



Washington County

M A R Y L A N D

FY 2019

CITIZEN'S GUIDE TO THE BUDGET

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COMMITTED TO CUSTOMER SERVICE DEDICATED TO PROGRESS

This document is a “brief” look at the 2019 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 2019 budget represents the 19th year with the same real estate and income tax rate. Major changes for the County operations include funding for education, 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.

100 West Washington Street
Hagerstown, Maryland 21740
www.washco-md.net

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



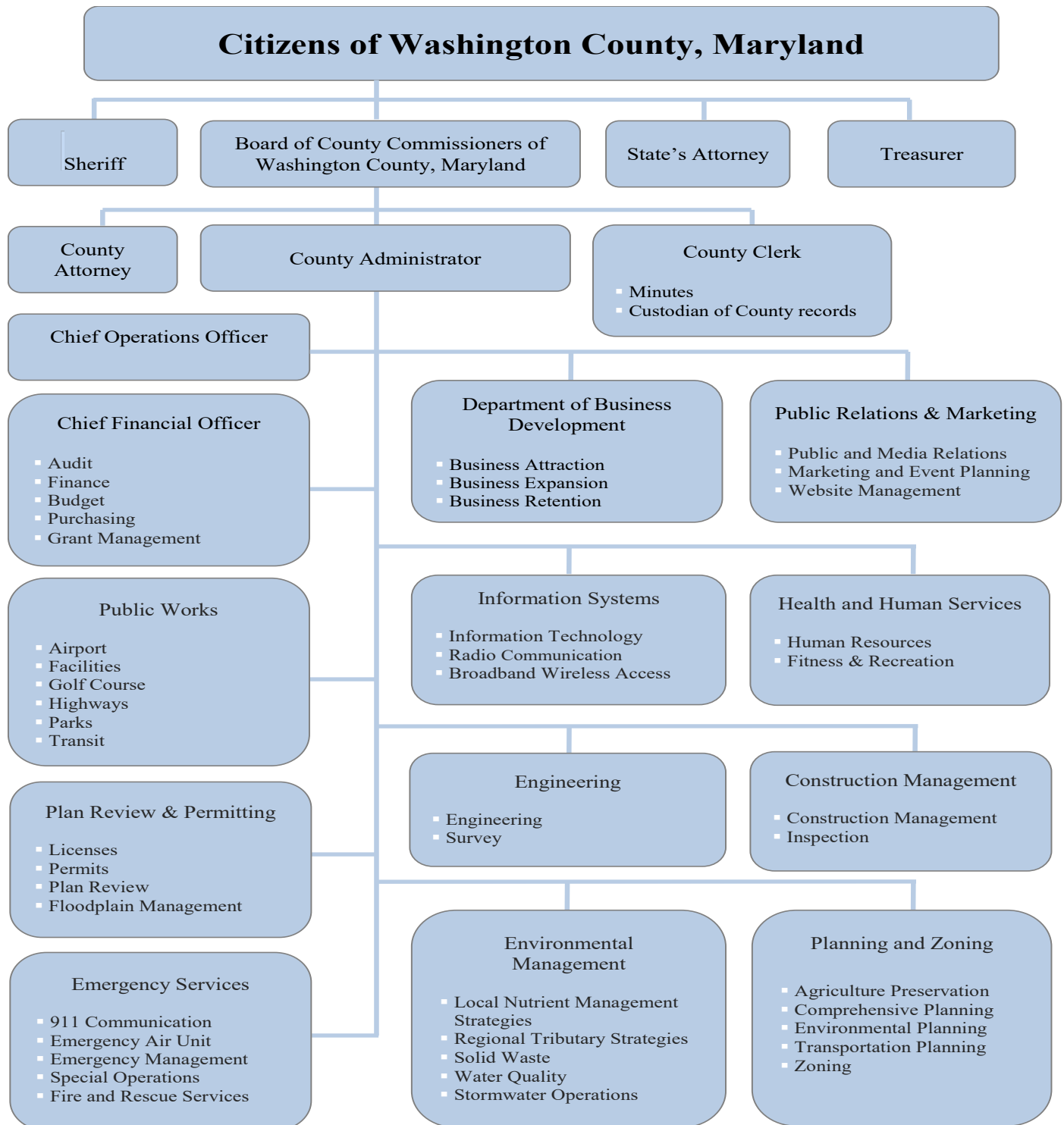
Commissioner LeRoy E. Myers



Commissioner Wayne K. Keefer

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.





Washington County

MARYLAND

MISSION

Supporting and strengthening individual and community self-reliance and responsibility; promoting education, economic development opportunities, public health, safety and welfare; protecting the environment and cultural resources we share; and planning for future urbanization and a culturally diverse population.

VISION

To become the regional leader in providing and coordinating efficient and effective public services in an open and cooperative manner.

VALUES

"Committed to Customer Service, Dedicated to Progress"



ECONOMIC DEVELOPMENT

Providing assistance to new and expanding businesses throughout Washington County, Maryland. Identifying and prioritizing economic development infrastructure needs and opportunities.

Facilitating workforce development and support collaboration with public and

EDUCATION

Supporting education that includes various activities, operating funding and projects. Educating citizens via public awareness, public relations and collaborative efforts. Providing seminars and training to the public for informational and outreach efforts.

HUMAN SERVICES

Uniquely approaching and meeting the needs and the health and well-being of County employees and the community. Maintaining a commitment to improving the overall quality of life in Washington County.

INFRASTRUCTURE

Providing and expanding services and facilities in Washington County necessary for the economy. Working with public and private improvements for roads, bridges, water and sewer, highways, airport, transit and other resources to meet the needs of

PUBLIC SAFETY

Ensuring the safety, welfare and protection of Washington County. Working with law enforcement, fire and emergency services, medical services and volunteers. Partnering with local and state agencies in prevention measures and training to properly protect our citizens.



