



Washington County

M A R Y L A N D

FY 2020

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 2020 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.

Major changes for the County operations include funding for education, law enforcement, emergency services and internal operations.

The County Commissioners thank you for the opportunity to serve you.

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 Jeffrey A. Cline



Vice President Terry L. Baker



Commissioner
Wayne K. Keefer



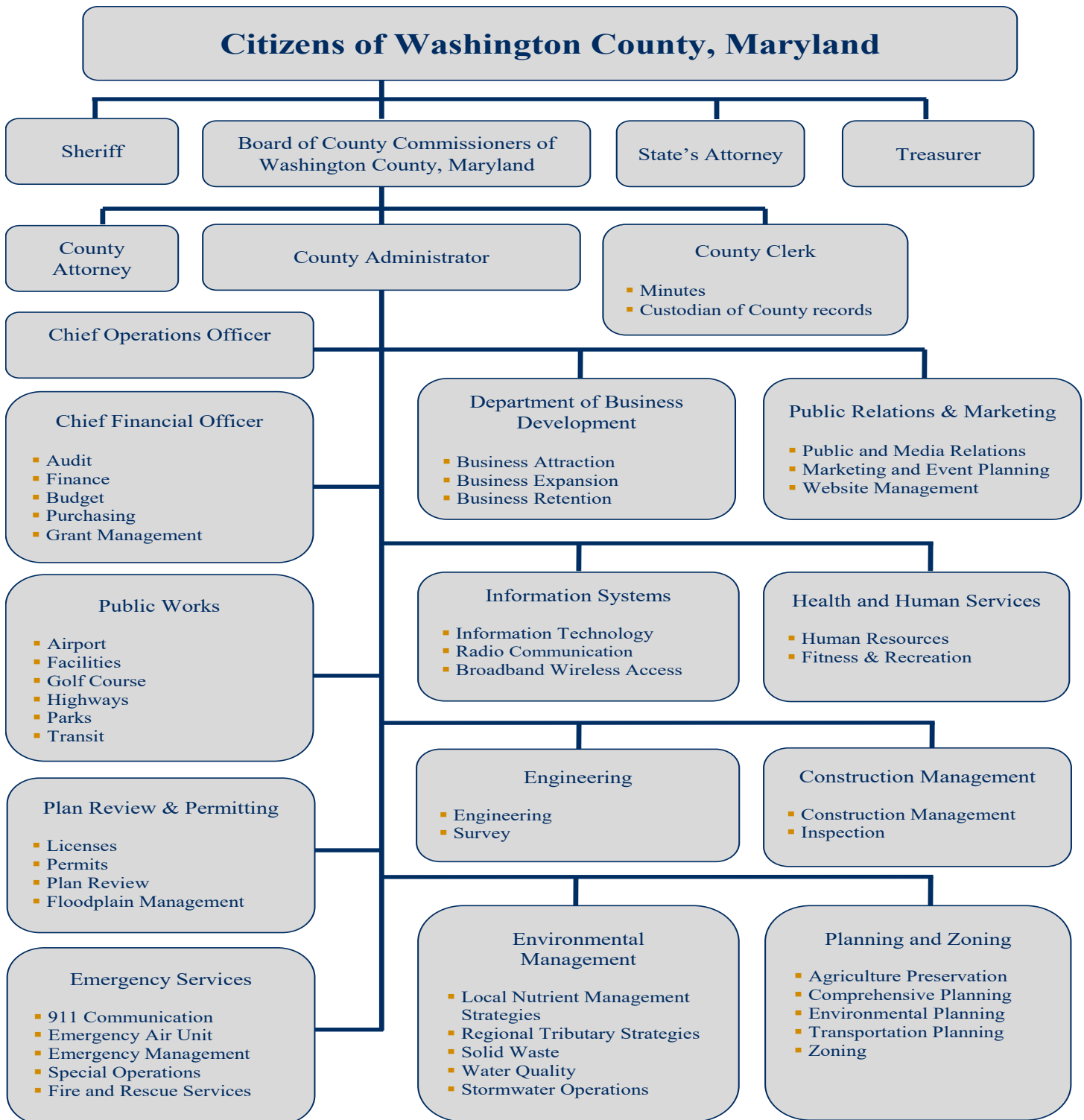
Commissioner
Cort F. Meinelschmidt



Commissioner
Randall E. Wagner

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 private sectors.

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 Washington County.

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.

Service Lines



Economic Development

Business retention leads to **business attraction**

DBD received **MEDA Award** for **Making Connections** campaign

"Highest **annual GDP** growth in Maryland" - recent report by Herald Mail

Relocation of **C&O Canal Headquarters** to Williamsport

Education

Increased operating allocation to the Board of Education by **\$2 million** over FY19
 Maintained **\$4 million** per year in local funds to match State dollars for construction
 Sharpsburg Elementary & BISFA under construction - up to **\$15 million** County Investment
 State and local funding combined totals **\$286.6 million** to BOE



Human Services

Community Organization Funding of **\$774,000**

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

Commission on Aging Funding of **\$806,000**

Museum of Fine Arts Funding of **\$120,000** and HRT of **\$350,000** over 5 years

Maryland Theatre **\$455,000** of HRT over 4 years, total funding of **\$2.5 million**

USMH **\$250,000** of HRT over 5 years

Infrastructure

\$55,819,000 Capital Budget

Dedicated **\$1 million** to Interstate 81 for grant matching funds

Capacity and treatment sewer enhancements

Road Improvements - **\$9.8 million**

Professional Blvd - \$1.2M; Halfway Blvd - \$750K; Roxbury Road Bridge - \$530K



Public Safety

They have answered our call, it's time for us to answer theirs.

FY2020 Public Safety Budget - **\$53.4 million**

Provides funding for **29** new firefighters - Phase 2 of staffing plan

Provides funding of **\$1 million** for Emergency Services staffing plan

Accounting for accountability

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 150,930 residents with nine incorporated municipalities.

