800	40,100	1.97%
General Operations	1,321,630	1,204,280	117,350	9.74%
Planning and Zoning	669,510	638,500	31,010	4.86%
Board of Zoning Appeals	53,440	53,440	0	0.00%
Martin Luther King Building	105,200	108,700	(3,500)	(3.22%)
Administration Building	197,900	219,600	(21,700)	(9.88%)
Administration Building II	91,850	91,850	0	0.00%
Court House	583,770	562,730	21,040	3.74%
County Office Building	205,110	214,610	(9,500)	(4.43%)
Administration Annex	56,900	55,720	1,180	2.12%
Dwyer Center	29,000	31,390	(2,390)	(7.61%)
Rental Properties	2,000	2,000	0	0.00%

Department Expenditure by Function - 2016				
	2016	2015	\$ Change	% Change
Public Facilities Annex	78,560	80,060	(1,500)	(1.87%)
Business Development	559,030	549,500	9,530	1.73%
Women's Commission	2,000	2,000	0	0.00%
Medical Examiner	15,000	15,000	0	0.00%
Total General Government	11,100,830	10,830,310	270,520	2.50%
Public Works and Permits				
Public Works	224,120	326,970	(102,850)	(31.46%)
Engineering	1,549,270	1,480,510	68,760	4.64%
Construction	1,692,180	1,814,830	(122,650)	(6.76%)
Plan Review and Permitting	1,850,590	1,841,550	9,040	0.49%
Total Public Works and Permits	5,316,160	5,463,860	(147,700)	(2.70%)
Parks and Recreation				
Parks	1,657,820	1,837,750	(179,930)	(9.79%)
Martin L. Snook Pool	120,160	123,700	(3,540)	(2.86%)
Fitness and Recreation	845,630	824,440	21,190	2.57%
Total Parks and Recreation	2,623,610	2,785,890	(162,280)	(5.83%)
Total General Fund	206,592,450	204,539,010	2,053,440	1.00%
Capital Improvement				
Education	20,507,500	19,630,000	877,500	4.47%
Road Improvements	14,608,000	13,799,000	809,000	5.86%
Environmental	10,671,500	4,686,000	5,985,500	127.73%
Transportation	2,636,000	4,528,000	(1,892,000)	(41.78%)
Other	3,087,000	4,087,000	(1,000,000)	(24.47%)
Total Capital Improvement	51,510,000	46,730,000	4,780,000	10.23%
Environmental Funds:				
Solid Waste Fund	6,152,650	6,590,000	(437,350)	(6.64%)
Utility Administration Fund	4,064,780	3,966,950	97,830	2.47%
Water Fund	1,281,830	1,230,510	51,320	4.17%
Sewer Fund	10,899,755	10,931,170	(31,415)	(0.29%)
Pretreatment Fund	877,850	735,230	142,620	19.40%
Land Preservation Fund	1,678,660	2,440,780	(762,120)	(31.22%)
Total Environmental Funds	24,955,525	25,894,640	(939,115)	(3.63%)

Department Expenditure by Function - 2016				
	2016	2015	\$ Change	% Change
Transportation Funds				
Highway Fund	9,591,340	9,313,250	278,090	2.99%
HEPMPO	470,440	582,970	(112,530)	(19.30%)
Transit Fund	2,397,810	2,379,890	17,920	0.75%
Airport Fund	1,961,860	1,744,560	217,300	12.46%
Total Transportation Funds	14,421,450	14,020,670	400,780	2.86%
Other Program and Service Funds				
Ag Center Fund	216,750	219,390	(2,640)	(1.20%)
Community Grant Management	384,890	330,250	54,640	16.55%
Contraband Fund	25,000	9,000	16,000	177.78%
Gaming Fund	2,147,840	2,058,970	88,870	4.32%
Golf Course Fund	1,245,960	1,249,490	(3,530)	(0.28%)
Hotel Rental Tax Fund	2,350,000	2,337,000	13,000	0.56%
Inmate Welfare Fund	382,000	480,470	(98,470)	(20.49%)
Total Other Funds	6,752,440	6,684,570	67,870	1.02%
Total All Funds	304,231,865	297,868,890	6,362,975	2.14%

Frequently Asked Questions

Why does the County require cash reserves?

