

Information Guide

Washington County Profile	2
Organization	5
Budget Overview	6
General Fund Summary	8
Capital Fund Summary	11
Other Funds Summary	14
Debt & Reserve Management	16
Expenditure Statistics	18
Expenditure by Function	21
Frequently Asked Questions	26
<p>Washington County Maryland 100 West Washington Street Hagerstown, MD 21740</p> <p>www.washco-md.net</p>	

Fiscal Year 2017 Budget

A Citizen's Guide to the Budget

This document is a “brief” look at the 2017 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 2017 budget represents the seventeenth year with the same real estate and income tax rate. Major changes for the County operations include funding for capital projects, law enforcement and emergency services.

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 Board of County Commissioners

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



President Terry L. Baker



Vice President Jeffrey A. Cline



Commissioner John F. Barr



Commissioner LeRoy E. Myers



Commissioner Wayne K. Keefer

Overview

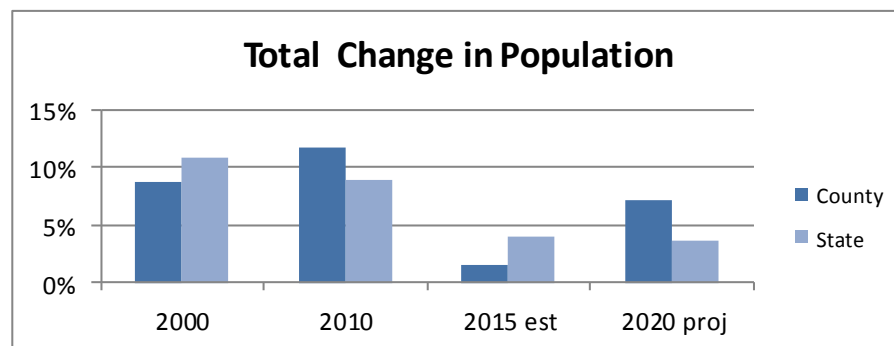
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, 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 149,600 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.

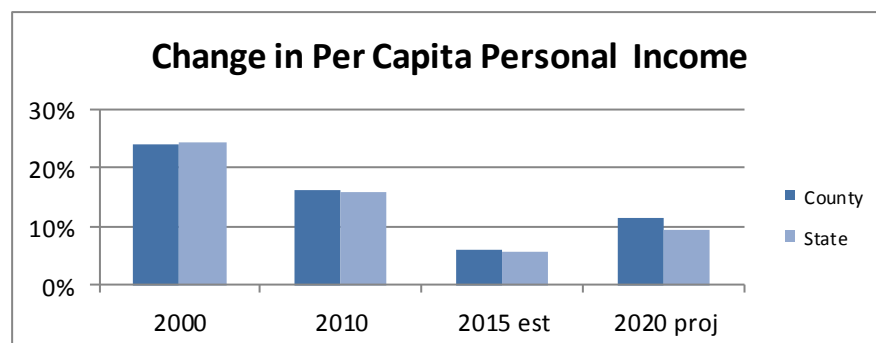
Demographics

Washington County is home to an estimated 149,600 residents and currently ranked 11th in population and 12th in population growth in the State of Maryland. Between 2000 and 2015, Washington County grew in total by 13.4% or by an annual average of 0.9% per year compared to the State of Maryland at 12.8% or an annual average of 0.9% per year.



Source: MD Department of Planning and US Census.

Between 2000 and 2015, Per Capita Personal Income for Washington County residents has increased by 23% or by an annual average of 1.5% per year. The Per Capita Personal Income is projected to increase by 2.06% annually through 2020. The State of Maryland increased 22% from 2000 through 2015 or an annual average of 1.5% per year.



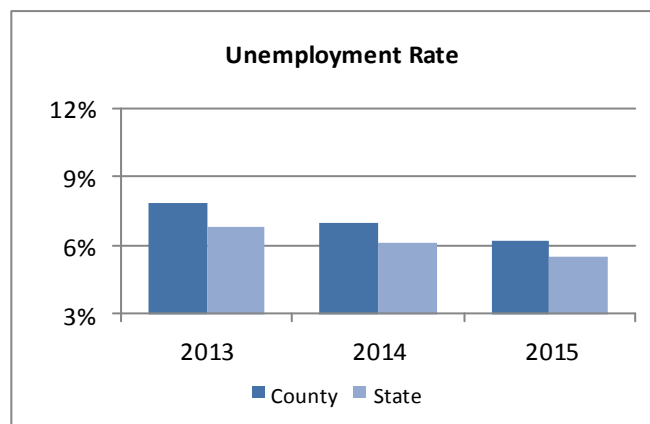
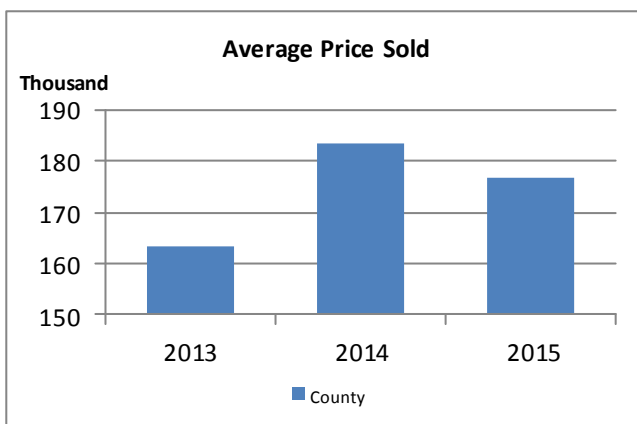
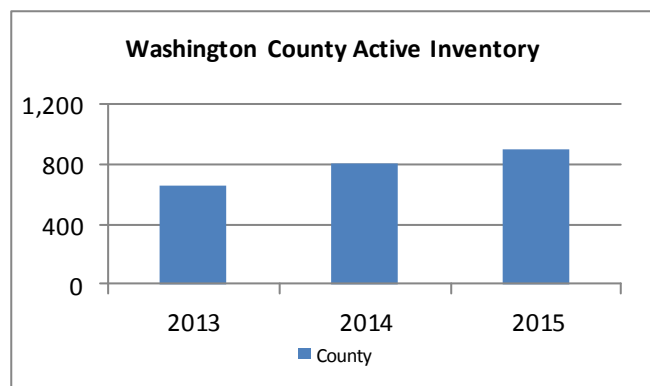
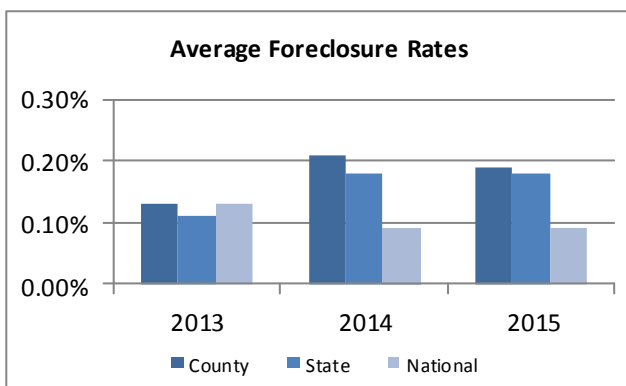
Source: MD Department of Planning.