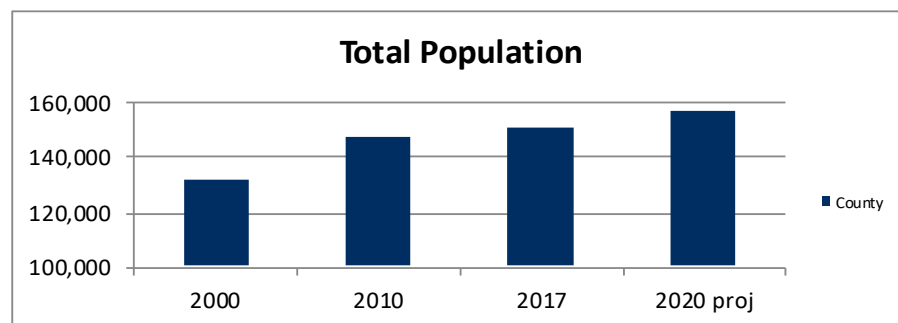


Garis Shop Road Bridge

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.

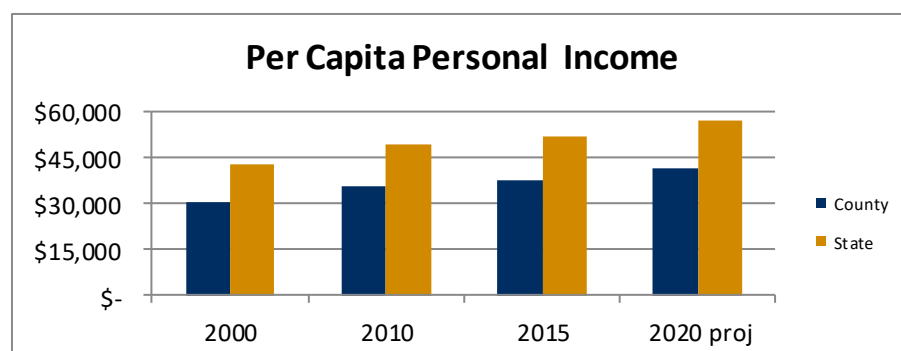
Demographics

Washington County is home to an estimated 150,930 residents and currently ranks 11th in population and 12th in population growth in the State of Maryland. Between 2000 and 2017, Washington County grew in total by 14.1% or by an annual average of 0.8% per year compared to the State of Maryland, which grew in total by 14.3% or an annual average of 0.8% 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.



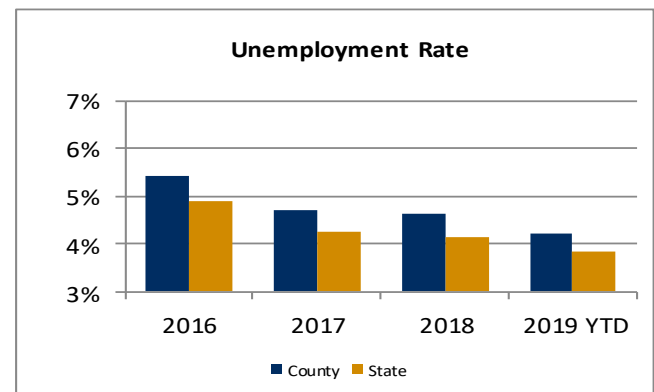
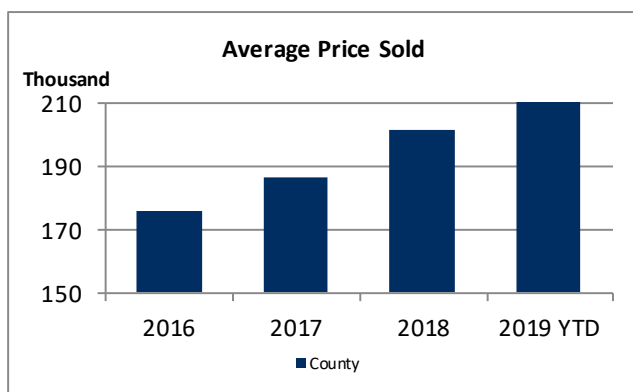
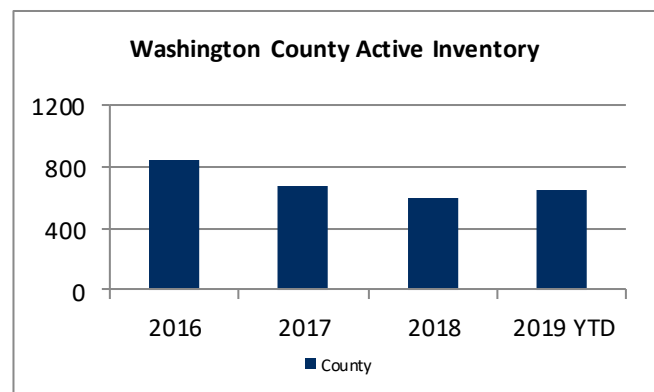
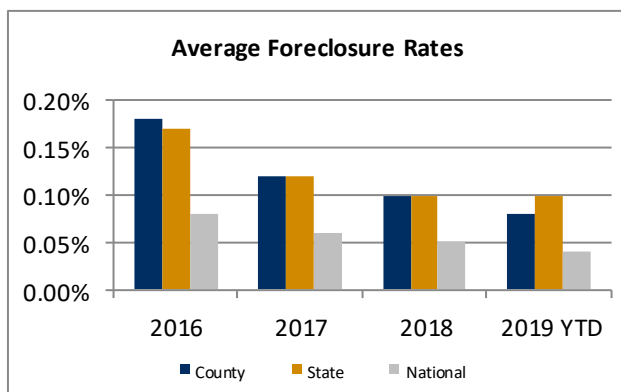
Source: MD Department of Planning.

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 0.10% in FY2018 to 0.08% in FY2019. Other statistical trends also indicate improvement such as the number of units sold and the average price of a home sold in Washington County which shows a year to date average for FY2019 of \$211,739.