Economic Development

Focus on growing the **tax base** instead of the **tax rate**

Business retention leads to **business attraction**

Issued spending account to **EDC members** for business development

Education

Increased operating allocation to the Board of Education by **\$1.5 million** over FY18

With this allocation, the BOE will be funded over the MOE by **\$230,000**

Increased BOE capital dollars by **\$2.9 million** over last year

State and local funding combined totals **\$275,995,704**



Human Services

Community Organization Funding of **\$1.7 million**

Gaming grants to non-profits totalling **\$988,000**

Secured ARC funding for tourism and recreational activities

Infrastructure

Capital Budget includes **\$43,958,000**

4 Public / Private Partnerships

Private Funds

County Funds

Federal / State Funds



Public Safety

Police, Fire and EMS Training facility budget increased by **\$6.5 million to \$11.5 million**

Rescue Squads up **\$50,000** from **\$0** in FY2018

\$800,000 in Capital budget for Reserve Fleet for Fire & EMS

Two new **9-1-1** operators for a total of **44 employees**; Provides up to **5 deputies** to replace retiring staff to avoid interruption of service

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 150,580 residents with nine incorporated municipalities.

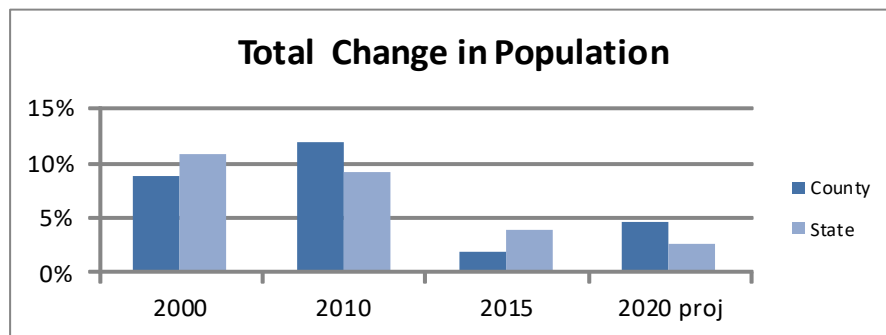


Garis Shop Road Bridge

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 county-wide 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.

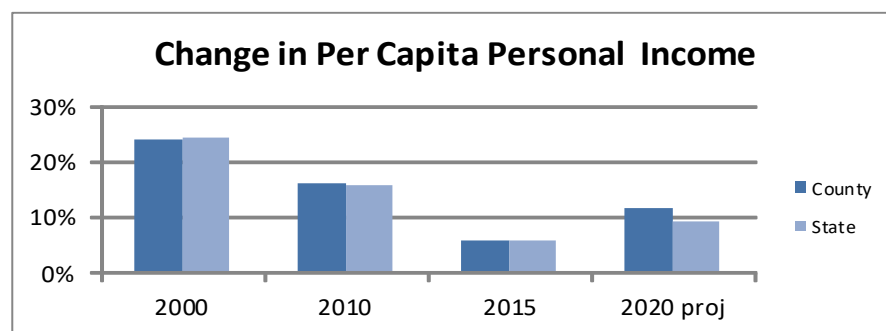
Demographics

Washington County is home to an estimated 150,580 residents and currently ranked 11th in population and 12th in population growth in the State of Maryland. Between 2000 and 2016, Washington County grew in total by 13.9% or by an annual average of 0.9% per year compared to the State of Maryland, which grew in total by 13.6% 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. Per Capita Personal Income for the State of Maryland increased 22% from 2000 through 2015 or an annual average of 1.5% per year.



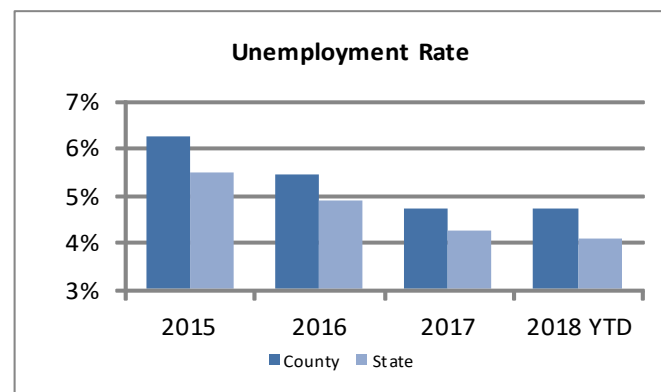
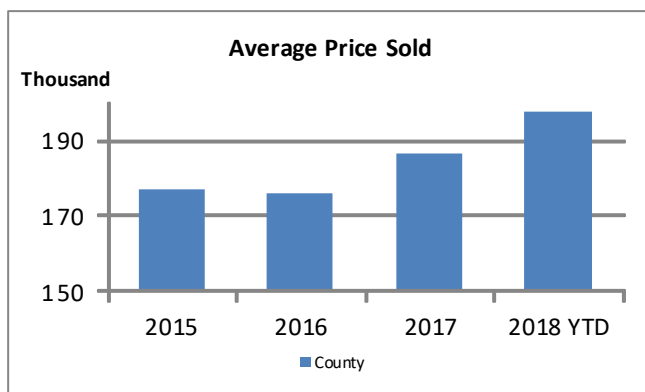
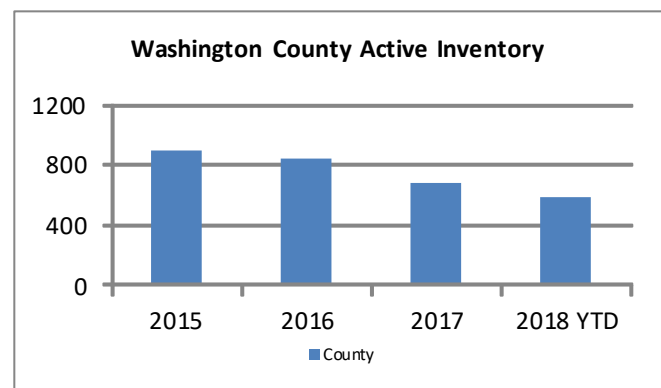
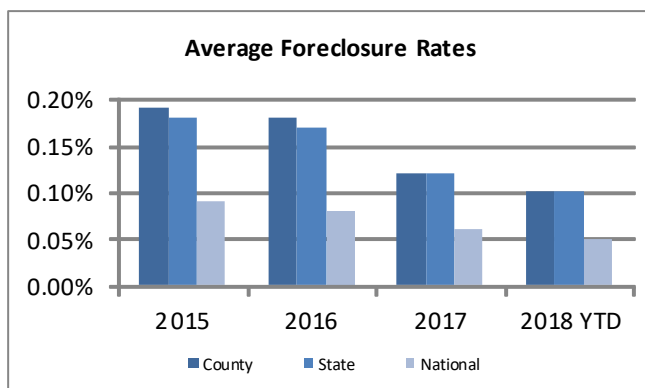
Source: MD Department of Planning.