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 0.19% in FY2015 to 0.18% in FY2016. Other statistical trends also indicate improvement, such as the number of units sold as well as the average price of a home sold in Washington County which have shown improvement since 2011.

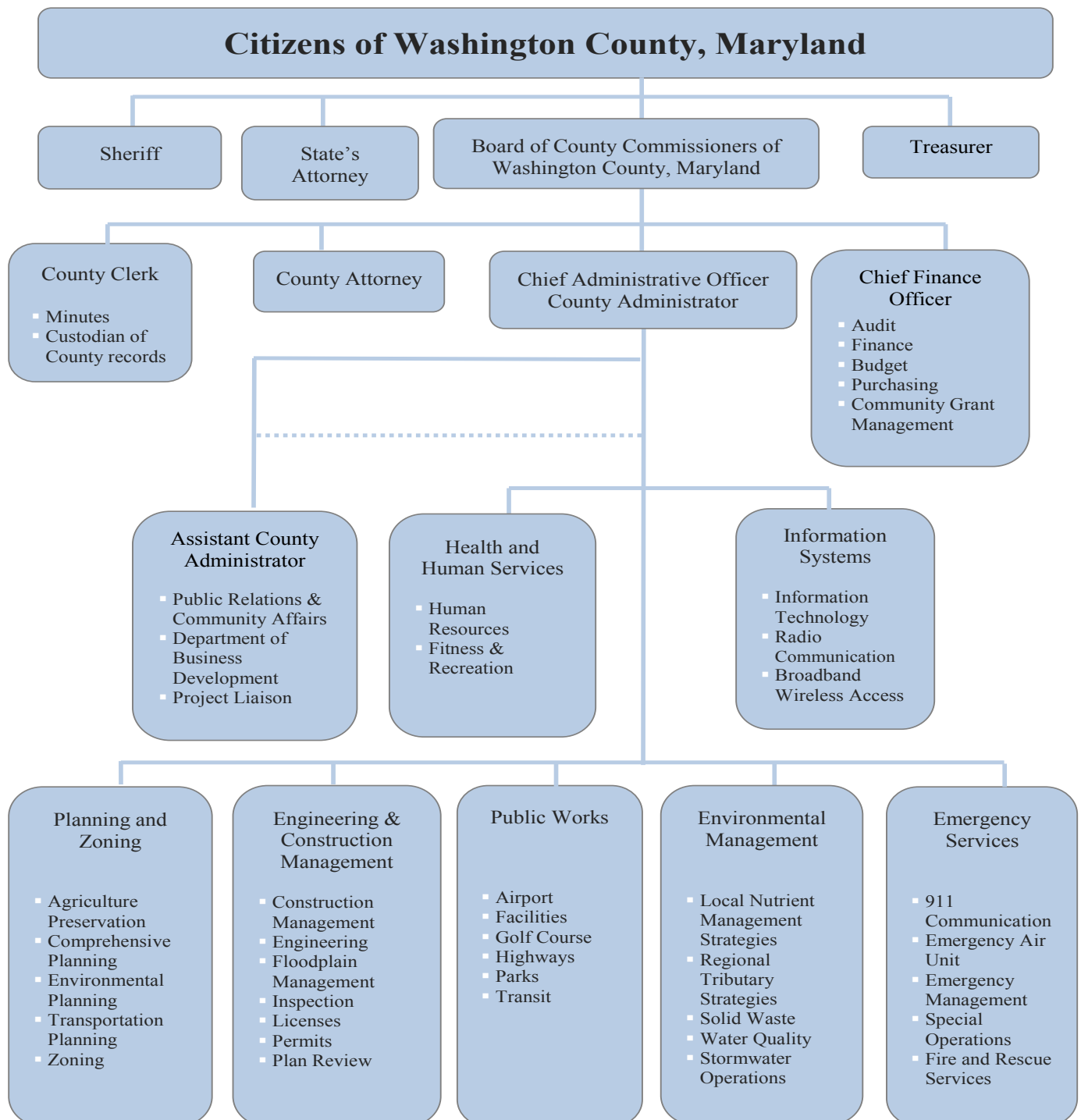
The County's unemployment rate decreased from a high of 8.6% in January 2013 to the current rate of 5.0% as of April 2016. The unemployment rate has shown a consistent gradual decrease. The State of Maryland unemployment rate decreased from 6.8% to 4.6% for the same time period.



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

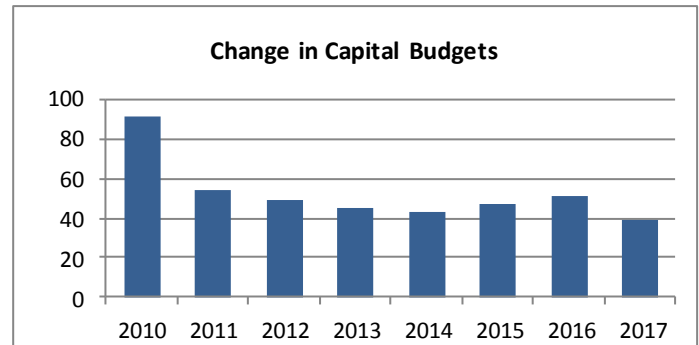
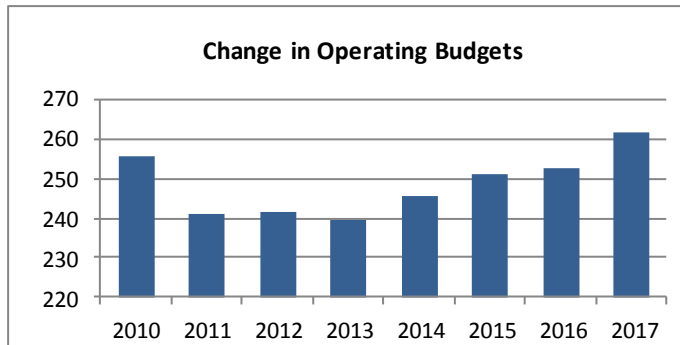
Organizational Overview