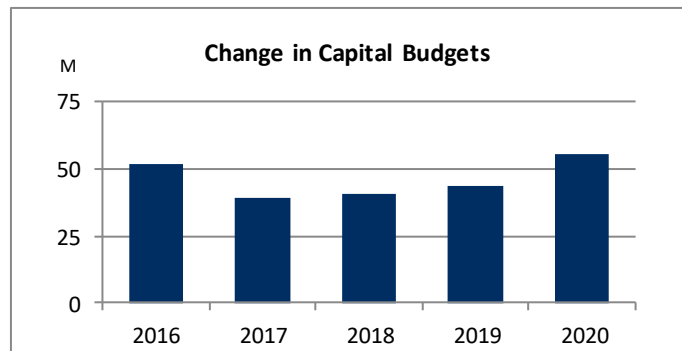
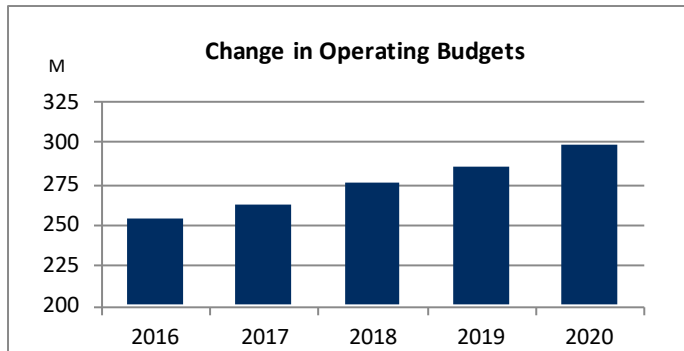
The County's unemployment rate decreased from 5.7% in March 2016 to the current rate of 4.4% as of March 2019. The unemployment rate has shown a consistent gradual decrease. The State of Maryland unemployment rate decreased from 4.7% to 3.8% for the same time period.



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 approximately 3.5% per year. 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 fiscal year 2020 budget continues our work to prudently manage the County's fiscal bottom line while strengthening our schools, protecting our citizens, and investing in future jobs and a growing tax base.



The 2020 Washington County operating budget totals \$298,352,420 which is \$13,558,150 or 4.76% above the 2019 approved budget. The budget was balanced based on the following changes and objectives:

- Increase in the property tax rate and assessable base
- Increase in income tax rate
- Increased funding to the Board of Education
- Funding Phase 2 of both Fire & Rescue and EMS Staffing Plans
- Transfer to Sewer
- 0% rate increases for Water & Sewer
- 0% rate increases for Solid Waste

Budget Summarization

Overall, the 2020 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, increase employment, improve education, and meet infrastructure needs. The 2020 budget 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.

Summary for All Funds

	FY19 Approved	FY20 Proposed	FY19 vs. FY20	
			\$ Change	% Change
Operating Funds:				
Major Operating Funds:				
General Fund	\$229,639,310	\$237,180,760	\$7,541,450	3.28%
Highway Fund	\$11,156,680	\$11,254,440	\$97,760	0.88%
Solid Waste Fund	\$8,121,710	\$7,617,120	\$(504,590)	(6.21)%
Utility Administration Fund	\$4,441,260	\$4,966,300	\$525,040	11.82%
Water Fund	\$1,452,350	\$1,458,730	\$6,380	0.44%
Sewer Fund	\$12,655,680	\$17,607,070	\$4,951,390	39.12%
Pretreatment Fund	\$872,890	\$866,190	\$(6,700)	(0.77)%
Public Transit Fund	\$2,563,400	\$2,672,900	\$109,500	4.27%
Airport Fund	\$1,987,720	\$1,999,070	\$11,350	0.57%
Black Rock Golf Course Fund	\$1,203,350	\$1,169,890	\$(33,460)	(2.78)%
	\$274,094,350	\$286,792,470	\$12,698,120	4.63%
Restricted Funds:				
Hotel Rental Tax Fund	\$2,100,000	\$2,100,000	\$0	0.00%
Cascade Town Centre Fund	\$1,036,950	\$992,800	\$(44,150)	(4.26)%
Agricultural Education Center Fund	\$238,920	\$241,350	\$2,430	1.02%
Grant Management Fund	\$387,780	\$422,700	\$34,920	9.01%
Inmate Welfare Fund	\$454,000	\$645,920	\$191,920	42.27%
Gaming Fund	\$2,166,150	\$2,164,770	\$(1,380)	(0.06)%
Land Preservation Fund	\$3,761,390	\$4,423,830	\$662,440	17.61%
HEPMPO Fund	\$550,080	\$562,670	\$12,590	2.29%
Contraband Fund	\$4,650	\$5,910	\$1,260	27.10%
	\$10,699,920	\$11,559,950	\$860,030	8.04%
Total Operating Funds	\$284,794,270	\$298,352,420	\$13,558,150	4.76%
Capital Improvement Plan	\$43,708,000	\$55,819,000	\$12,111,000	27.71%
Total Budgeted Funds	\$328,502,270	\$354,171,420	\$25,669,150	7.81%

General Fund

A summary of the 2020 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				
	2020	2019	\$ Change	% Change
Property Tax	\$134,697,630	\$126,448,250	\$8,249,380	6.52%
Local Tax	92,655,000	91,305,000	1,350,000	1.48%
Interest Income	1,200,000	692,400	507,600	73.31%
Fees	6,506,830	8,885,360	(2,378,530)	(26.77%)
Intergovernmental	2,121,300	2,308,300	(187,000)	(8.10%)
	\$237,180,760	\$229,639,310	\$7,541,450	3.28%

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 3.28% or \$7.5 million over the 2019 budget. Following is a detailed discussion regarding the major changes affecting General Fund revenues:

Property Tax revenue increased by 6.52% or \$8.2 million in 2020. 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. In addition, the real property tax is proposed to increase by \$.05 of \$100 of assessed value.

Local Tax revenue reflects an increase of \$1.3 million, which is based on current trends and projected growth in income tax. In addition, the income tax rate is proposed to increase from 2.8% to 3%.

Fees reflect a decrease 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	\$ 1,269,374
Income Tax:	2.80%	Taxable Income	2001	.01%	\$ 262,074

AVAILABLE TAX CREDITS IN WASHINGTON COUNTY, MD

Washington County Government remains committed to its citizens and dedicated to providing the best services throughout the county. We recognize that each citizen is unique with individual circumstances. Below is an overview of current available resources, both from the state and county, where citizens may be eligible to receive tax credits.

Homeowners

Maryland's **Homeowner's Property Tax Credit** program is administered by the Maryland State Department of Assessment & Taxation and the tax credits are granted to eligible homeowners of all ages. Applications for this program must be filed by September 1st of each year. The program provides tax credits for homeowners who qualify on the basis of their household income as compared to their tax bill. Applications can be obtained at www.DAT.STATE.MD.US or by calling 800-944-7403.

This credit applies to **homeowners age 65 and over** with certain income qualifications that occupy residential properties and it supplements the State Homeowners' Property Tax Credit Program. Residents may apply using State Homeowners' Property Tax Credit Application Form HTC, which will determine eligibility for both the Washington County credit and the State of Maryland credit. Applications can be obtained at www.DAT.STATE.MD.US or by calling 800-944-7403.