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 0.12% in FY2017 to 0.10% in FY2018. 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 FY2018 of \$197,631.

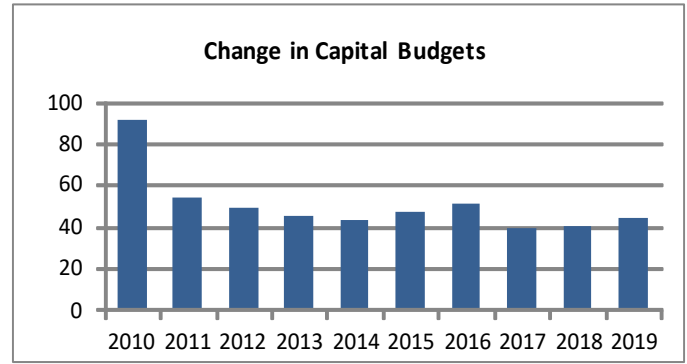
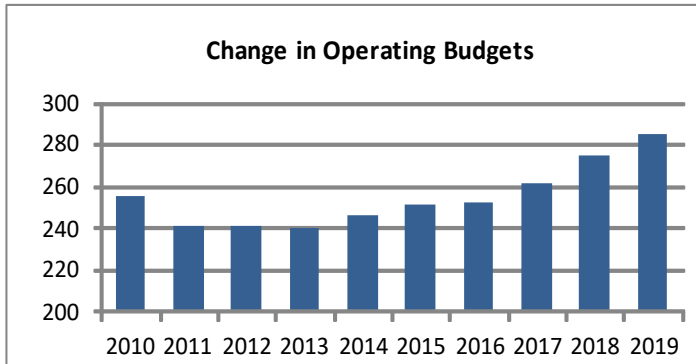
The County's unemployment rate decreased from 6.4% in March 2015 to the current rate of 5.3% as of March 2018. The unemployment rate has shown a consistent gradual decrease. The State of Maryland unemployment rate decreased from 5.4% to 4.3% for the same time period.



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

Total Budget History

Washington County's history over the past several years for operating and capital budgets are shown in the tables below in millions. Operating budgets have increased by 11.5% or \$29.4 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

Washington County budgets are summarized and compared to prior years on the following pages and are discussed throughout this budget message. The 2019 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 2019 Washington County budget totals \$328,502,270 which is \$12,961,720 or 4.11% above the 2018 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.

As with most years, there were several challenges the County faced for the 2019 budget year, which include 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 in a substantial way. Not only has the County's road maintenance program been reduced, but other programs have been reduced as well due to General Fund monies being reallocated to supplant lost Highway User revenue. Emergency services have been and will continue to be a challenge facing the County in regards to service levels and funding. Even with these difficult challenges, the County still presents a budget that provides for 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 19 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 \$3,632 per person with the Statewide average at \$4,899, 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 \$98.3 million, plus an additional \$230,000 for a total allocation of \$98.5 million. In addition to local operating funds, \$5.2 million in local capital funding is allocated for Sharpsburg Elementary School and Capital Maintenance, which includes funds for school security. In total, capital funding has resulted in 36% of the General Fund debt service being attributable to primary education.

Other Educational changes included a 3% base increase to Hagerstown Community College, mainly to support a modest wage increase and programmatic costs. In addition, \$689,000 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 \$3.9 million over last year which are attributable to personnel related costs, projected gasoline prices, allocation increases to the Volunteer Fire & Rescue Association, and speed camera fees. In 2018, the Board of County Commissioners approved funding eight full-time firefighter positions, which accounts for part of the increase in personnel costs.

Operating and capital transfers reflect a slight increase of \$0.3 million. This increase is the result of an increase in support to other operating funds, which was offset with savings in debt service.

Finally, the Capital improvement budget was increased by \$3.2 million over 2018. 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. In 2019, County sources of funding decreased, while State grant funding availability increased.

Overall, the 2019 budget provides for existing services, new initiatives and was prepared in line with sound financial management practices. The County 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 2019 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 2019 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				
	2019	2018	\$ Change	% Change
Property Tax	\$126,448,250	\$123,602,410	\$2,845,840	2.30%
Local Tax	91,305,000	88,805,000	2,500,000	2.82%
Interest Income	692,400	425,000	267,400	62.92%
Fees	8,885,360	6,580,420	2,304,940	35.03%
Intergovernmental	2,308,300	2,292,230	16,070	0.70%
	\$229,639,310	\$221,705,060	\$7,934,250	3.58%

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

1. The local economy shows signs of continued 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 3.58% or \$7.9 million over the 2018 budget. Following is a detailed discussion regarding the major changes affecting General Fund revenues:

Property Tax revenue increased by 2.30% or \$2.8 million in 2019. 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 \$2.5 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.

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	\$ 1,245,286
Income Tax:	2.80%	Taxable Income	2001	.01%	\$ 262,074

General Fund

Expenditures

General Fund expenditures increased in total by \$7.9 million or 3.58% for 2019. This increase funded education, public safety, and other governmental programs.

Education and public safety services account for 70% of the General Fund budget or \$161.5 million. These services include primary and secondary education, library, law enforcement, and emergency services. In 2019 these services increased by \$5.8 million. This increase helped pay for costs such as:

- Mandated Maintenance of Effort increase;
- Gasoline cost;
- Insurance premium increases;
- Inmate medical services; and
- Personnel costs.

Capital costs, operating transfers, and general operations account for 10% 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 \$2.2 million.

Debt service costs account for 6% of the General Fund budget and decreased by \$0.9 million. Of the debt service cost approximately 48% 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. These functions increased by 2.9% in total for all services.

The expenditure tables which follow summarize the 2019 General Fund expenditure budget, and compares it with the 2018 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 3.58% or \$7,934,250 increase over 2018.

