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

Fiscal Year 2018 Budget

A Citizen's Guide to the Budget

This document is a “brief” look at the 2018 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 2018 budget represents the eighteenth year with the same real estate and income tax rate. Major changes for the County operations include funding for general operations, capital projects, and law enforcement.

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

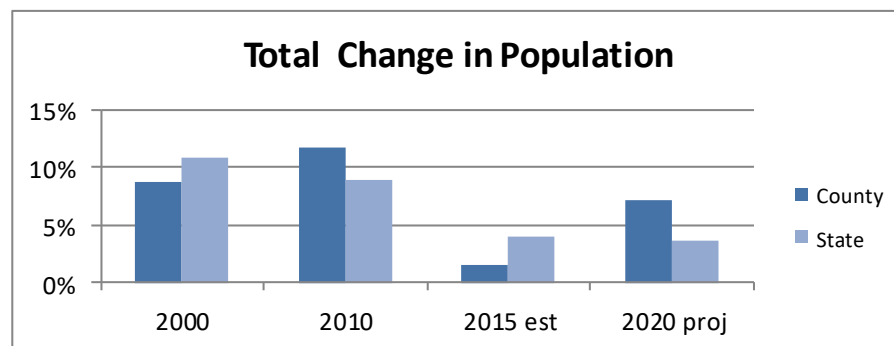
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, 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 150,300 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.

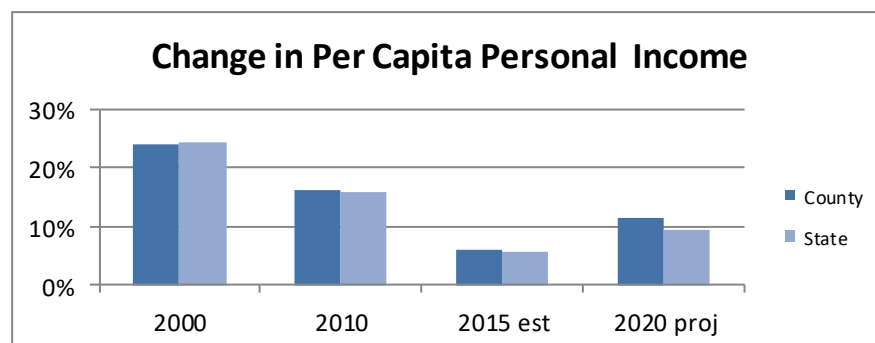
Demographics

Washington County is home to an estimated 150,300 residents and currently ranked 11th in population and 13th 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 also at 13.4% 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.



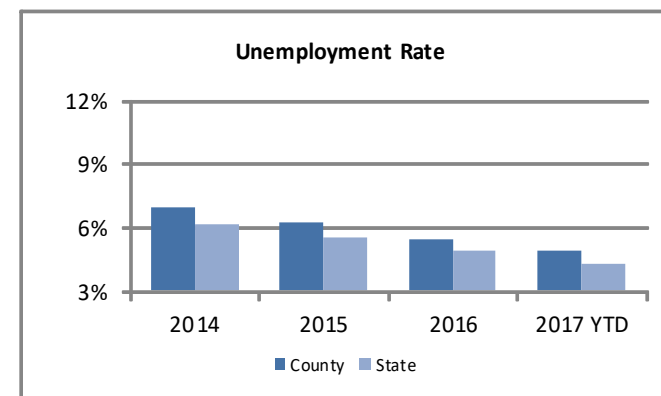
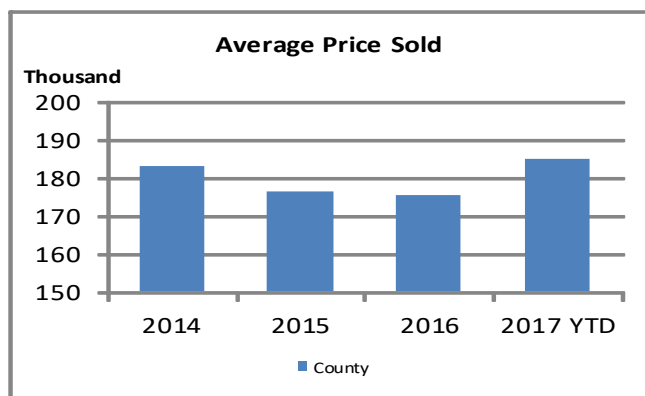
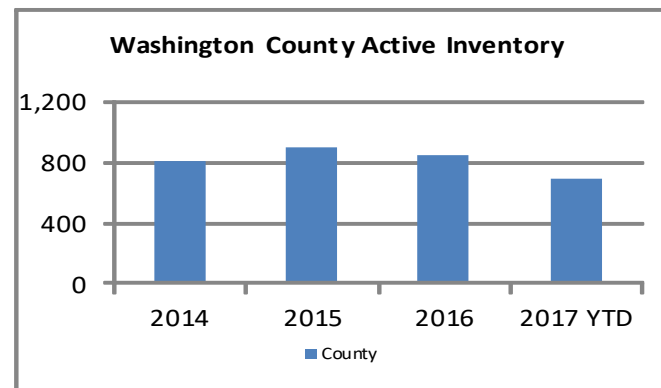
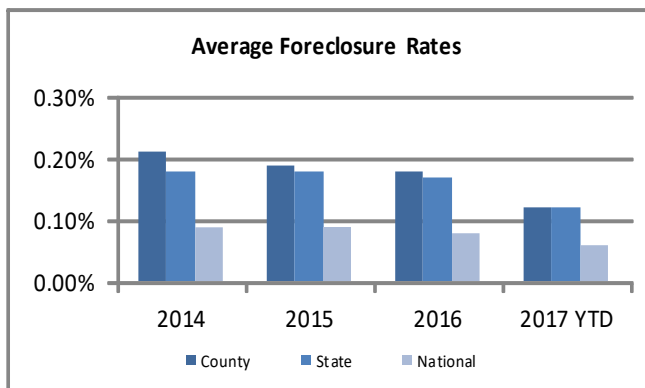
Source: MD Department of Planning.