Senior Citizens

Renter's

The Renters' Tax Credit Program provides property tax credits for renters who meet certain requirements. The plan is based upon the relationship between rent and income. If the portion of rent attributable to the assumed property taxes exceeds a fixed amount in relation to income, the renter can, under specified conditions, receive a credit of as much as \$1,000. The credit is paid as a direct check from the State of Maryland. Applications can be obtained at www.DAT.STATE.MD.US or by calling 800-944-7403.

Veterans

Veterans Tax Exemption: 100% combat-wounded service-connected permanently disabled American veterans and surviving spouses. Applications can be obtained at www.DAT.STATE.MD.US or by calling 301-791-3050.

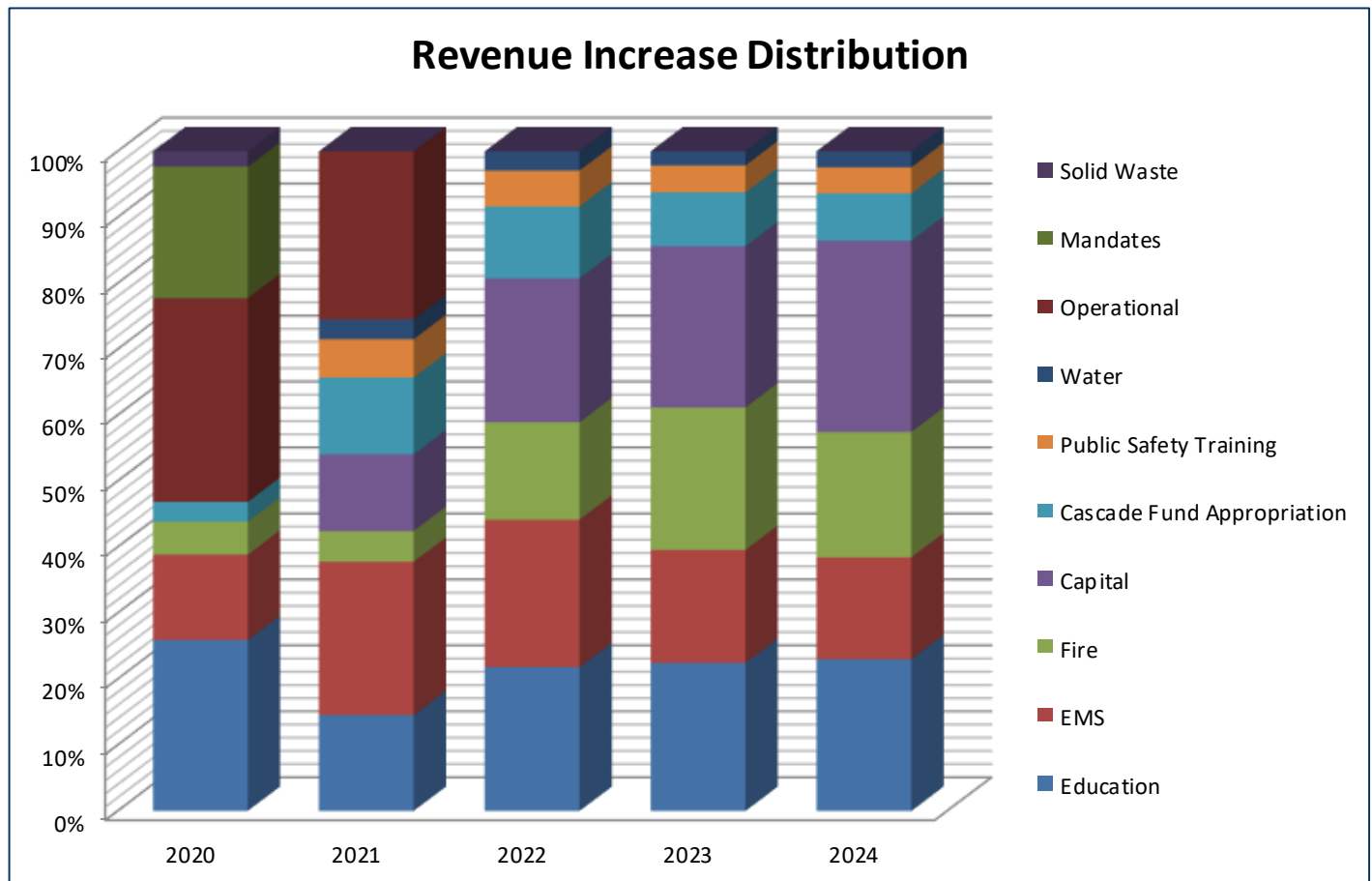
Veterans Tax Credit - Washington County Credit: 1%-100% service-connected disabled American veterans and surviving spouses tax credit. Call 301-791-0350 for more information on this program. Applications can be obtained at www.washco-md.net or the Washington County Treasurer's Office at 240-313-2110.

For a more extensive overview of tax credits available in Washington County, please visit the Washington County Treasurer's website, accessible from the Washington County homepage at www.washco-md.net.