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 several years for operating and capital budgets are shown in the table below in millions. Operating budgets have increased by 2% or \$6.2 million over 2010. 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 2017 Washington County budgets are summarized and compared to prior years on the following pages and are discussed throughout this budget message. The 2017 budget was balanced by adhering to sound financial management and policies that have kept Washington County in a solid financial position during the recent economic downturn.

The 2017 Washington County budget totals \$300,558,540, which is -\$3,673,325 or -1.21% below the 2016 approved budget. The budget was balanced based on the following changes and objectives:

- 1) Increase in property tax assessable base
- 2) Increases in local income tax revenue
- 3) Educational funding
- 4) Public safety funding
- 5) Infrastructure and personnel

There were several issues which the County faced regarding the 2017 budgets. Main issues involved public safety, educational, economic development initiatives, and infrastructure funding. In addition the County is required to fund increased Federal and State mandates enacted over local governments. Reductions in Highway User revenue shares have also impacted the County's road maintenance program. Emergency services have been and will continue in the near future to be a major issue facing the County in regards to service levels and funding. Even with these difficult and complex issues, the County still presents a budget that provides existing and new service levels with no increase in the property tax or income tax rates which have been held at the same rate for seventeen 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 approximately \$230,000 above maintenance of effort. In 2017, the State pension cost was combined into the maintenance of effort budget per State requirement thereby increasing the maintenance of effort calculation by \$4,841,760. In addition to local operating funds, \$2.3 million in local capital funding is allocated for Capital Maintenance and the Jonathan Hager Elementary School. In total, capital funding has resulted in 40% of the general fund debt service being attributable to primary education.

Other Educational changes included a 3.0% base increase to Hagerstown Community College, mainly to support costs associated with the Commercial Vehicle Transportation program.

Public Safety costs reflect an increase of \$1,843,340 over last year which are attributable to costs associated with the new day reporting program, fire and rescue operations, and changes in personnel costs. Washington County will be the first in the State of Maryland to provide for a day reporting center that will help reduce operating costs, incarcerations, and start to address the heroin epidemic in the area.

Operating and capital transfers reflect an increase of \$2.2 million. This increase is the result of an increase in pay-go funds and debt service requirements. The additional pay-go funds reduce the need to increase borrowing, provide for public safety systemic projects and increase funding for the overlay program. In addition, an increase in the transfer to Highway was given for road repair and maintenance improvements that have declined over the years due to State funding reductions.

Finally, the Capital improvement budget was decreased by \$12 million over 2016. Project costs vary from year to year based on County needs and funding availability, both internal and external. Water Quality and Solid Waste debt are supported through user fees.

Overall, the 2017 budget provides for existing services, new initiatives and was prepared in line with sound financial management practices as in the past. As the County proceeds with 2017 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 2017 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 2017 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				
	2017	2016	\$ Change	% Change
Property Tax	\$120,495,940	\$118,695,180	\$1,800,760	1.52%
Local Tax	84,100,000	81,480,000	2,620,000	3.22%
Interest Income	375,000	379,000	(4,000)	(1.06%)
Fees	4,271,980	4,041,770	230,210	5.70%
Intergovernmental	2,514,730	1,996,500	518,230	25.96%
	\$211,757,650	\$206,592,450	\$5,165,200	2.50%

The General Fund revenue projections are based largely upon the following assumptions:

1. The local economy is still in recovery mode from the most recent recession resulting in modest changes to overall revenues.
2. Property tax estimates are based on information provided by the State Department of Assessment and Taxation and reflect the first increase since 2010.
3. Local tax revenue projections are based on an analysis of local & State trends and projections.

Based upon the above assumptions, review of revenue patterns and future projections, General Fund revenues reflect an increase of 2.50% or \$5.2 million over the 2016 budget. Following is a detailed discussion regarding the major changes affecting General Fund revenues:

Property Tax revenue increased by 1.52% or \$1.8 million in 2017. This increase is directly related to an increase in the real estate and corporate personal property assessable base which comes from the State of Maryland Department of Assessments & Taxation.

Local Tax revenue reflects an increase of \$2.6 million which is based on current trends and projected growth in income tax.

Fees reflect a increase of \$0.2 million mainly due to the addition of day reporting program fees.

Intergovernmental increased \$0.5 million due to a grant obtained for the day reporting program.

General Fund**Expenditures**

General Fund expenditures increased in total by \$5.2 million or 2.50% for 2017. 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 72% of the General Fund budget or \$152 million. These services include primary and secondary education, library, law enforcement and emergency services. In 2017 these services increased by \$2.2 million. This increase helped pay for costs such as:

- Support for HCC's Commercial Vehicle Transportation program;
- Fire apparatus testing;
- Fire & Rescue volunteer services;
- Day Reporting Program.

Capital costs, operating transfers and general operations account for 7% of the General fund budget and include items such as cash payments to offset debt for project costs and operating payments for Highway operations. These costs increased by \$1.6 million.

Debt service costs account for 7% of the general fund budget and increased by \$0.5 million. Of the debt service cost approximately 51% 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 3.0% in total for all services.

The expenditure tables which follow summarize the 2017 General Fund expenditure budget, and compares it with the 2016 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 2.50% or \$5,165,200 increase over 2016. Functional changes of 2.50% include education and public safety increases of 1.7%, infrastructure increases of .4%, and other increases of .4%.