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 0.18% in FY2016 to 0.12% in FY2017. Other statistical trends also indicate improvement such as active inventory, the number of units sold, as well as the average price of a home sold in Washington County which shows a year to date average for FY2017 of \$184,882.

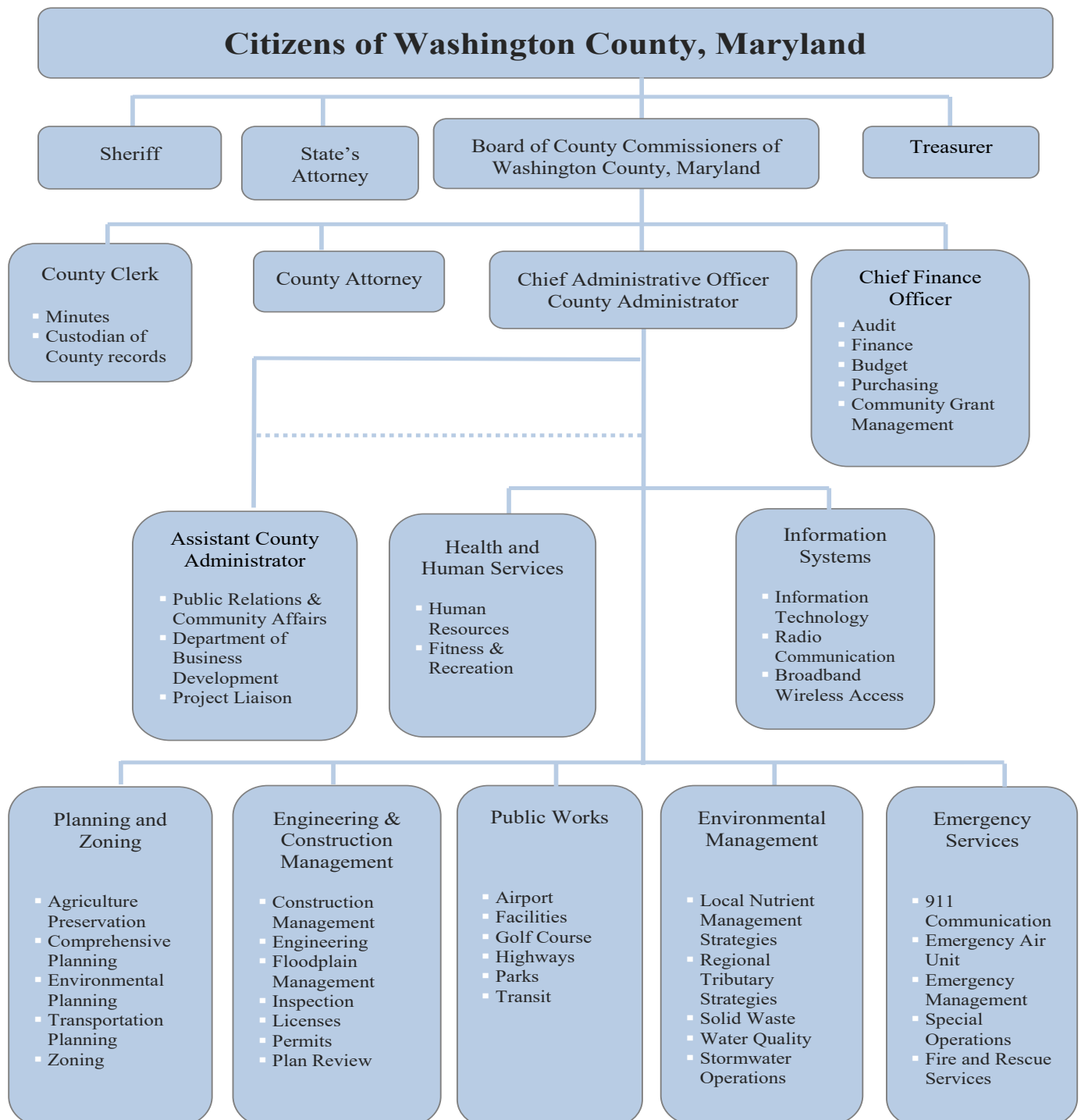
The County's unemployment rate decreased from a high of 7.5% in February 2014 to the current rate of 5.1% as of March 2017. The unemployment rate has shown a consistent gradual decrease. The State of Maryland unemployment rate decreased from 6.0% to 4.3% for the same time period.



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

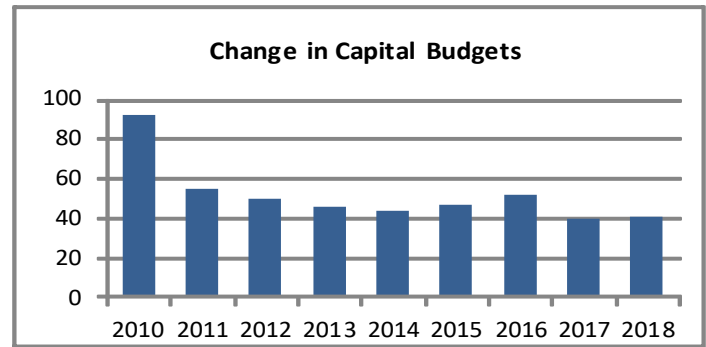
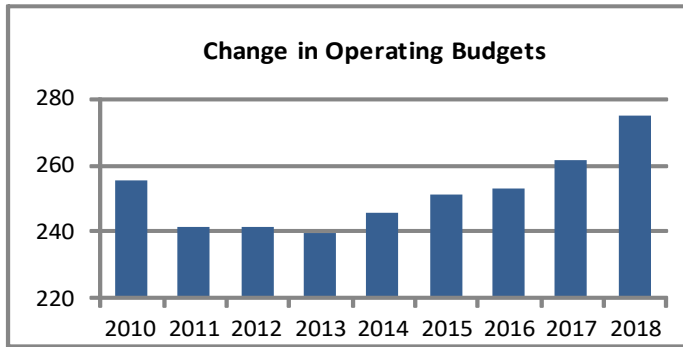
Organizational Overview

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 8% or \$19.7 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 2018 Washington County budgets are summarized and compared to prior years on the following pages and are discussed throughout this budget message. The 2018 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 2018 Washington County budget totals \$315,540,550 which is \$14,982,010 or 4.98% above the 2017 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 2018 budgets. Main issues involved public safety, education, economic development initiatives, and infrastructure funding. In addition, the County is required to fund increases as a result of 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 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 eighteen 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 \$3,605 per person with the Statewide average at \$4,803 placing Washington County 21st according to the Department of Legislative Services report among Maryland counties for expenditures per capita.