General Fund Expenditures By Function				
	2019	2018	\$ Change	% Change
Education	\$111,784,060	\$109,921,740	\$1,862,320	1.69%
Public Safety	49,720,260	45,806,260	3,914,000	8.54%
Intergovernmental Transfers	16,488,370	15,327,890	1,160,480	7.57%
Debt Service	14,315,980	15,204,570	(888,590)	(5.84%)
General Government	20,973,400	19,499,000	1,474,400	7.56%
Courts	5,212,800	5,042,410	170,390	3.38%
State Agencies	4,684,000	4,601,490	82,510	1.79%
Community Programs & Services	1,700,000	1,726,100	(26,100)	(1.51%)
Public Works & Permits	1,730,290	1,725,950	4,340	0.25%
Parks & Recreation	3,030,150	2,849,650	180,500	6.33%
	\$229,639,310	\$221,705,060	\$7,934,250	3.58%

As indicated in the table below, overall cost categories by object increased by 3.58% or \$7,934,250. Net expenditures changed as follows:

1. Wage changes of 5.25% reflect implementation of a mid-year COLA of 3.5%, plus a 1.5% COLA for FY19.
2. Pension cost increases of \$1.5 million.
3. Law enforcement replacement plan, which will streamline the transition process to provide for continuous coverage and less overtime.
4. Two new full-time call taker positions.
5. Additional funding of \$270,000 for Volunteer Fire & Rescue services.
6. Provides funding for eight full-time firefighters.

General Fund Expenditures By Object				
	2019	2018	\$ Change	% Change
Full Time	\$31,951,650	\$30,418,750	\$1,532,900	5.04%
Part Time	1,700,240	1,578,130	122,110	7.74%
Overtime	938,090	867,740	70,350	8.11%
Fringe Benefits	24,906,250	20,943,510	3,962,740	18.92%
Operating	169,896,610	167,829,640	2,066,970	1.23%
Capital Outlay	246,470	67,290	179,180	266.28%
	\$229,639,310	\$221,705,060	\$7,934,250	3.58%

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 2019 budget and expenditure projections for the next 10 years; the total capital request for Fiscal Years 2019 through 2028 is \$413,114,000.

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.



Proposed Sharpsburg Elementary School

A listing of the major capital projects to be undertaken or purchased in 2019 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 agency contributions, 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 other general revenue sources.

Taxes and fees include restrictive revenues 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 represent excess cash saved over the past years from project savings and/or 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 2019 Capital budget is 70% cash, 27% tax-supported debt, and 3% self-supported debt.

Capital Improvement Funds

2019 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2019 Budget
Airport:				
Passenger Terminal Hold Room Expansion	882,000			882,000
Runway 9/27 Rehabilitation	500,000			500,000
Other Airport Projects < \$500,000	433,000			433,000
Bridges:				
Old Roxbury Road W5372	416,000	130,000		546,000
Other Bridge Projects < \$500,000	30,000	305,000		335,000
Drainage:				
Stormwater Retrofits		654,000		654,000
Other Drainage Projects < \$500,000		442,000		442,000
Board of Education:				
Capital Maintenance - BOE	2,769,000	435,000		3,204,000
Sharpsburg Elementary School Replacement	6,896,000	3,180,000		10,076,000
Urban Education Campus - BOE Component	6,386,000			6,386,000
Hagerstown Community College:				
Learning Resource Center Renovation	946,000			946,000
Other HCC Projects < \$500,000	878,000	381,000		1,259,000
Public Library:				
Other Library Projects < \$500,000	20,000			20,000
General Government:				
General Government Projects < \$500,000	1,602,000			1,602,000
Parks and Recreation:				
Projects < \$500,000	405,000			405,000
Public Safety:				
Police, Fire, and Emergency Services Training Facility	1,860,000			1,860,000
Law Enforcement - Fleet Replacement	600,000			600,000
County Rescue Fleet Replacement		800,000		800,000
Other Public Safety Projects < \$500,000	364,000			364,000

Capital Improvement Funds

2019 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2019 Budget
Road Improvement:				
Pavement Maintenance and Rehab	2,205,000	2,295,000		4,500,000
Eastern Boulevard Widening Phase II		665,000		665,000
Professional Boulevard Bridge - Phase I		1,767,000		1,767,000
Colonel Henry K. Douglas Dr Ext Phase I		550,000		550,000
Halfway Boulevard Extended Phase I	1,000,000			1,000,000
Highway Equipment and Vehicle Replacement	1,000,000			1,000,000
Other Projects < \$500,000	471,000	396,000		867,000
Solid Waste:				
Projects < \$500,000	26,000		257,000	283,000
Transit:				
Projects < \$500,000	375,000			375,000
Water Quality:				
Capacity Management Project			520,000	520,000
Other Projects < \$500,000	237,000		630,000	867,000
Total	30,301,000	12,000,000	1,407,000	43,708,000

The Ten Year Capital plan for 2019 through 2028 by category is as follows:

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Education	21,891,000	18,632,000	20,463,000	15,374,000	13,047,000	13,071,000	12,881,000	13,778,000	13,843,000	13,580,000
Roads	12,326,000	12,009,000	12,612,000	10,670,000	12,678,000	13,876,000	12,225,000	12,125,000	12,522,000	10,385,000
Environmental	1,670,000	11,203,000	13,246,000	2,992,000	5,465,000	2,808,000	10,092,000	1,986,000	1,324,000	2,370,000
Transportation	2,190,000	4,998,000	4,621,000	3,005,000	3,213,000	3,479,000	1,983,000	2,310,000	3,846,000	4,605,000
Other	5,631,000	6,454,000	5,324,000	6,007,000	5,446,000	3,656,000	3,821,000	3,938,000	3,233,000	4,210,000
Total	43,708,000	53,296,000	56,266,000	38,048,000	39,849,000	36,890,000	41,002,000	34,137,000	34,768,000	35,150,000

Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General Fund. For 2019 these funds total \$55.2 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 increase to the Solid Waste budget is due to closure/post closure costs and debt service costs. Fee increases are proposed for FY19.
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% . These increases are the result of State regulatory mandates for capital improvement requirements.
3. The Land Preservation Fund has decreased due to an expected decrease in grant funds for FY2019.