General Fund Expenditures By Function				
	2017	2016	\$ Change	% Change
Education	\$107,452,410	\$107,110,870	\$341,540	0.32%
Public Safety	44,663,270	42,819,930	1,843,340	4.30%
Intergovernmental Transfers	13,453,000	11,751,280	1,701,720	14.48%
Debt Service	15,475,000	14,935,490	539,510	3.61%
General Government	14,777,730	14,342,280	435,450	3.04%
Courts	4,887,670	4,777,370	110,300	2.31%
State Agencies	4,443,400	4,473,490	(30,090)	(0.67%)
Community Programs & Services	1,700,000	1,683,420	16,580	0.98%
Public Works & Permits	2,195,640	2,074,710	120,930	5.83%
Parks & Recreation	2,709,530	2,623,610	85,920	3.27%
	\$211,757,650	\$206,592,450	\$5,165,200	2.50%

As indicated in the table below, overall cost categories by object increased by 2.20% or \$4,553,630. Net expenditures changed as follows:

1. Wage changes of 4.4% to reflect new public safety positions, minimum wage adjustment, offset by retirement savings turnover.
2. Health insurance increases of 7%.
3. Operating increased to reflect public safety increases of 2.37% mainly related to the new Day Reporting program, capital related expenditures increase of 11.68% in pay-go funding for education and public safety; .47% for all other areas.

General Fund Expenditures By Object				
	2017	2016	\$ Change	% Change
Full Time	\$29,107,340	\$27,977,920	\$1,129,420	4.04%
Part Time	1,555,130	1,400,410	154,720	11.05%
Overtime	739,540	703,270	36,270	5.16%
Fringe Benefits	18,977,960	18,112,540	865,420	4.78%
Operating	161,184,740	158,292,570	2,892,170	1.83%
Capital Outlay	192,940	105,740	87,200	82.47%
	\$211,757,650	\$206,592,450	\$5,165,200	2.50%

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 2017 budget and expenditure projections for the next ten years; the total capital request for Fiscal Years 2017 through 2026 is \$339,907,000.

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.



Washington County New Senior Center

A listing of the major capital projects to be undertaken or purchased in 2017 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 2017 Capital budget is 60% cash and 30% tax-supported debt and 10% self-supported debt.

Capital Improvement Funds

2017 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2017 Budget
Airport:				
Taxiway C and Roadway Loop Rehab	648,000			648,000
Other Airport Projects < \$500,000	815,000			815,000
Bridges:				
Dogstreet Road Bridge W5932P		856,000		856,000
Old Roxbury Road Bridge W5372	1,020,000			1,020,000
Keedysville Road Bridge W5651	640,000			640,000
Other Bridge Projects < \$500,000	891,000			891,000
Drainage:				
Other Drainage Projects < \$500,000	53,000	432,000		485,000
Board of Education:				
Capital Maintenance - BOE	4,664,000			4,664,000
Jonathan Hager Elementary School	1,068,000	1,431,000		2,499,000
Hagerstown Community College:				
Learning Resource Center Renovation	1,095,000			1,095,000
SMART/Alt. Energy House/Training Center	150,000			150,000
Public Library:				
Other Library Projects < \$500,000	20,000			20,000
General Government:				
Register of Wills and Master Court Reno.		587,000		587,000
General Government Projects < \$500,000	1,294,000	357,000		1,651,000
Parks and Recreation:				
Projects < \$500,000	180,000			180,000
Public Safety:				
Police, Fire and Emerg Svcs Training Facility		612,000		612,000
Law Enforcement - Fleet Replacement	628,000			628,000
Other Public Safety Projects < \$500,000	362,000	756,000		1,118,000
Road Improvement:				
Pavement Maintenance and Rehab	2,176,000	2,373,000		4,549,000

Capital Improvement Funds

2017 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2017 Budget
Southern Boulevard I		969,000		969,000
Eastern Blvd at Antietam Drive Improv.		1,387,000		1,387,000
Professional Boulevard Bridge - Ph I	423,000	1,236,000		1,659,000
Colonel Henry K. Douglas Drive Ext. Ph I	1,000,000	20,000		1,020,000
Crayton Boulevard Extended	500,000	484,000		984,000
Other Projects < \$500,000	498,000	500,000		998,000
Solid Waste:				
Resh Road Gas Trench			1,020,000	1,020,000
Projects < \$500,000	113,000		122,000	235,000
Transit:				
Projects < \$500,000	693,000			693,000
Water Quality:				
Pump Station Upgrades - Various			510,000	510,000
Concocheague Wastewater Treatment	3,394,000		2,245,000	5,639,000
Other Projects < \$500,000	683,000		128,000	811,000
Total	23,008,000	12,000,000	4,025,000	39,003,000

The Ten Year Capital plan for 2017 through 2026 by category is as follows:

Capital Improvement Project Summary										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Education	8,428,000	6,742,000	7,259,000	7,371,000	10,845,000	13,870,000	11,285,000	14,656,000	9,901,000	12,146,000
Roads	15,458,000	13,613,000	12,362,000	14,346,000	10,939,000	11,896,000	12,207,000	10,326,000	13,885,000	12,467,000
Environmental	8,215,000	2,145,000	1,919,000	12,488,000	7,428,000	4,709,000	2,329,000	2,588,000	7,257,000	4,233,000
Transportation	2,156,000	3,543,000	1,699,000	2,126,000	1,731,000	2,899,000	2,032,000	2,110,000	2,856,000	2,068,000
Other	4,776,000	6,556,000	3,526,000	2,381,000	2,331,000	2,463,000	2,429,000	2,482,000	2,610,000	3,820,000
Total	39,033,000	32,599,000	26,765,000	38,712,000	33,274,000	35,837,000	30,282,000	32,162,000	36,509,000	34,734,000

Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General fund. For 2017 these funds total \$49.8 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:

1. 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.
2. The increase in Utility Funds relate to the Cost of Service projection. User fees were increased for water and sewer usage by 3.5% and 3.4% respectively. These increases are the result of State regulatory mandates for capital improvement requirements.
3. The Land Preservation fund has increased due to an increase in grant funds for FY2017.



Environmental Service Funds				
	2017	2016	Change	
Solid Waste	\$6,397,560	\$6,152,650	\$244,910	4.0%
Utility Funds	18,163,400	17,124,215	1,039,185	6.1%
Land Preservation	3,052,650	1,678,660	1,373,990	81.9%
	\$27,613,610	\$24,955,525	\$2,658,085	10.7%

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 \$774,550. This increase is mainly reflective of an increase in Highway User Revenues due to a one time special grant to be received in 2017. Transit increased due to additional operating grant availability from the Maryland Transit Authority. The Metro Planning Organization represents a regional organization hosted by Washington County and deals with major transportation planning and issues. The increase in the regional organization is the result of an increase in State grants.