The Education budget funds the state required maintenance of effort of \$97 million. In addition to local operating funds, \$385,000 in local capital funding is allocated for Sharpsburg Elementary School. In total, capital funding has resulted in 37% of the general fund debt service being attributable to primary education.

Other Educational changes included a 2.1% base increase to Hagerstown Community College, mainly to support costs associated with wages. In addition, \$439,000 in local capital funding is allocated to the Learning Resource Center Renovation and the Student Center Parking Lot projects .

Public Safety costs reflect an increase of \$1.1 million over last year which are attributable to an increase for food and medical inmate services at the Detention Center, projected gasoline prices, vehicle leases, changes in personnel costs, and funding for a catch and release program for animal control purposes. In addition, the Washington County Day Reporting Program was largely funded through grant dollars in FY2017 and anticipates an approximate reduction in grant funds of \$230,000 , representing close to 50% of program costs. Washington County is 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 \$1.6 million. This increase is the result of an increase in pay-go funds. The additional pay-go funds help reduce the need to increase borrowing and provide for public safety projects.

Finally, the Capital improvement budget was increased by \$1.4 million over 2017. 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 2018 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 2018 we will face challenges for the next several years over service requirements/demands and State mandates. We will continue to monitor 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 2018 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 2018 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				
	2018	2017	\$ Change	% Change
Property Tax	\$123,602,410	\$120,495,940	\$3,106,470	2.58%
Local Tax	88,805,000	84,100,000	4,705,000	5.59%
Interest Income	425,000	375,000	50,000	13.33%
Fees	6,580,420	4,271,980	2,308,440	54.04%
Intergovernmental	2,292,230	2,514,730	(222,500)	(8.85%)
	\$221,705,060	\$211,757,650	\$9,947,410	4.70%

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

1. The local economy is beginning to show signs of recovery resulting in modest changes to overall revenues.
2. Property tax estimates are based on information provided by the State Department of Assessment and Taxation.
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 4.70% or \$9.9 million over the 2017 budget. Following is a detailed discussion regarding the major changes affecting General Fund revenues:

Property Tax revenue increased by 2.58% or \$3.1 million in 2018. This increase is directly related to an increase in the real estate and corporate personal property assessable base which is based on information provided by the State of Maryland Department of Assessments & Taxation.

Local Tax revenue reflects an increase of \$4.7 million which is based on current trends and projected growth in income tax.

Fees reflect an increase of \$2.3 million mainly due to projected revenue from speed cameras to fund public safety costs.

Intergovernmental decreased \$0.2 million due to a reduction in public safety grants.

General FundExpenditures

General Fund expenditures increased in total by \$9.9 million or 4.70% for 2018. This increase funded educational, public safety, Capital, and other governmental programs.

Education and public safety services account for 70% of the General Fund budget or \$156 million. These services include primary and secondary education, library, law enforcement and emergency services. In 2018 these services increased by \$3.6 million. This increase helped pay for costs such as:

- Mandated Maintenance of Effort increase;
- Gasoline cost;
- Insurance premium Increases;
- Inmate medical services;
- Capital Projects;
- Personnel costs.

Capital costs, operating transfers and general operations account for 9% of the General fund budget and include items such as cash payments to offset debt for project costs, capital project costs, and operating payments for Highway operations. These costs increased by \$5.5 million.

Debt service costs account for 7% of the general fund budget and decreased by \$0.3 million. 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 3.8% in total for all services.

The expenditure tables which follow summarize the 2018 General Fund expenditure budget, and compares it with the 2017 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 4.70% or \$9,947,410 increase over 2017.

General Fund Expenditures By Function				
	2018	2017	\$ Change	% Change
Education	\$109,921,740	\$107,452,410	\$2,469,330	2.30%
Public Safety	45,806,260	44,663,270	1,142,990	2.56%
Intergovernmental Transfers	15,327,890	13,453,000	1,874,890	13.94%
Debt Service	15,204,570	15,475,000	(270,430)	(1.75%)
General Government	19,499,000	14,777,730	4,721,270	31.95%
Courts	5,042,410	4,887,670	154,740	3.17%
State Agencies	4,601,490	4,443,400	158,090	3.56%
Community Programs & Services	1,726,100	1,700,000	26,100	1.54%
Public Works & Permits	1,725,950	2,195,640	(469,690)	(21.39%)
Parks & Recreation	2,849,650	2,709,530	140,120	5.17%
	\$221,705,060	\$211,757,650	\$9,947,410	4.70%

As indicated in the table below, overall cost categories by object increased by 4.70% or \$9,947,410. Net expenditures changed as follows:

1. Wage changes of 4.7% reflect new public safety positions and a 5% employee COLA, which is offset by retirement savings turnover.
2. Pension cost increases.
3. Operating increased to reflect public safety increases of 1.05% mainly related to food and medical inmate services, gasoline costs, and personnel, capital related expenditures increase of 8.10% in pay-go funding for public safety, education and general government projects; and 3.90% for all other areas.