Environmental Service Funds				
	2019	2018	Change	
Solid Waste	\$8,121,710	\$6,974,830	\$1,146,880	16.4%
Utility Funds	19,422,180	19,058,100	364,080	1.9%
Land Preservation	3,761,390	3,925,510	(164,120)	(4.2%)
	\$31,305,280	\$29,958,440	\$1,346,840	4.5%



Conococheague Wastewater Treatment Plant

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 mainly due to rising fuel costs and salt for snow removal. The Airport Fund decreased due to reductions in capital outlay and allocations to capital projects. 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 Federal grants.

Transportation Service Funds				
	2019	2018	Change	
Highway	\$11,156,680	\$10,567,610	\$589,070	5.6%
Transit	2,563,400	2,559,970	3,430	0.1%
HEPMPO	550,080	543,820	6,260	1.2%
Airport	1,987,720	2,076,840	(89,120)	(4.3%)
	\$16,257,880	\$15,748,240	\$509,640	3.2%

C. Other Services

Other various funds provide services and programs to County residents and range from recreation to human service type programs. Golf Course and Grant Management both decreased due to changes in personnel costs. Cascade Town Centre costs are being paid for through fund reserves. Both the Contraband and the Inmate Welfare funds are funded with confiscated monies and inmate funds.

Other Program Service Funds				
	2019	2018	Change	
Golf Course	\$1,203,350	\$1,234,470	(\$31,120)	(2.5%)
Hotel Rental Tax	2,100,000	2,100,000	-	0.0%
Cascade Town Centre	1,036,950	1,097,050	(60,100)	(5.5%)
Agricultural Education	238,920	225,140	13,780	6.1%
Grant Management	387,780	435,210	(47,430)	(10.9%)
Inmate Welfare	454,000	429,130	24,870	5.8%
Gaming	2,166,150	2,137,880	28,270	1.3%
Contraband	4,650	8,930	(4,280)	(47.9%)
	\$7,591,800	\$7,667,810	(\$76,010)	(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 in an amount up to \$60 million under Chapter 60. The projected amount of bonds applied under Chapter 60 as of June 2018 was \$48.3 million. The total unused authorization available is \$11.7 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 \$16 million per year 2019-2021.	2018	2019	2020	2021	Maximum Policy Target	2019 Peer Group Target
Debt per Capita	\$1,047	\$1,085	\$1,120	\$1,149	\$1,500	\$1,573
Debt as % of Fair Market Value	1.29%	1.32%	1.34%	1.35%	1.50%	1.56%
Debt Service as % General Fund Revenue	6.68%	6.65%	6.98%	7.37%	8.00%	8.98%
Debt Service per Capita as % income per Capita	0.23%	0.22%	0.24%	0.25%	0.50%	0.33%

Projected debt balances for the period ended June 30, 2018, 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 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, 2017	\$141,324,541	\$48,523,427	\$189,847,968
2018 Borrowing	12,000,000	4,334,660	16,334,660
2018 Payments	(10,033,918)	(4,393,446)	(14,427,364)
Balance June 30, 2018	\$143,290,623	\$48,464,641	\$191,755,264