General Fund

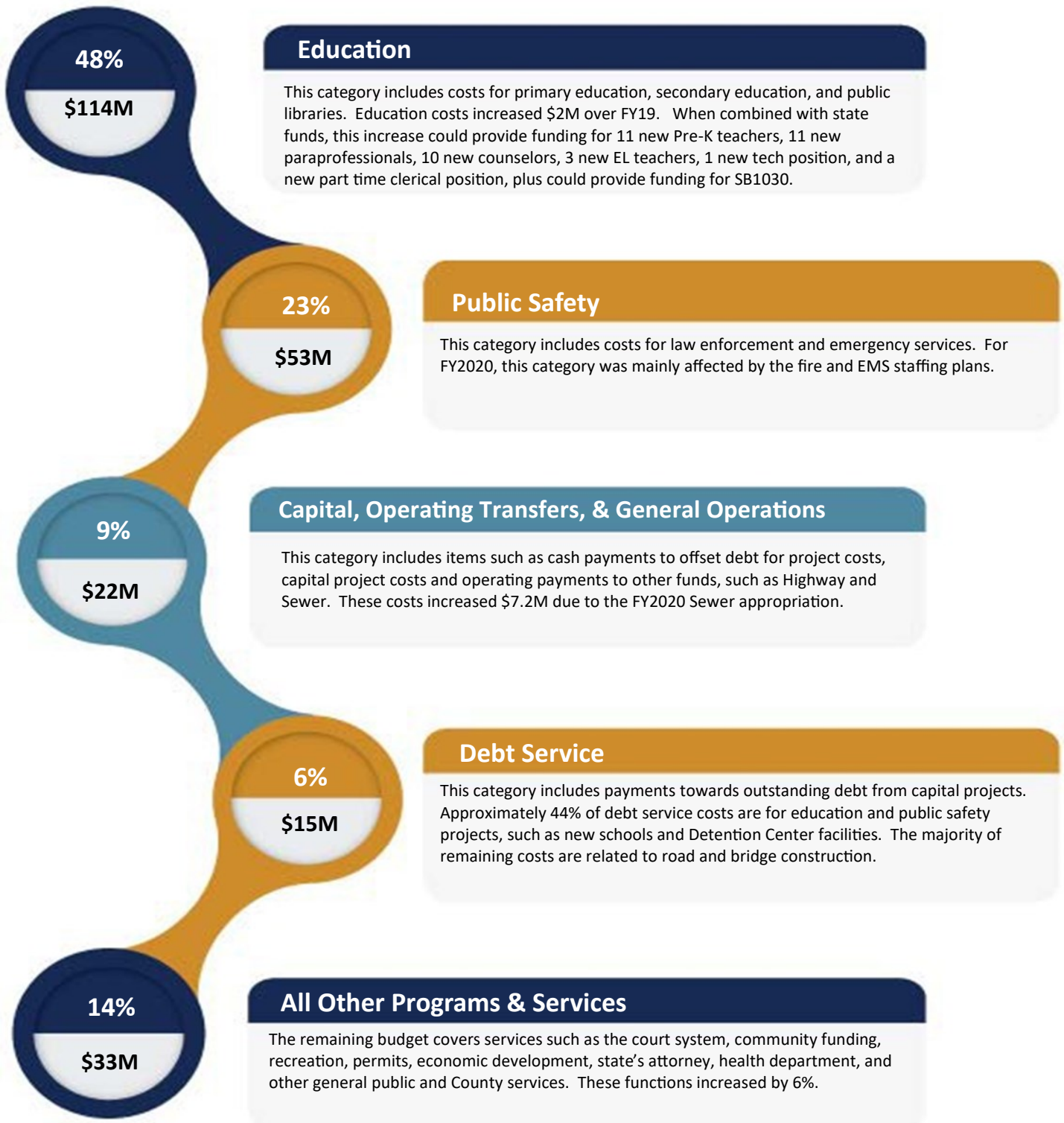
What Will the Tax Increase Provide

The FY2020 proposed tax increase will serve many purposes over the next five years. Initially, it will provide for needs associated with education, EMS, fire, state mandates and contract increases. The County has applied for a SAFER grant which will assist in funding personnel costs for up to 29 firefighters by paying for 75% of costs for the first two years and 35% for the third year. The County must provide for the full cost in 2023 and beyond. In addition, the County has provided \$1 million in funding for Emergency Services to address concerns presented to the Board of County Commissioners. Throughout the next five years, increases are expected to be seen more heavily in education, Fire, EMS and for the capital plan.



General Fund

General Fund expenditures increased in total by \$7.5 million or 3.28% for 2020. This increase funds costs for education, public safety, internal transfers, and other governmental programs. The information below highlights major expense categories and also provides, to the left, the percent of total budget and dollars associated with the category.



General Fund

As shown in the following table, expenditures by function show a 3.28% or \$7,541,450 increase over 2019.

General Fund Expenditures By Function				
	2020	2019	\$ Change	% Change
Education	\$113,776,910	\$111,784,060	\$1,992,850	1.78%
Public Safety	53,394,800	49,720,260	3,674,540	7.39%
Intergovernmental Transfers	20,236,410	16,488,370	3,748,040	22.73%
Debt Service	15,027,900	14,315,980	711,920	4.97%
General Government	18,310,360	20,973,400	(2,663,040)	(12.70%)
Courts	5,685,460	5,212,800	472,660	9.07%
State Agencies	5,009,840	4,684,000	325,840	6.96%
Community Programs & Services	774,000	1,700,000	(926,000)	(54.47%)
Public Works & Permits	1,785,940	1,730,290	55,650	3.22%
Parks & Recreation	3,179,140	3,030,150	148,990	4.92%
	\$237,180,760	\$229,639,310	\$7,541,450	3.28%

Net expenditures changed as follows:

1. Wage changes reflect savings realized through retirements and attrition. The FY20 budget does provide for a 2.5% mid-year step increase.
2. Pension cost decreased \$1.5 million due to reallocating expense to appropriate departments in other funds and changes in the pension plan.
3. Provides \$7.5 million support for the Sewer Fund to stabilize rates and replenish reserves.
4. Provides funding for 29 full-time firefighters.
5. Provides \$1 million in funding for EMS staffing plan.

General Fund Expenditures By Object				
	2020	2019	\$ Change	% Change
Full Time	\$32,039,280	\$32,158,240	(\$118,960)	(0.37%)
Part Time	1,740,410	1,747,870	(7,460)	(0.43%)
Overtime	1,035,020	997,410	37,610	3.77%
Fringe Benefits	23,873,620	25,184,220	(1,310,600)	(5.20%)
Personnel Requests	1,298,660	0	1,298,660	100.00%
Operating	176,745,480	169,305,100	7,440,380	4.39%
Capital Outlay	448,290	246,470	201,820	81.88%
	\$237,180,760	\$229,639,310	\$7,541,450	3.28%

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 2020 budget and expenditure projections for the next 10 years; the total capital request for Fiscal Years 2020 through 2029 is \$364,836,000.

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 Police, Fire, & Emergency Services Training Facility

A listing of the major capital projects to be undertaken or purchased in 2020 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 2020 Capital budget is 70% cash, 18% tax-supported debt, and 12% self-supported debt.