General Fund Expenditures By Object				
	2018	2017	\$ Change	% Change
Full Time	\$30,418,750	\$29,107,340	\$1,311,410	4.51%
Part Time	1,578,130	1,555,130	23,000	1.48%
Overtime	867,740	739,540	128,200	17.34%
Fringe Benefits	20,943,510	18,977,960	1,965,550	10.36%
Operating	167,829,640	161,184,740	6,644,900	4.12%
Capital Outlay	67,290	192,940	(125,650)	(65.12%)
	\$221,705,060	\$211,757,650	\$9,947,410	4.70%

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 2018 budget and expenditure projections for the next ten years; the total capital request for Fiscal Years 2018 through 2027 is \$384,215,000.

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.



Maryland Theatre

A listing of the major capital projects to be undertaken or purchased in 2018 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 2018 Capital budget is 64% cash, 30% tax-supported debt and 6% self-supported debt.

Capital Improvement Funds

2018 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2018 Budget
Airport:				
Land Acquisition - Airport	2,040,000			2,040,000
Passenger Terminal Hold Room Expansion	612,000			612,000
Airport Environmental Assessment	765,000			765,000
Other Airport Projects < \$500,000	838,000			838,000
Bridges:				
Crystal Falls Drive Bridge W3051	266,000	474,000		740,000
Other Bridge Projects < \$500,000	351,000	115,000		466,000
Drainage:				
Stormwater Retrofits	339,000	521,000		860,000
Other Drainage Projects < \$500,000	442,000	428,000		870,000
Board of Education:				
Sharpsburg Elementary School Replacement	645,000			645,000
Urban Education Campus - BOE Component	4,000,000			4,000,000
Hagerstown Community College:				
Learning Resource Center Renovation	681,000	404,000		1,085,000
SMART/Alt. Energy House/Training Center	1,150,000			1,150,000
Student Center Parking Lot	35,000			35,000
Public Library:				
Other Library Projects < \$500,000	20,000			20,000
General Government:				
Building Renovations 33-35 W Wash St		510,000		510,000
General Government Projects < \$500,000	1,819,000			1,819,000
Parks and Recreation:				
Projects < \$500,000	224,000			224,000
Public Safety:				
Police, Fire and Emerg Svcs Training Facility		3,328,000		3,328,000
Law Enforcement - Fleet Replacement	616,000			616,000
Other Public Safety Projects < \$500,000	863,000			863,000

Capital Improvement Funds

2018 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2018 Budget
Road Improvement:				
Pavement Maintenance and Rehab	2,176,000	1,904,000		4,080,000
Halfway Boulevard Extended Phase I	800,000	100,000		900,000
Showalter Road Extended East		510,000		510,000
Professional Boulevard Ext - Phase II	1,200,000			1,200,000
Professional Boulevard Bridge - Phase I		759,000		759,000
Colonel Henry K. Douglas Dr Ext Phase I	1,000,000	1,200,000		2,200,000
Crayton Boulevard Extended		800,000		800,000
Highway Equip. & Vehicle Replacement	1,020,000			1,020,000
Other Projects < \$500,000	312,000	947,000		1,259,000
Solid Waste:				
City County Gas Mitigation			852,000	852,000
Projects < \$500,000	26,000			26,000
Transit:				
Fixed Route Bus Replacement Program	2,994,000			2,994,000
Projects < \$500,000	357,000			357,000
Water Quality:				
Capacity Management Project			510,000	510,000
Other Projects < \$500,000	284,000		1,224,000	1,508,000
Total	25,875,000	12,000,000	2,586,000	40,461,000

The Ten Year Capital plan for 2018 through 2027 by category is as follows:

Capital Improvement Project Summary										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Education	6,935,000	12,978,000	11,086,000	10,240,000	13,901,000	12,421,000	12,920,000	13,396,000	11,775,000	11,047,000
Roads	15,664,000	13,813,000	15,101,000	10,473,000	12,582,000	13,612,000	12,501,000	15,230,000	14,129,000	11,207,000
Environmental	2,896,000	2,451,000	10,648,000	12,876,000	4,675,000	6,561,000	2,566,000	8,082,000	4,189,000	3,034,000
Transportation	7,606,000	1,696,000	2,278,000	1,866,000	2,629,000	2,042,000	2,084,000	2,664,000	3,395,000	4,607,000
Other	7,360,000	5,232,000	3,800,000	3,714,000	3,882,000	3,920,000	3,915,000	4,335,000	4,096,000	4,105,000
Total	40,461,000	36,170,000	42,913,000	39,169,000	37,669,000	38,556,000	33,986,000	43,707,000	37,584,000	34,000,000

Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General fund. For 2018 these funds total \$53.4 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 3.5% 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 FY2018.



Environmental Service Funds				
	2018	2017	Change	
Solid Waste	\$6,974,830	\$6,397,560	\$577,270	9.0%
Utility Funds	19,058,100	18,163,400	894,700	4.9%
Land Preservation	3,925,510	3,052,650	872,860	28.6%
	\$29,958,440	\$27,613,610	\$2,344,830	8.5%

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, Transit, and Airport funds increased mainly as a result of the 5% COLA. Transit anticipates increased grant funding. The Airport fund expects increased revenue from airfield operations. 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				
	2018	2017	Change	
Highway	\$10,567,610	\$10,365,890	\$201,720	1.9%
Transit	2,559,970	2,465,580	94,390	3.8%
HEPMPO	543,820	503,620	40,200	8.0%
Airport	2,076,840	1,940,090	136,750	7.0%
	\$15,748,240	\$15,275,180	\$473,060	3.1%

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 decreased from last year based on no project funding requests in FY18. Cascade Town Centre is a new fund for FY2018. Current costs are being paid for through fund reserves and rental income. Both the Contraband and the Inmate Welfare funds are funded with confiscated monies and inmate funds.