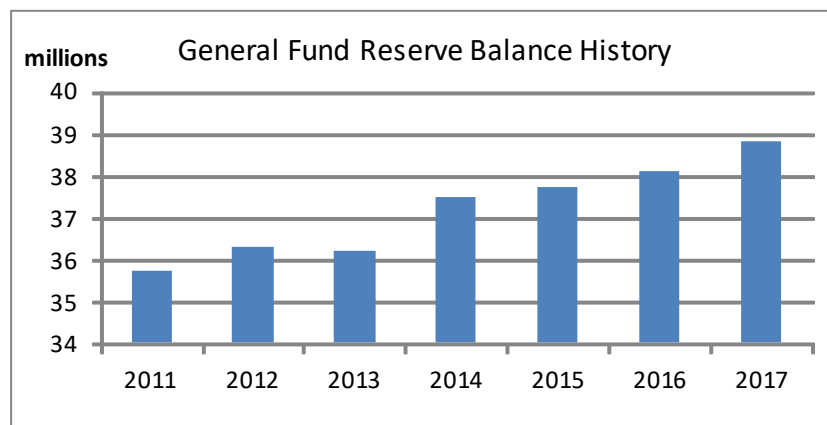
Debt and Reserve Management

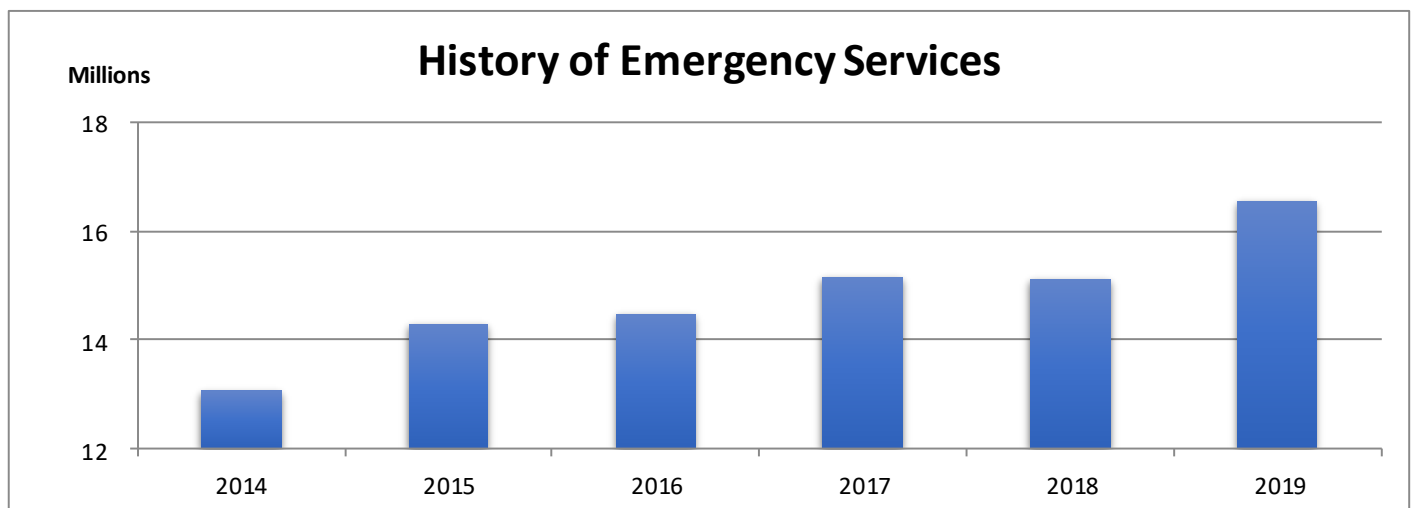
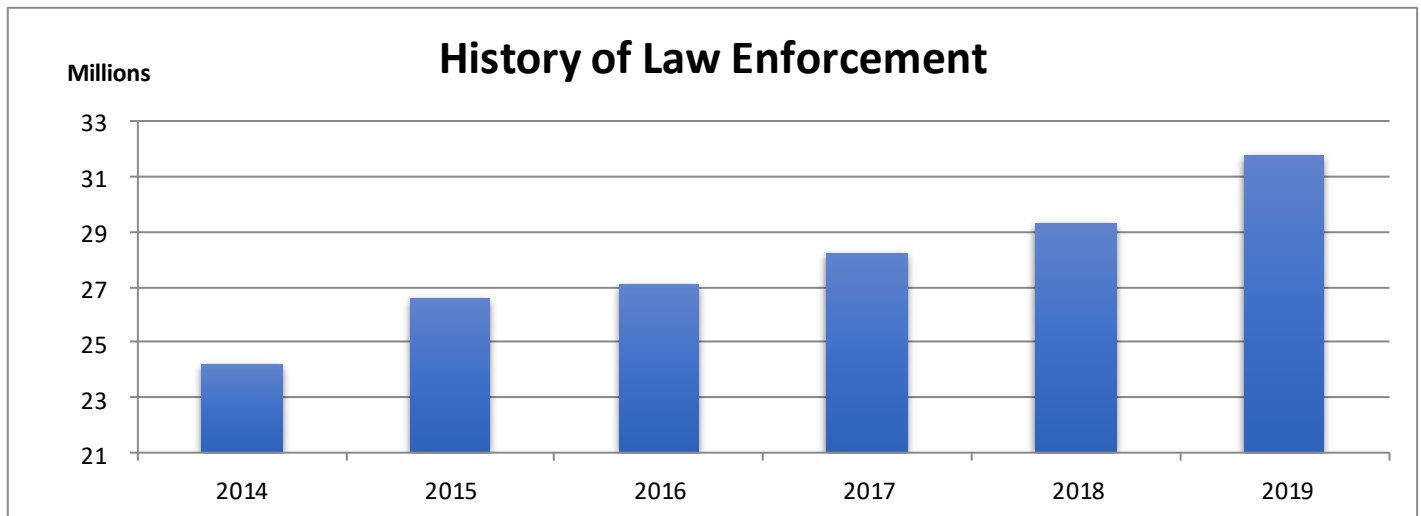
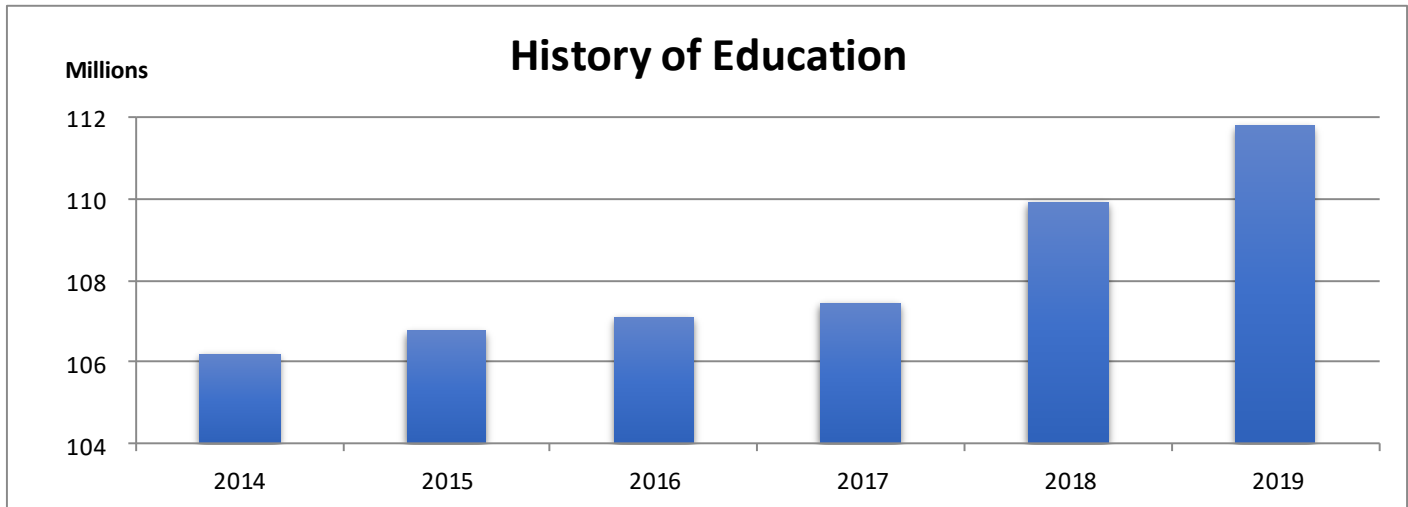
The County is provided with a rating for debt issuance by three New York rating agencies. The County was upgraded in 2014 by Standard and Poor's from AA to a AA+. In addition, Moody's upgraded the County's rating from AA to a AA+ and Fitch from Aa2 to a Aa1 in 2015. These upgrades were based on several 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, sound 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 moderate debt burden.