Capital Improvement Funds

2020 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2020 Budget
Airport:				
Passenger Terminal Hold Room Expansion	2,400,000			2,400,000
Runway 9/27 Rehabilitation	6,000,000			6,000,000
Other Airport Projects < \$500,000	215,000			215,000
Bridges:				
Old Roxbury Road W5372	432,000	98,000		530,000
Other Bridge Projects < \$500,000	175,000	295,000		470,000
Drainage:				
Stormwater Retrofits	79,000	815,000		894,000
Other Drainage Projects < \$500,000	75,000	159,000		234,000
Board of Education:				
Capital Maintenance - BOE	1,065,000	550,000		1,615,000
Sharpsburg Elementary School Replacement	6,896,000	3,180,000		10,076,000
Urban Education Campus - BOE Component	6,462,000			6,462,000
Hagerstown Community College:				
Center for Business and Entrepreneurial Studies	6,181,000	100,000		6,281,000
CVT Instructional Facility Acquisition	1,400,000			1,400,000
Other HCC Projects < \$500,000		213,000		213,000
Public Library:				
Other Library Projects < \$500,000	10,000			10,000
General Government:				
General Government Projects < \$500,000	436,000	100,000		536,000
Parks and Recreation:				
Projects < \$500,000	448,000			448,000
Public Safety:				
Police, Fire, and Emergency Services Training Facility	1,500,000			1,500,000
Other Public Safety Projects < \$500,000	456,000			456,000

Capital Improvement Funds

2020 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2020 Budget
Road Improvement:				
Pavement Maintenance and Rehab	2,205,000	2,545,000		4,750,000
Professional Boulevard Extended Phase II		1,235,000		1,235,000
Halfway Boulevard Extended	300,000	449,000		749,000
Highway Equipment and Vehicle Replacement	500,000			500,000
Other Projects < \$500,000		250,000		250,000
Solid Waste:				
40 West Truck Loading Facility			500,000	500,000
Projects < \$500,000	27,000			27,000
Transit:				
Fixed Route Bus Replacement Program	978,000			978,000
Projects < \$500,000	375,000			375,000
Water Quality:				
Pump Station Upgrades—Various Stations			500,000	500,000
Capacity Management Project			3,180,000	3,180,000
Smithsburg WWTP ENR Upgrade			2,500,000	2,500,000
Other Projects < \$500,000	535,000			535,000
Total	39,150,000	9,989,000	6,680,000	55,819,000

The Ten Year Capital plan for 2020 through 2029 by category is as follows:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Education	26,057,000	12,797,000	8,856,000	12,617,000	14,582,000	14,375,000	7,497,000	11,130,000	18,573,000	16,515,000
Roads	9,612,000	12,051,000	12,041,000	10,253,000	10,246,000	11,406,000	11,031,000	13,956,000	13,242,000	12,366,000
Environmental	7,242,000	8,354,000	1,229,000	4,401,000	1,452,000	6,264,000	2,210,000	1,834,000	2,895,000	1,107,000
Transportation	9,968,000	2,865,000	2,355,000	2,213,000	3,479,000	1,983,000	2,310,000	3,846,000	4,764,000	4,228,000
Other	2,940,000	3,326,000	3,373,000	3,431,000	2,356,000	2,417,000	2,703,000	2,468,000	3,310,000	4,310,000
Total	55,819,000	39,393,000	27,854,000	32,915,000	32,115,000	36,445,000	25,751,000	33,234,000	42,784,000	38,526,000

Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General Fund. For 2020 these funds total \$61.2 million. 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.

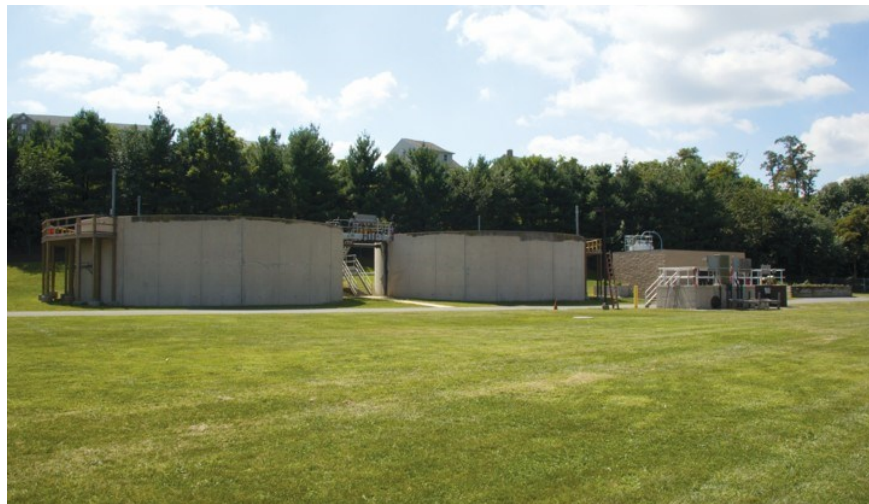
A. Environmental Services

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 decrease to the Solid Waste budget is due to debt service costs. There are no proposed fee increases in the FY2020 budget.
2. The increase in Utility Funds relate mainly to a General Fund appropriation to Sewer for \$7.5M, which will help to offset the need for increased water and sewer rates for FY2020. State mandates and other regulations largely contribute to increased costs for capital projects. In FY2019, the County completed a \$31.3M project to meet local reduction requirements. Of that, \$11M was locally funded.
3. The Land Preservation Fund has increased due to an anticipated increase in grant funds for FY2020.

Environmental Service Funds				
	2020	2019	Change	
Solid Waste	\$7,617,120	\$8,121,710	(\$504,590)	(6.2%)
Utility Funds	24,898,290	19,422,180	5,476,110	28.2%
Land Preservation	4,423,830	3,761,390	662,440	17.6%
	\$36,939,240	\$31,305,280	\$5,633,960	18.0%



Smithsburg 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 and Transit funds increased mainly due to increases in personnel costs. The Airport Fund increased only slightly and does not require support from the General Fund in FY20. 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				
	2020	2019	Change	
Highway	\$11,254,440	\$11,156,680	\$97,760	0.9%
Transit	2,672,900	2,563,400	109,500	4.3%
HEPMPO	562,670	550,080	12,590	2.3%
Airport	1,999,070	1,987,720	11,350	0.6%
	\$16,489,080	\$16,257,880	\$231,200	1.4%

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 have been funded through reserves up to this point however its expected that the funds will be depleted late in FY2020. To offset this shortfall, a \$200K appropriation from the General Fund has been budgeted. Both the Contraband and Inmate Welfare funds are funded with confiscated monies and inmate funds.