Other Program Service Funds				
	2018	2017	Change	
Golf Course	\$1,234,470	\$1,219,200	\$15,270	1.3%
Hotel Rental Tax	2,100,000	2,523,000	(423,000)	(16.8%)
Cascade Town Centre	1,097,050	-	1,097,050	100.0%
Agricultural Education	225,140	214,940	10,200	4.7%
Community Grant Management	435,210	389,090	46,120	11.9%
Inmate Welfare	429,130	371,530	57,600	15.5%
Gaming	2,137,880	2,161,340	(23,460)	(1.1%)
Contraband	8,930	-	8,930	100.0%
	\$7,667,810	\$6,879,100	\$788,710	11.5%

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 2017 was \$35.4 million. The total unused authorization available is \$24.6 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 \$16 million per year 2018-2020	2017	2018	2019	2020	Maximum Policy Target	2018 Peer Group Target
Debt per Capita	\$1,040	\$1,078	\$1,108	\$1,142	\$1,500	\$1,661
Debt as % of Fair Market Value	1.29%	1.31%	1.33%	1.34%	1.50%	1.68%
Debt Service as % General Fund Revenue	6.86%	7.04%	6.76%	7.24%	8.00%	8.06%
Debt Service per Capita as % income per Capita	0.24%	0.24%	0.23%	0.25%	0.50%	0.32%

Projected debt balances for the period ended June 30, 2017, 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 36% within the first five years and 66% 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, 2016	\$139,495,278	\$50,351,615	\$189,846,893
2017 Borrowing	12,000,000	3,629,660	16,025,000
2017 Payments	(10,170,737)	(3,608,188)	(14,174,265)
Balance June 30, 2017	\$141,324,541	\$50,373,087	\$191,697,628

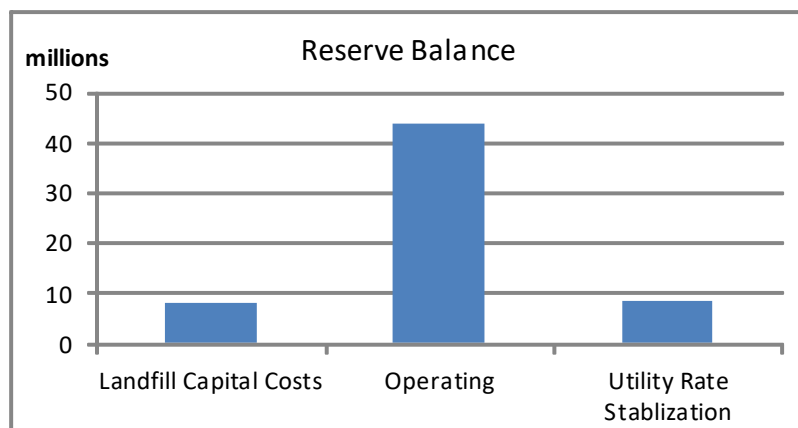
Debt and Reserve Management

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.

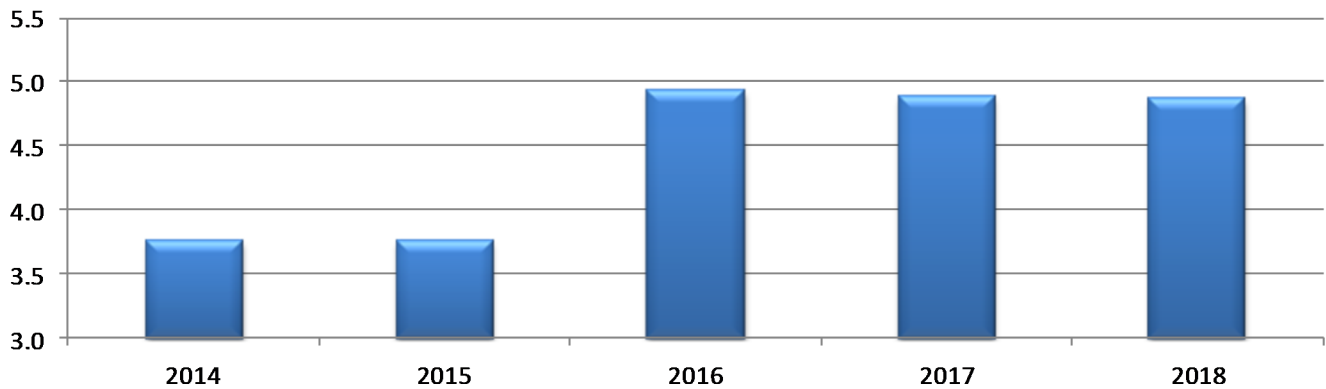
Reserve Management

The table below presents the actual financial results for the reserve balances as of the year ended June 30, 2016. 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 2018, 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.



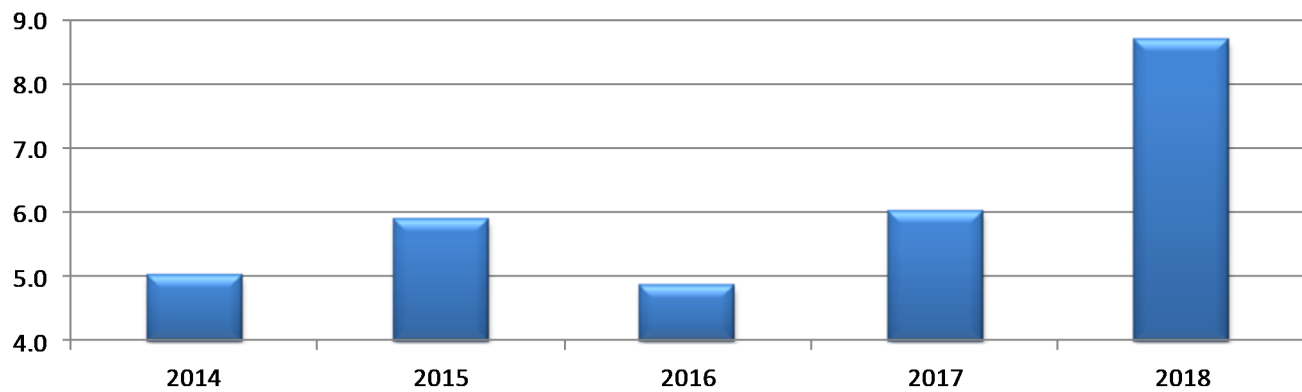
Direct Allocations to Fire and Rescue Companies