Transportation Service Funds				
	2017	2016	Change	
Highway	\$10,365,890	\$9,591,340	\$774,550	8.1%
Transit	2,465,580	2,397,810	67,770	2.8%
HEPMPO	503,620	470,440	33,180	7.1%
Airport	1,940,090	1,961,860	(21,770)	(1.1%)
	\$15,275,180	\$14,421,450	\$853,730	5.9%

C. Other Services

Other various funds provide services and programs to County residents and range from recreation to human service type programs. Hotel Rental Tax increased due to an increase in reserves to fund an economic development project. The Contraband fund is showing the largest change with no requests being made in 2017. Both the Contraband and the Inmate Welfare funds are funded with confiscated monies and inmate funds.



Other Program Service Funds				
	2017	2016	Change	
Golf Course	\$1,219,200	\$1,245,960	(\$26,760)	(2.1%)
Hotel Rental Tax	2,523,000	2,350,000	173,000	7.4%
Agricultural Education	214,940	216,750	(1,810)	(0.8%)
Community Grant Management	389,090	384,890	4,200	1.1%
Inmate Welfare	371,530	382,000	(10,470)	(2.7%)
Gaming	2,161,340	2,147,840	13,500	0.6%
Contraband	-	25,000	(25,000)	(100.0%)
	\$6,879,100	\$6,752,440	\$126,660	1.9%

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 in an amount up to \$60 million under Chapter 60. The projected amount of bonds applied under Chapter 60 as of June 2016 was \$22.3 million. The total unused authorization available is \$37.7 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 2017-2019	2016	2017	2018	2019	Maximum Policy Target	2017 Peer Group Target
Debt per Capita	\$930	\$960	\$988	\$1,019	\$1,500	\$1,496
Debt as % of Fair Market Value	1.18%	1.21%	1.24%	1.26%	1.50%	1.68%
Debt Service as % General Fund Revenue	6.67%	7.07%	7.22%	6.91%	8.00%	8.96%
Debt Service per Capita as % income per Capita	0.22%	0.23%	0.24%	0.23%	0.50%	0.34%

Projected debt balances for the period ended June 30, 2016, 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, 2015	\$137,324,935	\$45,295,887	\$182,620,822
2016 Borrowing	12,000,000	8,636,000	20,636,000
2016 Payments	(9,721,410)	(3,527,519)	(13,248,929)
Balance June 30, 2016	\$139,603,525	\$50,404,368	\$190,007,893

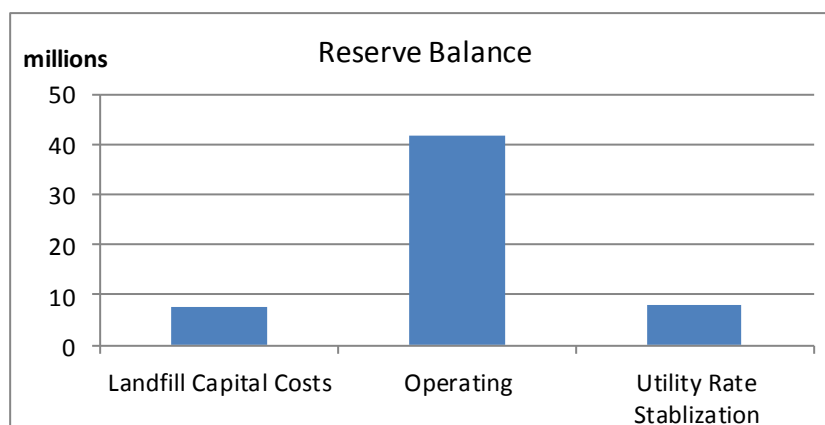
Debt and Reserve Management

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.

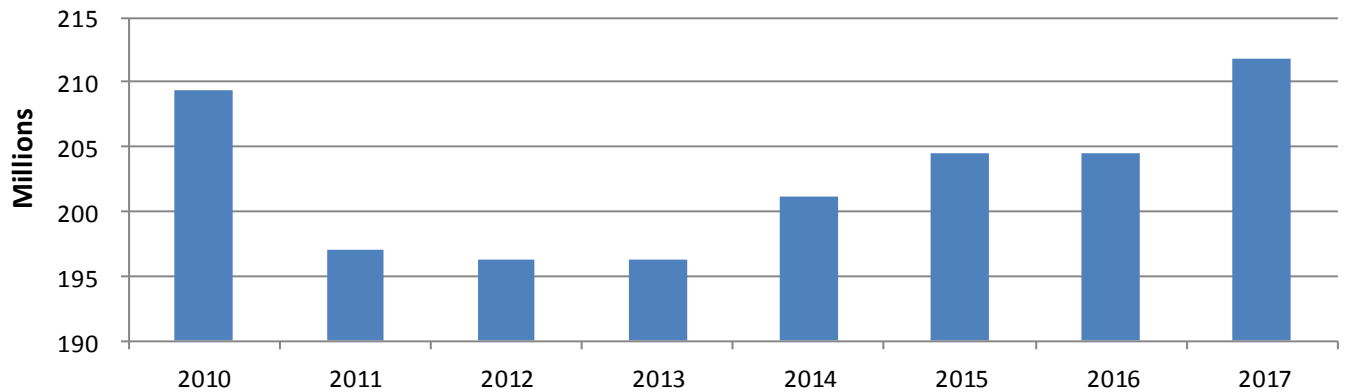
Washington County Bond Ratings		
Rating Agency	Rating	Rating Description
Standard and Poor's	AA+	Rating reflects the County's strong economic profile, diverse tax base, very strong financial performance, and low overall debt burden.
Fitch	AA+	Rating reflects the County's strong financial profile, robust 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