Other Program Service Funds				
	2020	2019	Change	
Golf Course	\$1,169,890	\$1,203,350	(\$33,460)	(2.8%)
Hotel Rental Tax	2,100,000	2,100,000	-	0.0%
Cascade Town Centre	992,800	1,036,950	(44,150)	(4.3%)
Agricultural Education	241,350	238,920	2,430	1.0%
Grant Management	422,700	387,780	34,920	9.0%
Inmate Welfare	645,920	454,000	191,920	42.3%
Gaming	2,164,770	2,166,150	(1,380)	(0.1%)
Contraband	5,910	4,650	1,260	27.1%
	\$7,743,340	\$7,591,800	\$151,540	2.0%

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 \$70 million under Chapter 99. The projected amount of bonds applied under Chapter 99 as of June 2019 was \$0.5 million. The total unused authorization available is \$69.5 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 costs to a minimum.

Projected Debt Ratios						
*Assumes debt issuance at \$15 million per year 2020-2022						
	2019	2020	2021	2022	Maximum Policy Target	2020 Peer Group Target
Debt per Capita	\$1,051	\$1,079	\$1,096	\$1,106	\$1,500	\$1,614
Debt as % of Fair Market Value	1.27%	1.30%	1.32%	1.33%	1.50%	1.64%
Debt Service as % General Fund Revenue	6.14%	6.06%	7.09%	7.46%	8.00%	8.94%
Debt Service per Capita as % income per Capita	0.19%	0.19%	0.22%	0.24%	0.50%	34.00%

Projected debt balances for the period ended June 30, 2019, including proposed borrowing scheduled for the current fiscal year, are presented below. The pay-off for the balances is projected to be 34% 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, 2018	\$143,290,624	\$48,464,640	\$191,755,264
2019 Borrowing	12,000,000	1,310,000	13,310,000
2019 Payments	(9,316,120)	(5,038,606)	(14,354,726)
Balance June 30, 2019	\$145,974,504	\$44,736,034	\$190,710,538

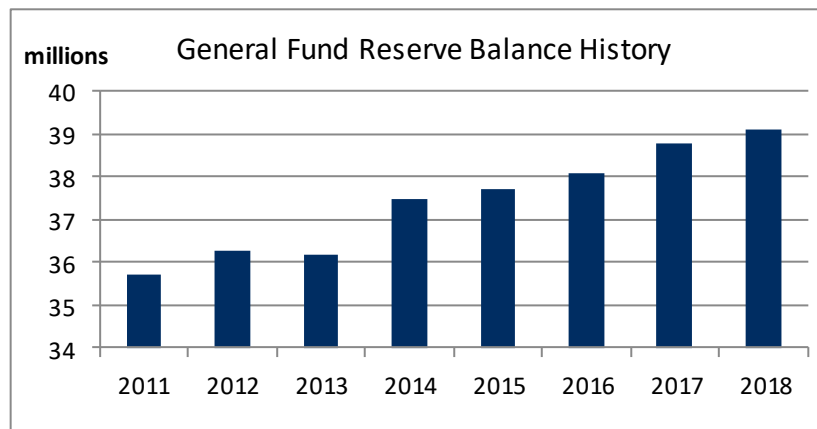
Debt and Reserve Management

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 County has maintained these ratings through the current year.

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, 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 monies for the utility funds. Operating targets vary from 17% to 25% of operating expenditures depending on the fund and type of activity. 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.



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 - 2020

	2020	2019	\$ Change	% Change
General Fund:				
Education				
Board of Education	\$100,515,610	\$98,530,760	\$1,984,850	2.01%
Hagerstown Community College	10,035,290	10,035,290	0	0.00%
Free Library	3,182,010	3,182,010	0	0.00%
Clear Spring Library Building	11,000	12,000	(1,000)	(8.33%)
Smithsburg Library Building	11,000	12,000	(1,000)	(8.33%)
Boonsboro Library Building	11,000	12,000	(1,000)	(8.33%)
Hancock Library Building	11,000	0	11,000	100.00%
Total Education	113,776,910	111,784,060	1,992,850	1.78%
Public Safety				
Sheriff - Judicial	2,912,720	2,765,860	146,860	5.31%
Sheriff - Process Servers	163,420	155,810	7,610	4.88%
Sheriff - Patrol	12,273,950	11,970,150	303,800	2.54%
Sheriff - Central Booking	997,750	913,750	84,000	9.19%
Sheriff - Detention Center	15,448,640	14,586,280	862,360	5.91%
Sheriff - Day Reporting Center	490,080	550,760	(60,680)	(11.02%)
Sheriff - Narcotics Task Force	853,470	807,190	46,280	5.73%
Sheriff - Washington County Police Academy	99,000	0	99,000	100.00%
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	30,250	38,430	(8,180)	(21.29%)

Department Expenditure by Function - 2020

	2020	2019	\$ Change	% Change
Special Operations	83,370	78,920	4,450	5.64%
Fire and Rescue Volunteer Services	7,212,040	7,156,680	55,360	0.77%
911 - Communications	5,402,880	4,843,110	559,770	11.56%
EMS Operations	2,566,500	1,466,970	1,099,530	74.95%
Fire Operations	1,936,970	1,364,180	572,790	41.99%
Emergency Management	239,280	258,810	(19,530)	(7.55%)
Wireless Communications	1,279,280	1,358,160	(78,880)	(5.81%)
Humane Society	1,401,600	1,401,600	0	0.00%
Total Public Safety	53,394,800	49,720,260	3,674,540	7.39%
Operating and Capital				
Highway	8,802,330	8,872,180	(69,850)	(0.79%)
Solid Waste	566,430	961,700	(395,270)	(41.10%)
Cascade Town Centre	200,000	0	200,000	100.00%
Agricultural Education Center	184,900	197,720	(12,820)	(6.48%)
Grant Management	281,880	245,060	36,820	15.02%
Land Preservation	17,910	113,180	(95,270)	(84.18%)
HEPMPO	8,530	8,090	440	5.44%
Utility Administration	226,430	201,950	24,480	12.12%
Sewer	7,484,820	0	7,484,820	100.00%
Transit	570,050	484,470	85,580	17.66%
Airport	0	14,500	(14,500)	(100.00%)
Golf Course	354,580	309,970	44,610	14.39%
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement Fund	1,500,000	5,041,000	(3,541,000)	(70.24%)
Debt Service	15,027,900	14,315,980	711,920	4.97%
Total Operating Transfers and Capital	35,264,310	30,804,350	4,459,960	14.48%
Courts				
Circuit Court	1,801,670	1,620,960	180,710	11.15%
Orphans Court	37,660	30,920	6,740	21.80%
State's Attorney	3,846,130	3,560,920	285,210	8.01%
Total Courts	5,685,460	5,212,800	472,660	9.07%
State Agency, Programs & Services				
Health Department	2,339,270	2,339,270	0	0.00%
Social Services	435,560	435,560	0	0.00%
University of MD Extension	240,820	240,820	0	0.00%