Millions



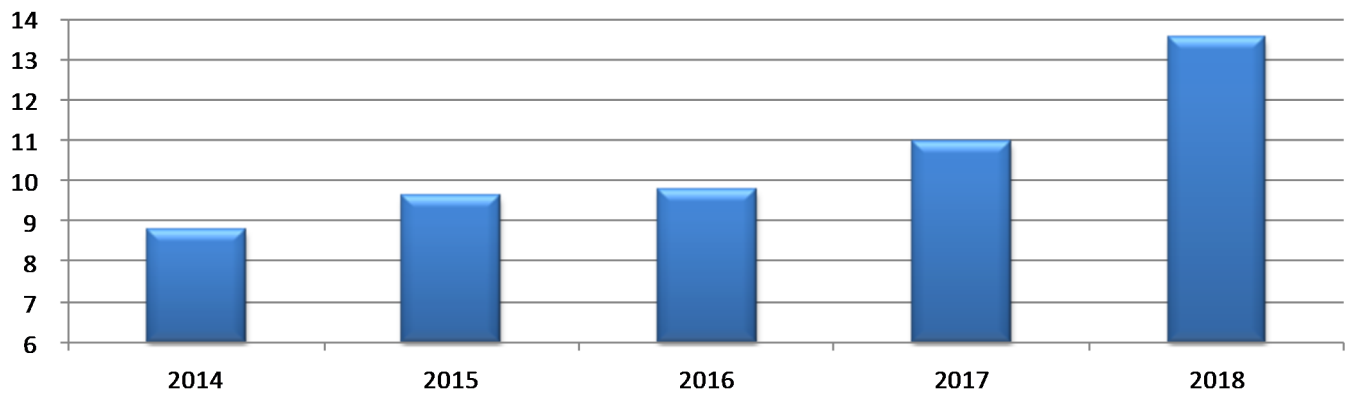
Millions

Fire and Rescue Costs Paid Directly by County

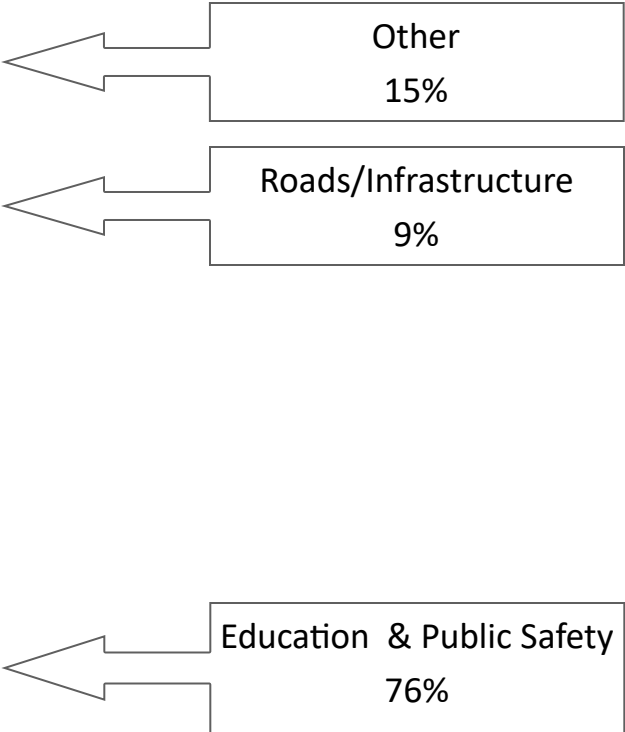


Millions

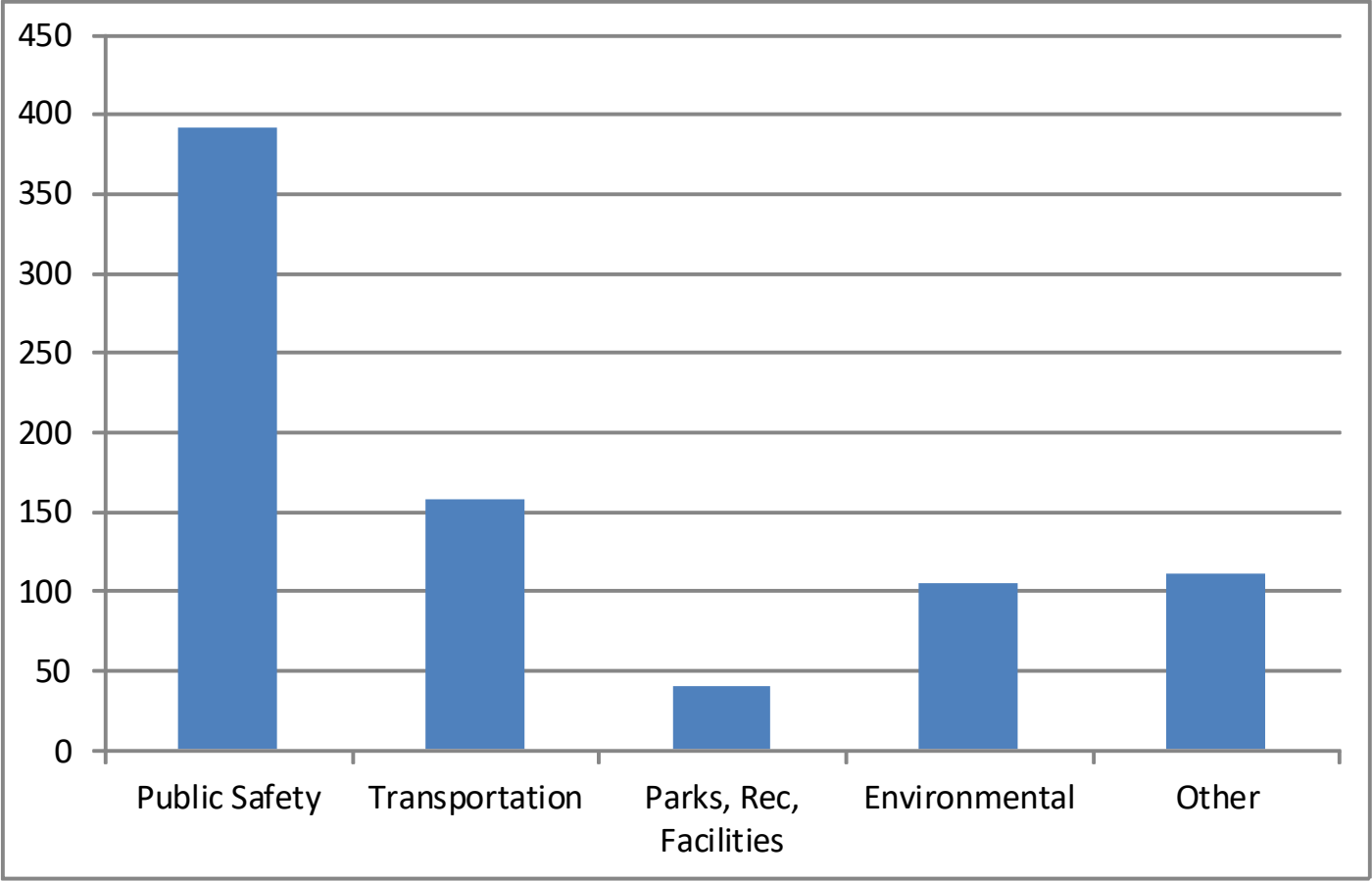
Total Fire and Rescue Support



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 - 2018

	2018	2017	\$ Change	% Change
General Fund:				
Education				
Board of Education	\$97,053,410	\$94,844,030	\$2,209,380	2.33%
Hagerstown Community College	9,743,000	9,543,050	199,950	2.10%
Free Library	3,089,330	3,029,330	60,000	1.98%
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	12,000	0	0.00%
Total Education	109,921,740	107,452,410	2,469,330	2.30%
Public Safety				
Sheriff - Judicial	2,536,970	2,503,030	33,940	1.36%
Sheriff - Process Servers	143,890	140,440	3,450	2.46%
Sheriff - Patrol	10,253,250	9,789,120	464,130	4.74%
Sheriff - Central Booking	940,360	903,080	37,280	4.13%
Sheriff - Detention Center	14,175,090	13,530,730	644,360	4.76%
Sheriff - Day Reporting Center	547,030	627,060	(80,030)	(12.76%)
Sheriff - Narcotics Task Force	751,950	712,340	39,610	5.56%
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	28,220	36,190	(7,970)	(22.02%)
Special Operations	474,530	479,270	(4,740)	(0.99%)
Fire & Rescue Volunteer Services	6,886,580	7,306,500	(419,920)	(5.75%)

Department Expenditure by Function - 2018				
	2018	2017	\$ Change	% Change
911 - Communications	4,668,570	4,426,830	241,740	5.46%
EMS Operations	1,416,980	1,495,950	(78,970)	(5.28%)