Cash reserves are set aside to use in case of emergencies, cash flow, or for unexpected opportunities. These reserves can only be used according to the policy specifications. The County is a multi-million dollar corporation and like household finance, should have a savings account.

What are the County's tax rates?

Major Tax Rates					
Type	Rate	Basis	Date of last Tax increase	If rates were increased by	It would generate additional revenue of
Real Estate:	\$.948	\$100 assessed value	2001	\$.01	\$ 1,172,020
Income Tax:	2.80%	Taxable Income	2001	.01%	\$ 236,082

I do not have any children, how do I benefit from tax dollars that go to education?

- A. The role of our primary and secondary schools is to provide our young citizens the essential knowledge, skills, and attitudes to be contributing citizens and productive workers in Washington County. They will be our future doctors, engineers, teachers, accountants, electricians, bankers, and taxpayers. Their ability to join the workforce is key to the health and future of our economy, and their ability to be good citizens affects the livability of our community.

How much tax dollars are spent on education?

General fund monies of \$ 113.3 million are used to support various activities related to educational funding. These include operating funds and debt service costs. In addition to operational money the County also provides funding through the Capital Improvement Plan to those various organizations. During the recent budget session the County approved the allocation of excise tax, bonds and pay-go funds to fund educational projects. In fiscal year 2016 the Capital Improvement budget reflects \$20.5 million for education related projects, of which \$13.2 million is State funded. Total educational funding available was \$133.8 million.

What is the Constant Yield Tax Rate and how does it differ from the actual tax rate of the County?

- A. The Constant Yield Tax Rate is the rate the county could set if it wanted to collect the same amount in property tax revenue as it had the previous year, after changes in property values are taken into account. State law requires the county to calculate and publicize the Constant Yield rate if it is less than the actual current rate, in order to make clear the amount of a budget increase that is attributable to rising property values. In years when the assessed values of properties go up, the Constant Yield rate is lower than the rate the commissioners set. The current property tax rate is \$.948 and the Constant Yield rate is \$.952. That rate is four thousandths of a cent higher than the current rate.

Frequently Asked Questions

Q. Why does the County Issue Debt?

- A. Paying for needed infrastructure on a “cash” basis avoids interest costs associated with financing over a number of years. However, many large Capital Improvement budgets are too expensive to be paid from a single year’s budget, making financing necessary. Additionally, a principle called “intergenerational equity” suggests having the costs of capital improvements benefiting the public over 15 or more years to be borne by future generations, and not entirely by the current taxpayer.

Q. How can I contact someone and where do I get information?

Name	Number or Web Address
County Commissioner:	
Terry L. Baker	240-313-2205
John F. Barr	240-313-2207
LeRoy E. Myers	240-313-2206
Jeffrey A. Cline	240-313-2208
Vincent G. Spong	240-313-2209
Administration:	
Greg Murray	240-313-2200
County Departments:	
Listing of County Departments & emails	www.washco-md.net
Financial Documents:	
Budget documents	www.washco-md.net/budget_finance/finance_docs.shtm
Capital Improvement Program	www.washco-md.net/budget_finance/finance_docs.shtm
Annual Financial Statements	www.washco-md.net/budget_finance/finance_docs.shtm
Official Statements for Bond Issues	www.washco-md.net/budget_finance/finance_docs.shtm
Quarterly Reports	www.washco-md.net/budget_finance/finance_docs.shtm



This document is intended to provide an overview of Washington County's annual budgets. If you would like more information, please contact the Office of Budget & Finance at 240-313-2300. In addition, a full annual report is available within three months of final approval for the Annual County budgets.

Washington
County, Maryland

100 West Washington Street
Hagerstown, MD 21740

www.washco-md.net

We're on the Web

www.washco-md.net

Did you know?

You can watch live video of the Commissioners meeting on Tuesdays, listen to live audio or listen to the recording of the meeting from the prior weeks. If you have the latest version of Windows Media Player or QuickTime installed you can just click on the menu button below for the selection that you wish to view. If you do not have the latest version just visit the web site and download free the latest version of Windows Media Player.

Visit www.washco-md.net/commissioners/CommissionersLive.shtm

VIDEO ARCHIVE



Some other items available on the web site:



Commissioners Meeting Agenda
Packet



Volunteer for a County Board or
Commission



[Road Work Update](#)
[Report a Roadway Problem](#)



County Commuter
Info, Schedules, & Routes