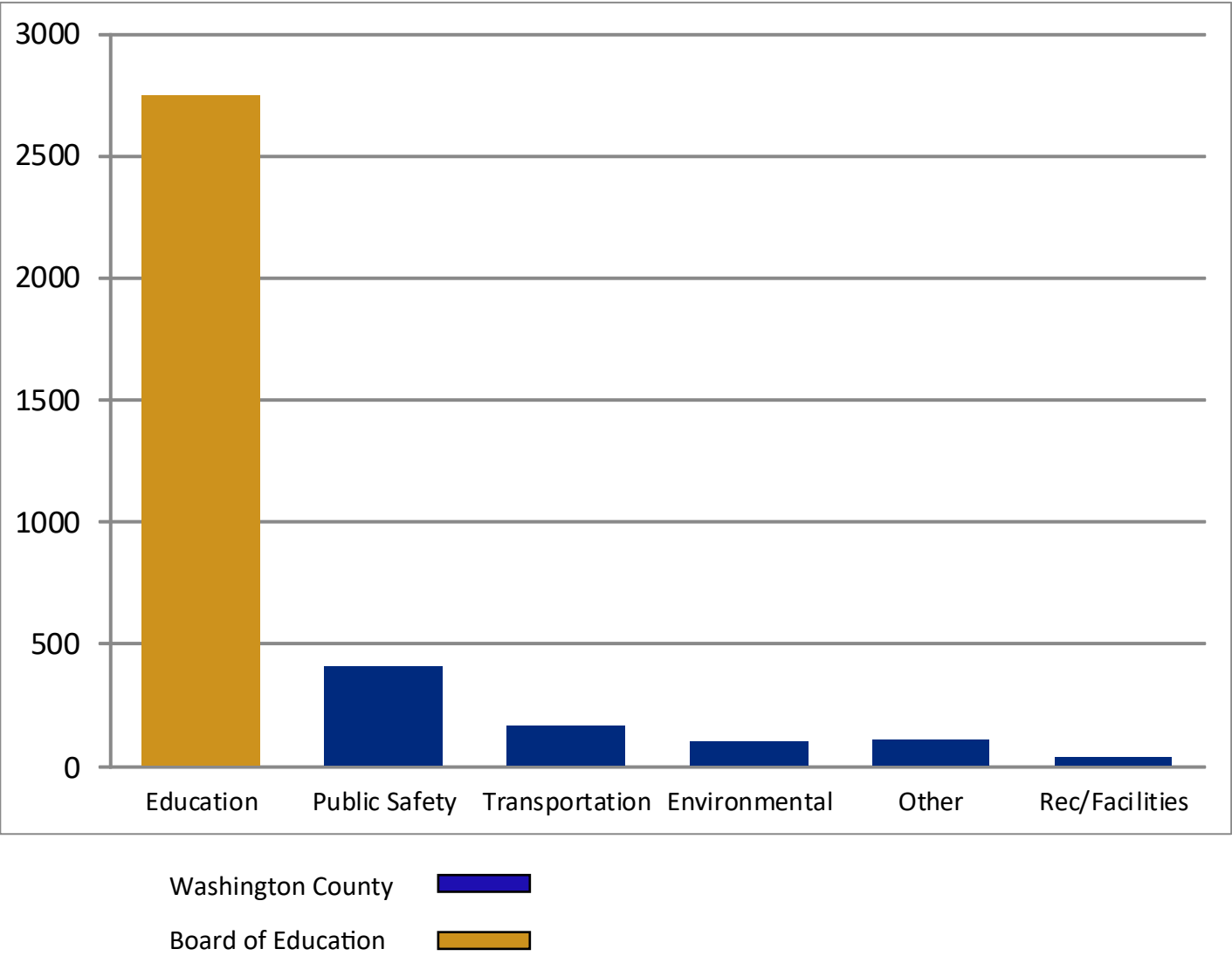
Reserve Management

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. 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. The table below represents General Fund reserve balances of the past several years.





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 - 2019

	2019	2018	\$ Change	% Change
General Fund:				
Education				
Board of Education	\$98,530,760	\$97,053,410	\$1,477,350	1.52%
Hagerstown Community College	10,035,290	9,743,000	292,290	3.00%
Free Library	3,182,010	3,089,330	92,680	3.00%
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	111,784,060	109,921,740	1,862,320	1.69%
Public Safety				
Sheriff - Judicial	2,765,860	2,536,970	228,890	9.02%
Sheriff - Process Servers	155,810	143,890	11,920	8.28%
Sheriff - Patrol	11,970,150	10,253,250	1,716,900	16.74%
Sheriff - Central Booking	913,750	940,360	(26,610)	(2.83%)
Sheriff - Detention Center	14,586,280	14,175,090	411,190	2.90%
Sheriff - Day Reporting Center	550,760	547,030	3,730	0.68%
Sheriff - Narcotics Task Force	807,190	751,950	55,240	7.35%
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	38,430	28,220	10,210	36.18%
Special Operations	78,920	474,530	(395,610)	(83.37%)
Fire & Rescue Volunteer Services	7,156,680	6,886,580	270,100	3.92%

Department Expenditure by Function - 2019				
	2019	2018	\$ Change	% Change
911 - Communications	4,843,110	4,668,570	174,540	3.74%
EMS Operations	1,466,970	1,416,980	49,990	3.53%
Fire Operations	1,364,180	233,050	1,131,130	485.36%
Emergency Management	258,810	182,990	75,820	41.43%
Wireless Communications	1,358,160	1,221,600	136,560	11.18%
Animal Control Services	1,401,600	1,341,600	60,000	4.47%
Total Public Safety	49,720,260	45,806,260	3,914,000	8.54%
Operating and Capital				
Highway	8,872,180	8,151,110	721,070	8.85%
Solid Waste	961,700	473,630	488,070	103.05%
Agricultural Education Center	197,720	183,940	13,780	7.49%
Grant Management	245,060	316,220	(71,160)	(22.50%)
Land Preservation	113,180	136,550	(23,370)	(17.11%)
HEPMPO	8,090	7,950	140	1.76%
Utility Administration	201,950	201,950	0	0.00%
Transit	484,470	484,470	0	0.00%
Airport	14,500	14,500	0	0.00%
Golf Course	309,970	319,020	(9,050)	(2.84%)
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement Fund	5,041,000	5,000,000	41,000	0.82%
Debt Service	14,315,980	15,204,570	(888,590)	(5.84%)
Total Operating Transfers and Capital	30,804,350	30,532,460	271,890	0.89%
Courts				
Circuit Court	1,620,960	1,559,700	61,260	3.93%
Orphans Court	30,920	30,920	0	0.00%
State's Attorney	3,560,920	3,451,790	109,130	3.16%
Total Courts	5,212,800	5,042,410	170,390	3.38%
State Agency, Programs & Services				
Health Department	2,339,270	2,339,270	0	0.00%
Social Services	435,560	424,390	11,170	2.63%
University of MD Extension	240,820	237,030	3,790	1.60%
County Cooperative Extension	38,730	38,730	0	0.00%
Election Board	1,185,480	1,145,990	39,490	3.45%