Fire Operations	233,050	0	233,050	100.00%
Emergency Management	182,990	168,870	14,120	8.36%
Wireless Communications	1,221,600	1,250,260	(28,660)	(2.29%)
Animal Control Services	1,341,600	1,290,000	51,600	4.00%
Total Public Safety	45,806,260	44,663,270	1,142,990	2.56%
Operating and Capital				
Highway	8,151,110	8,190,000	(38,890)	(0.47%)
Solid Waste	473,630	491,400	(17,770)	(3.62%)
Agricultural Education Center	183,940	173,740	10,200	5.87%
Community Grant Management	316,220	266,160	50,060	18.81%
Land Preservation	136,550	142,730	(6,180)	(4.33%)
HEPMPO	7,950	6,730	1,220	18.13%
Utility Administration	201,950	182,770	19,180	10.49%
Transit	484,470	484,470	0	0.00%
Airport	14,500	14,500	0	0.00%
Golf Course	319,020	246,950	72,070	29.18%
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement Fund	5,000,000	3,215,000	1,785,000	55.52%
Debt Service	15,204,570	15,475,000	(270,430)	(1.75%)
Total Operating Transfers and Capital	30,532,460	28,928,000	1,604,460	5.55%
Courts				
Circuit Court	1,559,700	1,517,330	42,370	2.79%
Oprhans Court	30,920	30,920	0	0.00%
State's Attorney	3,451,790	3,339,420	112,370	3.36%
Total Courts	5,042,410	4,887,670	154,740	3.17%
State Agency, Programs & Services				
Health Department	2,339,270	2,339,270	0	0.00%
Social Services	424,390	373,390	51,000	13.66%
University of MD Extension	237,030	232,400	4,630	1.99%
County Cooperative Extension	38,730	38,730	0	0.00%
Election Board	1,145,990	1,052,900	93,090	8.84%