Department Expenditure by Function - 2020				
	2020	2019	\$ Change	% Change
County Cooperative Extension	38,730	38,730	0	0.00%
Election Board	1,472,320	1,185,480	286,840	24.20%
Soil Conservation	218,180	218,180	0	0.00%
Weed Control	256,960	215,960	41,000	18.98%
Gypsy Moth Program	8,000	10,000	(2,000)	(20.00%)
Total State Agencies	5,009,840	4,684,000	325,840	6.96%
Community Programs & Services				
Total Community Programs & Services	774,000	1,700,000	(926,000)	(54.47%)
General Government				
County Commissioners	339,010	325,340	13,670	4.20%
County Clerk	120,310	117,040	3,270	2.79%
County Administrator	559,730	479,410	80,320	16.75%
Public Relations and Marketing	479,550	460,990	18,560	4.03%
Budget & Finance	1,551,730	1,457,170	94,560	6.49%
Independent Accounting & Auditing	70,000	70,000	0	0.00%
Purchasing	516,290	509,810	6,480	1.27%
Treasurer	525,530	483,770	41,760	8.63%
County Attorney	758,680	789,800	(31,120)	(3.94%)
Human Resources	929,570	842,920	86,650	10.28%
Central Services	129,200	138,230	(9,030)	(6.53%)
Information Technology	2,578,390	2,496,080	82,310	3.30%
General Operations	1,399,990	5,821,700	(4,421,710)	(75.95%)
Planning and Zoning	812,190	763,660	48,530	6.35%
Board of Zoning Appeals	58,440	58,440	0	0.00%
Martin Luther King Building	99,100	81,810	17,290	21.13%
Administration Building	192,120	185,920	6,200	3.33%
Administration Building II	129,660	124,680	4,980	3.99%
Court House	694,010	644,200	49,810	7.73%
County Office Building	208,520	194,680	13,840	7.11%
Administration Annex	55,220	53,600	1,620	3.02%
Dwyer Center	33,260	30,310	2,950	9.73%

Department Expenditure by Function - 2020

	2020	2019	\$ Change	% Change
Rental Properties	5,500	6,000	(500)	(8.33%)
Senior Center Building	11,000	0	11,000	100.00%
Public Facilities Annex	69,540	66,920	2,620	3.92%
Business Development	715,390	711,180	4,210	0.59%
Women's Commission	2,000	2,000	0	0.00%
Diversity and Inclusion Committee	2,000	2,000	0	0.00%
Commission on Aging	806,000	0	806,000	100.00%
Museum of Fine Arts	120,000	0	120,000	100.00%
Medical Examiner	20,000	20,000	0	0.00%
Total General Government	13,991,930	16,937,660	(2,945,730)	(17.39%)
Public Works and Permits				
Public Works	240,540	250,390	(9,850)	(3.93%)
Engineering	2,245,050	2,148,380	96,670	4.50%
Construction	2,073,380	1,887,360	186,020	9.86%
Plan Review & Permitting	1,545,400	1,479,900	65,500	4.43%
Total Public Works and Permits	6,104,370	5,766,030	338,340	5.87%
Parks and Recreation				
Parks	2,055,190	1,910,610	144,580	7.57%
Martin L. Snook Pool	149,760	148,290	1,470	0.99%
Fitness and Recreation	974,190	971,250	2,940	0.30%
Total Parks and Recreation	3,179,140	3,030,150	148,990	4.92%
Total General Fund	237,180,760	229,639,310	7,541,450	3.28%
Capital Improvement:				
Education	26,057,000	21,891,000	4,166,000	19.03%
Road Improvements	9,612,000	12,326,000	(2,714,000)	(22.02%)
Environmental	7,242,000	1,670,000	5,572,000	333.65%
Transportation	9,968,000	2,190,000	7,778,000	355.16%
Other	2,940,000	5,631,000	(2,691,000)	(47.79%)
Total Capital Improvement	55,819,000	43,708,000	12,111,000	27.71%
Environmental Funds:				
Solid Waste Fund	7,617,120	8,121,710	(504,590)	(6.21%)
Utility Administration Fund	4,966,300	4,441,260	525,040	11.82%
Water Fund	1,458,730	1,452,350	6,380	0.44%
Sewer Fund	17,607,070	12,655,680	4,951,390	39.12%
Pretreatment Fund	866,190	872,890	(6,700)	(0.77%)

Department Expenditure by Function - 2020

	2020	2019	\$ Change	% Change
Land Preservation	4,423,830	3,761,390	662,440	17.61%
Total Environmental Funds	36,939,240	31,305,280	5,633,960	18.00%
Transportation Funds:				
Highway Fund	11,254,440	11,156,680	97,760	0.88%
HEPMPO Fund	562,670	550,080	12,590	2.29%
Transit Fund	2,672,900	2,563,400	109,500	4.27%
Airport Fund	1,999,070	1,987,720	11,350	0.57%
Total Transportation Funds	16,489,080	16,257,880	231,200	1.42%
Other Program and Service Funds:				
Cascade Towne Centre Fund	992,800	1,036,950	(44,150)	(4.26%)
Ag Center Fund	241,350	238,920	2,430	1.02%
Grant Management Fund	422,700	387,780	34,920	9.01%
Contraband Fund	5,910	4,650	1,260	27.10%
Gaming Fund	2,164,770	2,166,150	(1,380)	(0.06%)
Golf Course Fund	1,169,890	1,203,350	(33,460)	(2.78%)
Hotel Rental Tax Fund	2,100,000	2,100,000	0	0.00%
Inmate Welfare Fund	645,920	454,000	191,920	42.27%
Total Other Funds	7,743,340	7,591,800	151,540	2.00%
Total All Funds	\$354,171,420	\$328,502,270	\$25,669,150	7.81%

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 \$108.4 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 2020, the Capital Improvement budget reflects \$18.2 million for education related projects, of which \$14.0 million is grant funded. Total educational funding available was \$126.6 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 \$.947. That rate is one thousandth of a cent lower than the current rate. The FY20 budget includes assumptions for a proposed rate of \$.998 per \$100 of assessed value.

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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