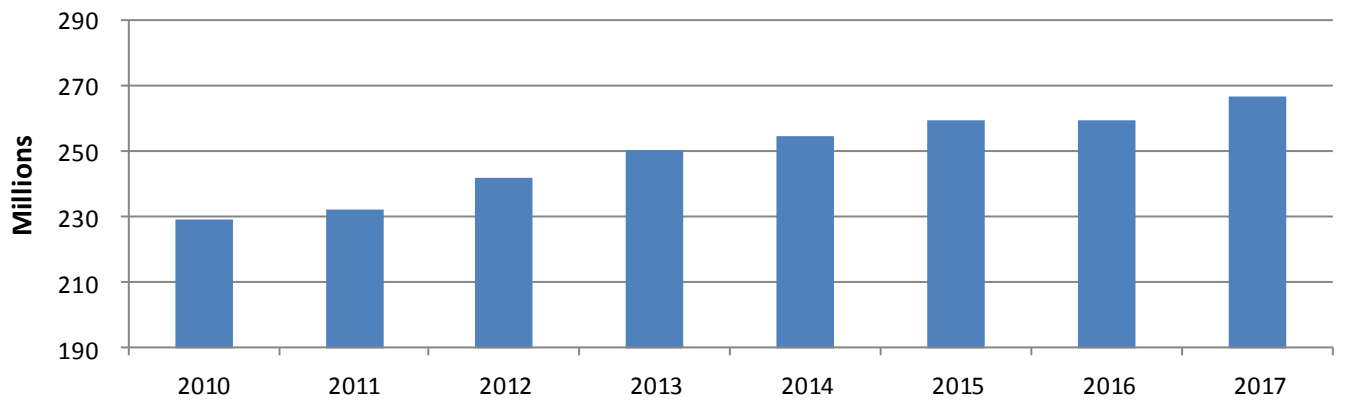
The table below presents the actual financial results for the reserve balances as of the year ended June 30, 2015. Reserve balances or savings are maintained by the County for various financial reasons including: reserves for catastrophic events, economic downturns, cash flow needs, mandated reserve requirements on capital for landfill capital costs, unanticipated Federal and State capital mandates, and rate stabilization funds for the utility funds. In 2017, 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.