Department Expenditure by Function - 2018				
	2018	2017	\$ Change	% Change
Soil Conservation	206,040	202,000	4,040	2.00%
Weed Control	200,040	194,710	5,330	2.74%
Gypsy Moth Program	10,000	10,000	0	0.00%
Total State Agencies	4,601,490	4,443,400	158,090	3.56%
Community Programs & Services				
Total Community Programs & Services	1,726,100	1,700,000	26,100	1.54%
General Government				
County Commissioners	284,430	292,070	(7,640)	(2.62%)
County Clerk	104,370	101,480	2,890	2.85%
County Administrator	474,500	440,510	33,990	7.72%
Public Relations and Community Affairs	422,630	414,170	8,460	2.04%
Budget & Finance	1,435,300	1,411,430	23,870	1.69%
Independent Accounting & Auditing	70,000	70,000	0	0.00%
Purchasing	534,080	537,800	(3,720)	(0.69%)
Treasurer	460,820	442,820	18,000	4.06%
County Attorney	721,420	694,180	27,240	3.92%
Human Resources	759,040	778,320	(19,280)	(2.48%)
Central Services	151,900	204,200	(52,300)	(25.61%)
Information Technology	2,403,870	2,192,030	211,840	9.66%
General Operations	4,808,100	1,194,660	3,613,440	302.47%
Planning and Zoning	725,830	688,330	37,500	5.45%
Board of Zoning Appeals	53,440	53,440	0	0.00%
Martin Luther King Building	80,400	80,300	100	0.12%
Administration Building	183,600	183,600	0	0.00%
Administration Building II	105,350	103,850	1,500	1.44%
Court House	603,250	587,230	16,020	2.73%
County Office Building	195,310	195,310	0	0.00%
Administration Annex	53,970	56,300	(2,330)	(4.14%)
Dwyer Center	29,700	29,700	0	0.00%
Rental Properties	2,000	2,000	0	0.00%

Department Expenditure by Function - 2018				
	2018	2017	\$ Change	% Change
Public Facilities Annex	53,200	55,700	(2,500)	(4.49%)
Business Development	743,680	567,500	176,180	31.04%
Women's Commission	2,000	2,000	0	0.00%
Medical Examiner	20,000	20,000	0	0.00%
Total General Government	15,482,190	11,398,930	4,083,260	35.82%
Public Works and Permits				
Public Works	240,970	232,390	8,580	3.69%
Engineering	2,138,610	1,613,930	524,680	32.51%
Construction	1,878,200	1,764,870	113,330	6.42%
Plan Review & Permitting	1,484,980	931,740	553,240	59.38%
Permitting	0	1,031,510	(1,031,510)	(100.00%)
Total Public Works and Permits	5,742,760	5,574,440	168,320	3.02%
Parks and Recreation				
Parks	1,808,600	1,706,720	101,880	5.97%
Martin L. Snook Pool	133,100	128,370	4,730	3.68%
Fitness and Recreation	907,950	874,440	33,510	3.83%
Total Parks and Recreation	2,849,650	2,709,530	140,120	5.17%
Total General Fund	221,705,060	211,757,650	9,947,410	4.70%
Capital Improvement				
Education	6,935,000	8,428,000	(1,493,000)	(17.71%)
Road Improvements	15,664,000	15,458,000	206,000	1.33%
Environmental	2,896,000	8,215,000	(5,319,000)	(64.75%)
Transportation	7,606,000	2,156,000	5,450,000	252.78%
Other	7,360,000	4,776,000	2,584,000	54.10%
Total Capital Improvement	40,461,000	39,033,000	1,428,000	3.66%
Environmental Funds:				
Solid Waste Fund	6,974,830	6,397,560	577,270	9.02%
Utility Administration Fund	4,463,560	4,072,310	391,250	9.61%
Water Fund	1,370,660	1,337,520	33,140	2.48%
Sewer Fund	12,349,440	11,877,420	472,020	3.97%
Pretreatment Fund	874,440	876,150	(1,710)	(0.20%)
Land Preservation Fund	3,925,510	3,052,650	872,860	28.59%
Total Environmental Funds	29,958,440	27,613,610	2,344,830	8.49%

Department Expenditure by Function - 2018

	2018	2017	\$ Change	% Change
Transportation Funds				
Highway Fund	10,567,610	10,365,890	201,720	1.95%
HEPMPO Fund	543,820	503,620	40,200	7.98%
Transit Fund	2,559,970	2,465,580	94,390	3.83%
Airport Fund	2,076,840	1,940,090	136,750	7.05%
Total Transportation Funds	15,748,240	15,275,180	473,060	3.10%
Other Program and Service Funds				
Cascade Towne Center Fund	1,097,050	0	1,097,050	0.00%
Ag Center Fund	225,140	214,940	10,200	4.75%
Community Grant Management Fund	435,210	389,090	46,120	11.85%
Contraband Fund	8,930	0	8,930	100.00%
Gaming Fund	2,137,880	2,161,340	(23,460)	(1.09%)
Golf Course Fund	1,234,470	1,219,200	15,270	1.25%
Hotel Rental Tax Fund	2,100,000	2,523,000	(423,000)	(16.77%)
Inmate Welfare Fund	429,130	371,530	57,600	15.50%
Total Other Funds	7,667,810	6,879,100	788,710	11.47%
Total All Funds	\$315,540,550	\$300,558,540	\$14,982,010	4.98%

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	\$ 1,216,164
Income Tax:	2.80%	Taxable Income	2001	.01%	\$ 253,845

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 \$116.5 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 2018 the Capital Improvement budget reflects \$6.9 million for education related projects, of which \$1.7 million is grant funded. Total educational funding available was \$123.4 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 \$.944. That rate is four thousandth of a cent lower 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:	
Robert Slocum	240-313-2200
County Departments:	
Listing of County Departments & emails	www.washco-md.net
Financial Documents:	
Budget documents	www2.washco-md.net/budget_finance/finance_docs.shtm
Capital Improvement Program	www2.washco-md.net/budget_finance/finance_docs.shtm
Annual Financial Statements	www2.washco-md.net/budget_finance/finance_docs.shtm
Official Statements for Bond Issues	www2.washco-md.net/budget_finance/finance_docs.shtm
Quarterly Reports	www2.washco-md.net/budget_finance/finance_docs.shtm



We're on the Web

www.washco-md.net

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

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 http://www2.washco-md.net/commissioners/commiss_video.shtm

VIDEO ARCHIVE



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Commissioners Meeting Agenda
Packet

Some other items available
on the web site:



Volunteer for a County Board or
Commission



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



County Commuter
Info, Schedules, & Routes