Department Expenditure by Function - 2019				
	2019	2018	\$ Change	% Change
Soil Conservation	218,180	206,040	12,140	5.89%
Weed Control	215,960	200,040	15,920	7.96%
Gypsy Moth Program	10,000	10,000	0	0.00%
Total State Agencies	4,684,000	4,601,490	82,510	1.79%
Community Programs & Services				
Total Community Programs & Services	1,700,000	1,726,100	(26,100)	(1.51%)
General Government				
County Commissioners	325,340	284,430	40,910	14.38%
County Clerk	117,040	104,370	12,670	12.14%
County Administrator	479,410	474,500	4,910	1.03%
Public Relations and Marketing	460,990	422,630	38,360	9.08%
Budget & Finance	1,457,170	1,435,300	21,870	1.52%
Independent Accounting & Auditing	70,000	70,000	0	0.00%
Purchasing	509,810	534,080	(24,270)	(4.54%)
Treasurer	483,770	460,820	22,950	4.98%
County Attorney	789,800	721,420	68,380	9.48%
Human Resources	842,920	759,040	83,880	11.05%
Central Services	138,230	151,900	(13,670)	(9.00%)
Information Technology	2,496,080	2,403,870	92,210	3.84%
General Operations	5,821,700	4,808,100	1,013,600	21.08%
Planning and Zoning	763,660	725,830	37,830	5.21%
Board of Zoning Appeals	58,440	53,440	5,000	9.36%
Martin Luther King Building	81,810	80,400	1,410	1.75%
Administration Building	185,920	183,600	2,320	1.26%
Administration Building II	124,680	105,350	19,330	18.35%
Court House	644,200	603,250	40,950	6.79%
County Office Building	194,680	195,310	(630)	(0.32%)
Administration Annex	53,600	53,970	(370)	(0.69%)
Dwyer Center	30,310	29,700	610	2.05%
Rental Properties	6,000	2,000	4,000	200.00%

Department Expenditure by Function - 2019				
	2019	2018	\$ Change	% Change
Public Facilities Annex	66,920	53,200	13,720	25.79%
Business Development	711,180	743,680	(32,500)	(4.37%)
Women's Commission	2,000	2,000	0	0.00%
Diversity and Inclusion Committee	2,000	0	2,000	100.00%
Medical Examiner	20,000	20,000	0	0.00%
Total General Government	16,937,660	15,482,190	1,455,470	9.40%
Public Works and Permits				
Public Works	250,390	240,970	9,420	3.91%
Engineering	2,148,380	2,138,610	9,770	0.46%
Construction	1,887,360	1,878,200	9,160	0.49%
Plan Review & Permitting	1,479,900	1,484,980	(5,080)	(0.34%)
Total Public Works and Permits	5,766,030	5,742,760	23,270	0.41%
Parks and Recreation				
Parks	1,910,610	1,808,600	102,010	5.64%
Martin L. Snook Pool	148,290	133,100	15,190	11.41%
Fitness and Recreation	971,250	907,950	63,300	6.97%
Total Parks and Recreation	3,030,150	2,849,650	180,500	6.33%
Total General Fund	229,639,310	221,705,060	7,934,250	3.58%
Capital Improvement:				
Education	21,891,000	6,935,000	14,956,000	215.66%
Road Improvements	12,326,000	15,664,000	(3,338,000)	(21.31%)
Environmental	1,670,000	2,896,000	(1,226,000)	(42.33%)
Transportation	2,190,000	7,606,000	(5,416,000)	(71.21%)
Other	5,631,000	7,360,000	(1,729,000)	(23.49%)
Total Capital Improvement	43,708,000	40,461,000	3,247,000	8.03%
Environmental Funds:				
Solid Waste Fund	8,121,710	6,974,830	1,146,880	16.44%
Utility Administration Fund	4,441,260	4,463,560	(22,300)	(0.50%)
Water Fund	1,452,350	1,370,660	81,690	5.96%
Sewer Fund	12,655,680	12,349,440	306,240	2.48%
Pretreatment Fund	872,890	874,440	(1,550)	(0.18%)
Land Preservation Fund	3,761,390	3,925,510	(164,120)	(4.18%)
Total Environmental Funds	31,305,280	29,958,440	1,346,840	4.50%

Department Expenditure by Function - 2019

	2019	2018	\$ Change	% Change
Transportation Funds:				
Highway Fund	11,156,680	10,567,610	589,070	5.57%
HEPMPO Fund	550,080	543,820	6,260	1.15%
Transit Fund	2,563,400	2,559,970	3,430	0.13%
Airport Fund	1,987,720	2,076,840	(89,120)	(4.29%)
Total Transportation Funds	16,257,880	15,748,240	509,640	3.24%
Other Program and Service Funds:				
Cascade Towne Center Fund	1,036,950	1,097,050	(60,100)	(5.48%)
Ag Center Fund	238,920	225,140	13,780	6.12%
Grant Management Fund	387,780	435,210	(47,430)	(10.90%)
Contraband Fund	4,650	8,930	(4,280)	(47.93%)
Gaming Fund	2,166,150	2,137,880	28,270	1.32%
Golf Course Fund	1,203,350	1,234,470	(31,120)	(2.52%)
Hotel Rental Tax Fund	2,100,000	2,100,000	0	0.00%
Inmate Welfare Fund	454,000	429,130	24,870	5.80%
Total Other Funds	7,591,800	7,667,810	(76,010)	(0.99%)
Total All Funds	\$328,502,270	\$315,540,550	\$12,961,720	4.11%

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. 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 \$117.8 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 2019, the Capital Improvement budget reflects \$21.9 million for education related projects, of which \$15.5 million is grant funded. Total educational funding available was \$139.7 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 Tax 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 Tax Rate is lower than the rate the commissioners set. The current property tax rate is \$.948 and the Constant Yield Tax Rate is \$.941. That rate is seven thousandths of a cent lower than the current rate.

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.



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.

CITIZEN'S GUIDE TO THE BUDGET

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Washington County
M A R Y L A N D

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