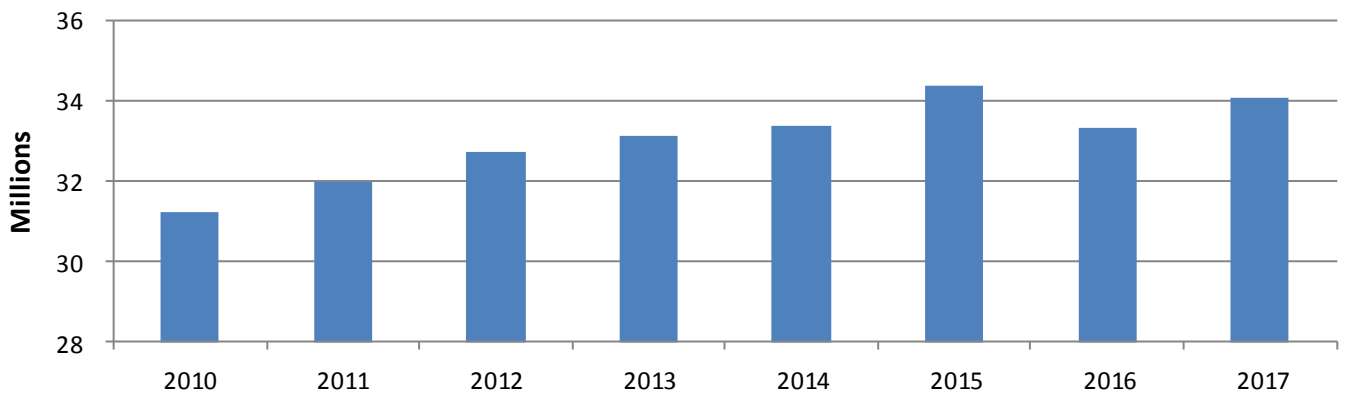
Total County General Fund Budget Level



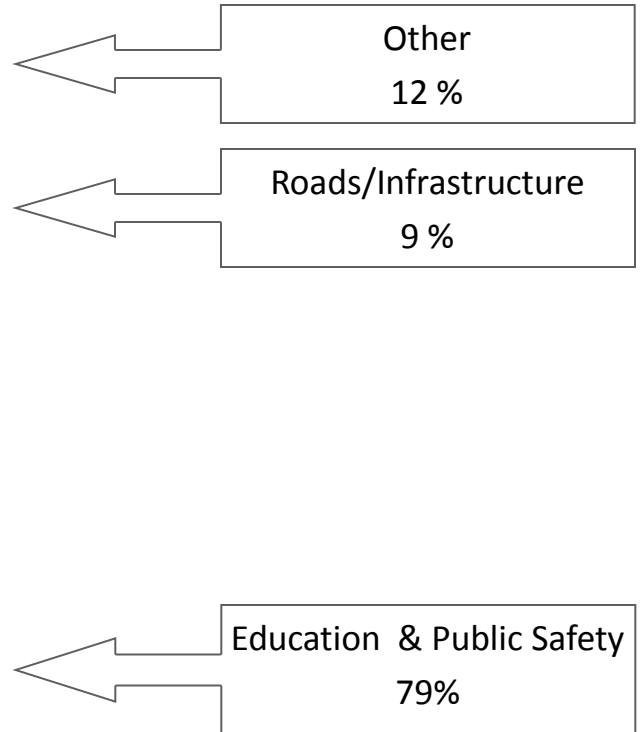
Total BOE General Fund Budget Level



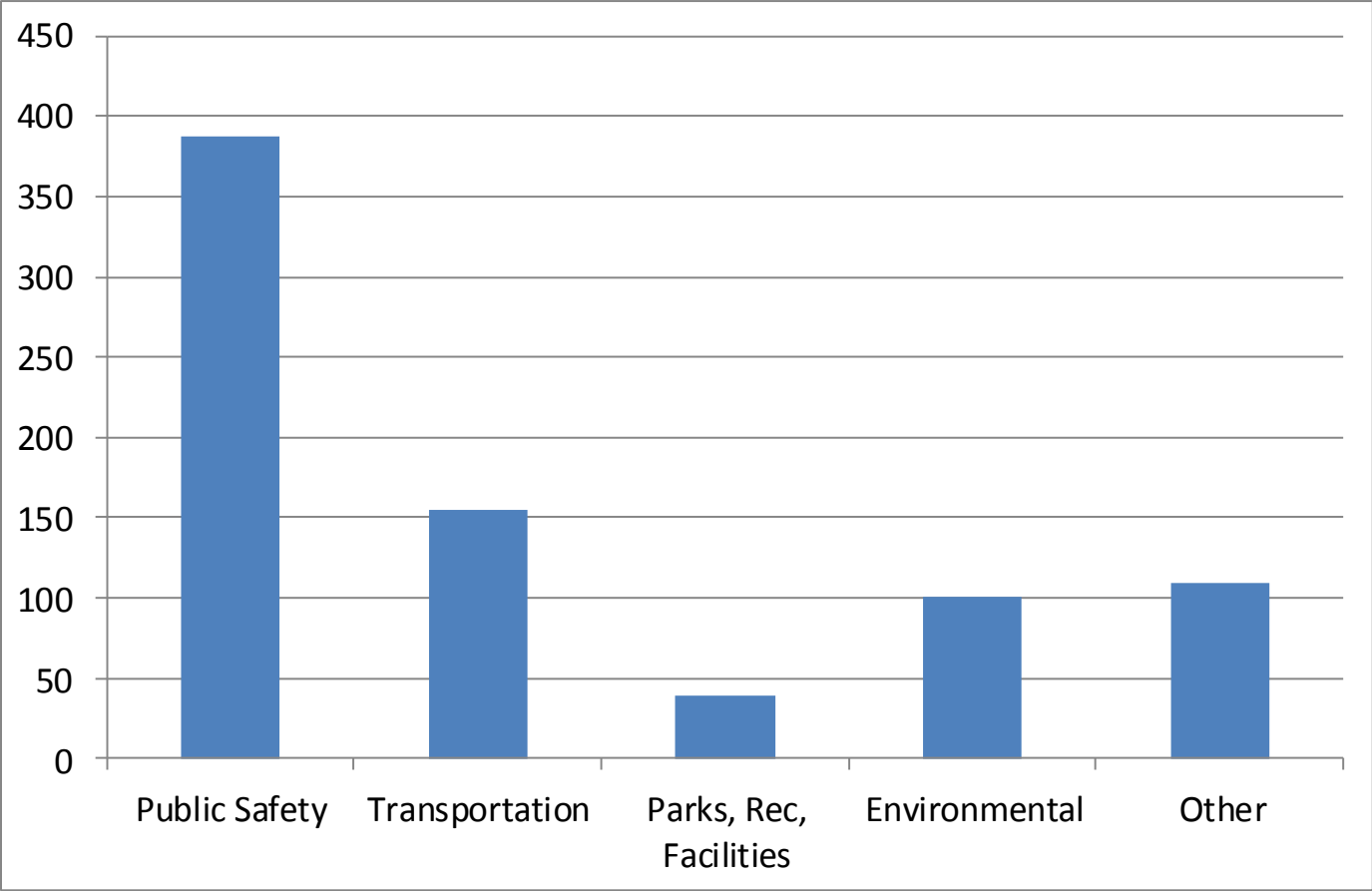
Total HCC General Fund Budget Level



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:

1. Departments have unique items in prior years which are not renewed in the budget year (one-time projects, capital equipment purchases).
2. There could be significant changes in annual 'fixed costs' such as insurance, rental, or technology expenditures.
3. 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 - 2017

	2017	2016	\$ Change	% Change
General Fund:				
Education				
Board of Education	94,844,030	90,002,270	4,841,760	5.38%
State Mandated Pension Shift	0	4,841,760	(4,841,760)	(100.00%)
Hagerstown Community College	9,543,050	9,265,010	278,040	3.00%
Free Library	3,029,330	2,967,330	62,000	2.09%
Clear Spring Library Building	12,000	12,000	0	0.00%
Smithsburg Library Building	12,000	12,000	0	0.00%
Boonsboro Library Building	12,000	10,500	1,500	14.29%
Total Education	107,452,410	107,110,870	341,540	0.32%
Public Safety				
Sheriff - Judicial	2,503,030	2,418,650	84,380	3.49%
Sheriff - Process Servers	140,440	131,670	8,770	6.66%
Sheriff - Patrol	9,789,120	9,597,500	191,620	2.00%
Sheriff - Central Booking	903,080	854,080	49,000	5.74%
Sheriff - Detention Center	13,530,730	13,415,240	115,490	0.86%
Home Detention/Day Reporting Center	627,060	0	627,060	100.00%
Sheriff - Narcotics Task Force	712,340	680,680	31,660	4.65%
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	36,190	31,060	5,130	16.52%
Special Operations	479,270	368,620	110,650	30.02%

Department Expenditure by Function - 2017				
	2017	2016	\$ Change	% Change
Fire & Rescue Volunteer Services	7,306,500	7,188,370	118,130	1.64%
911 - Communications	4,426,830	4,230,110	196,720	4.65%
Fire and Rescue Operations	1,495,950	1,208,510	287,440	23.78%
Emergency Management	168,870	133,700	35,170	26.31%
Wireless Communications	1,250,260	1,310,850	(60,590)	(4.62%)
Animal Control Services - Humane Society	1,290,000	1,247,290	42,710	3.42%
Total Public Safety	44,663,270	42,819,930	1,843,340	4.30%
Operating and Capital				
Highway	8,190,000	7,931,090	258,910	3.26%
Solid Waste	491,400	491,400	0	0.00%
Agricultural Education Center	173,740	181,550	(7,810)	(4.30%)
Community Grant Management	266,160	286,820	(20,660)	(7.20%)
Land Preservation	142,730	106,060	36,670	34.57%
HEPMPO	6,730	7,990	(1,260)	(15.77%)
Utility Administration	182,770	174,070	8,700	5.00%
Transit	484,470	472,300	12,170	2.58%
Airport	14,500	14,500	0	0.00%
Golf Course	246,950	246,950	0	0.00%
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement Fund	3,215,000	1,800,000	1,415,000	78.61%
Debt Service	15,475,000	14,935,490	539,510	3.61%
Total Operating Transfers and Capital	28,928,000	26,686,770	2,241,230	8.40%
Courts				
Circuit Court	1,517,330	1,483,590	33,740	2.27%
Orphans Court	30,920	30,920	0	0.00%
State's Attorney	3,339,420	3,262,860	76,560	2.35%
Total Courts	4,887,670	4,777,370	110,300	2.31%
State Agency, Programs, & Services				
Health Department	2,339,270	2,339,270	0	0.00%
Social Services	373,390	338,070	35,320	10.45%
University of MD Extension	232,400	232,400	0	0.00%
County Cooperative Extension	38,730	38,730	0	0.00%
Election Board	1,052,900	1,116,420	(63,520)	(5.69%)

Department Expenditure by Function - 2017				
	2017	2016	\$ Change	% Change
Soil Conservation	202,000	195,400	6,600	3.38%
Weed Control	194,710	203,200	(8,490)	(4.18%)
Gypsy Moth Program	10,000	10,000	0	0.00%
Total State Agencies	4,443,400	4,473,490	(30,090)	(0.67%)
Community Programs & Services				
Total Community Programs & Services	1,700,000	1,683,420	16,580	0.98%
General Government				
County Commissioners	292,070	249,000	43,070	17.30%
County Clerk	101,480	97,630	3,850	3.94%
County Administrator	440,510	419,470	21,040	5.02%
Public Relations and Community Affairs	414,170	385,850	28,320	7.34%
Budget & Finance	1,411,430	1,345,240	66,190	4.92%
Independent Accounting & Auditing	70,000	70,000	0	0.00%
Purchasing	537,800	504,390	33,410	6.62%
Treasurer	442,820	420,690	22,130	5.26%
County Attorney	694,180	662,450	31,730	4.79%
Human Resources	778,320	696,210	82,110	11.79%
Central Services	204,200	203,100	1,100	0.54%
Information Technology	2,192,030	2,075,900	116,130	5.59%
General Operations	1,194,660	1,321,630	(126,970)	(9.61%)
Planning and Zoning	688,330	669,510	18,820	2.81%
Board of Zoning Appeals	53,440	53,440	0	0.00%
Martin Luther King Building	80,300	105,200	(24,900)	(23.67%)
Administration Building	183,600	197,900	(14,300)	(7.23%)
Administration Building II	103,850	91,850	12,000	13.06%
Court House	587,230	583,770	3,460	0.59%
County Office Building	195,310	205,110	(9,800)	(4.78%)
Administration Annex	56,300	56,900	(600)	(1.05%)
Dwyer Center	29,700	29,000	700	2.41%
Rental Properties	2,000	2,000	0	0.00%

Department Expenditure by Function - 2017				
	2017	2016	\$ Change	% Change
Public Facilities Annex	55,700	78,560	(22,860)	(29.10%)
Business Development	567,500	559,030	8,470	1.52%
Women's Commission	2,000	2,000	0	0.00%
Medical Examiner	20,000	15,000	5,000	33.33%
Total General Government	11,398,930	11,100,830	298,100	2.69%
Public Works and Permits				
Public Works	232,390	224,120	8,270	3.69%
Engineering	1,613,930	1,549,270	64,660	4.17%
Construction	1,764,870	1,692,180	72,690	4.30%
Plan Review	931,740	1,850,590	(918,850)	(49.65%)
Permitting	1,031,510	0	1,031,510	100.00%
Total Public Works and Permits	5,574,440	5,316,160	258,280	4.86%
Parks and Recreation				
Parks	1,706,720	1,657,820	48,900	2.95%
Martin L. Snook Pool	128,370	120,160	8,210	6.83%
Fitness and Recreation	874,440	845,630	28,810	3.41%
Total Parks and Recreation	2,709,530	2,623,610	85,920	3.27%
Total General Fund	211,757,650	206,592,450	5,165,200	2.50%
Capital Improvement				
Education	8,428,000	20,507,500	(12,079,500)	(58.90%)
Road Improvements	15,458,000	14,608,000	850,000	5.82%
Environmental	8,215,000	10,671,500	(2,456,500)	(23.02%)
Transportation	2,156,000	2,636,000	(480,000)	(18.21%)
Other	4,776,000	3,087,000	1,689,000	54.71%
Total Capital Improvement	39,033,000	51,510,000	(12,477,000)	(24.22%)
Environmental Funds:				
Solid Waste Fund	6,397,560	6,152,650	244,910	3.98%
Utility Administration Fund	4,072,310	4,064,780	7,530	0.19%
Water Fund	1,337,520	1,281,830	55,690	4.34%
Sewer Fund	11,877,420	10,899,755	977,665	8.97%
Pretreatment Fund	876,150	877,850	(1,700)	(0.19%)
Land Preservation Fund	3,052,650	1,678,660	1,373,990	81.85%
Total Environmental Funds	27,613,610	24,955,525	2,658,085	10.65%

Department Expenditure by Function - 2017				
	2017	2016	\$ Change	% Change
Transportation Funds				
Highway Fund	10,365,890	9,591,340	774,550	8.08%
HEPMPO	503,620	470,440	33,180	7.05%
Transit Fund	2,465,580	2,397,810	67,770	2.83%
Airport Fund	1,940,090	1,961,860	(21,770)	(1.11%)
Total Transportation Funds	15,275,180	14,421,450	853,730	5.92%
Other Program and Service Funds				
Ag Center Fund	214,940	216,750	(1,810)	(0.84%)
Community Grant Management	389,090	384,890	4,200	1.09%
Contraband Fund	0	25,000	(25,000)	(100.00%)
Gaming Fund	2,161,340	2,147,840	13,500	0.63%
Golf Course Fund	1,219,200	1,245,960	(26,760)	(2.15%)
Hotel Rental Tax Fund	2,523,000	2,350,000	173,000	7.36%
Inmate Welfare Fund	371,530	382,000	(10,470)	(2.74%)
Total Other Funds	6,879,100	6,752,440	126,660	1.88%
Total All Funds	300,558,540	304,231,865	(3,673,325)	(1.21%)

Frequently Asked Questions

Q. *Why does the County require cash reserves?*

- A. 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.

Q. *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	\$ 1,170,590
Income Tax:	2.80%	Taxable Income	2001	.01%	\$ 239,801

Q. *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 work force is key to the health and future of our economy, and their ability to be good citizens affects the livability of our community.

Q. *How much tax dollars are spent on education?*

- A. 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 2017 the Capital Improvement budget reflects \$8.4 million for education related projects, of which \$6.1 million is grant funded. Total educational funding available was \$121.7 million.

Q. *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 \$.949. That rate is one thousandth 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
Wayne K. Keefer	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