

New Issue-Book-Entry Only

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, under existing law, the interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment for federal income tax purposes; however, for tax years beginning after December 31, 2022, interest on the Bonds will be part of the adjusted financial statement income in computing the alternative minimum tax on applicable corporations. Interest on the Bonds may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. It is also the opinion of Bond Counsel that, under existing law, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom (including any profit made in the sale thereof) shall be at all times exempt from State of Maryland (the "State"), county, municipal, or other taxation of every kind and nature whatsoever within the State, but no opinion is expressed as to Maryland estate or inheritance taxes or any other Maryland taxes not levied directly on the Bonds, their transfer, the interest thereon or the income therefrom. See the information contained herein under the caption "THE BONDS—Tax Matters".

RATINGS: Fitch	AA+
Moody's	Aa1
S&P	AA+

\$13,890,000
WASHINGTON COUNTY, MARYLAND
(COUNTY COMMISSIONERS OF WASHINGTON COUNTY)
PUBLIC IMPROVEMENT BONDS OF 2023

Dated:	Date of delivery
Due:	July 1, as shown below
Interest Payable:	January 1 and July 1
First Interest Payment Due:	January 1, 2024
Denominations:	\$5,000 and integral multiples of \$5,000
Form:	Registered, book-entry only through the facilities of The Depository Trust Company ("DTC")
Optional Redemption:	The Bonds maturing on or after July 1, 2034 are redeemable prior to maturity at the option of the County as set forth in "THE BONDS—Redemption—Optional Redemption" herein.
Security:	The Bonds are general obligations of County Commissioners of Washington County (the "County") for the payment of which its full faith and credit and unlimited taxing power are pledged (see "THE BONDS—Sources of Payment" herein).

\$13,890,000
County Commissioners of Washington County
Public Improvement Bonds of 2023

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND CUSIPS

Maturing July 1	Principal Amount	Interest Rate*	Yield*	CUSIP	Maturing July 1	Principal Amount	Interest Rate*	Yield*	CUSIP
2024	\$ 415,000	5.000%	3.350%	937777FM7	2034	\$ 685,000	5.000%	2.800% †	937777FX3
2025	440,000	5.000	3.100	937777FN5	2035	725,000	5.000	2.950 †	937777FY1
2026	460,000	5.000	2.950	937777FP0	2036	760,000	5.000	3.120 †	937777FZ8
2027	485,000	5.000	2.820	937777FQ8	2037	800,000	5.000	3.250 †	937777GA2
2028	510,000	5.000	2.750	937777FR6	2038	840,000	5.000	3.350 †	937777GB0
2029	535,000	5.000	2.720	937777FS4	2039	880,000	5.000	3.420 †	937777GC8
2030	565,000	5.000	2.670	937777FT2	2040	925,000	4.000	4.000	937777GD6
2031	590,000	5.000	2.670	937777FU9	2041	960,000	4.000	4.040	937777GE4
2032	620,000	5.000	2.690	937777FV7	2042	1,000,000	4.000	4.080	937777GF1
2033	655,000	5.000	2.700	937777FW5	2043	1,040,000	4.000	4.100	937777GG9

*The interest rates and yields shown above are those resulting from the successful bid for the Bonds on May 23, 2023 and were furnished by the successful bidder therefor. Other information concerning the terms of the reoffering of the Bonds, if any, should be obtained from the successful bidder for the Bonds and not from the County. (See "MISCELLANEOUS—Sale at Competitive Bidding" herein.)

†Priced at the stated yield to the first optional redemption date of July 1, 2033.

Conditions Affecting Issuance: The Bonds are offered when, as and if issued, subject to, among other conditions, the delivery of the Bonds and the approving legal opinion of Funk & Bolton, P.A., Bond Counsel, with respect thereto and other conditions specified in the official Notice of Sale. Delivery will occur through the facilities of DTC on or about June 6, 2023.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Dated: May 23, 2023

No dealer, broker, salesman or other person has been authorized by the County or the successful bidder for the Bonds to give any information or to make any representations with respect to the Bonds or the County other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are deemed to be reliable, but it is not to be construed as a representation by the County as to information from sources other than the County.

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds.

All quotations from and summaries and explanation of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the respective dates as of which information is given herein or the date hereof.

In connection with this offering and subject to any applicable limitations, the successful bidder for the Bonds may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bar Association by FactSet Research Systems, Inc., and the County does not take any responsibility for the accuracy thereof. The CUSIP number for any specific maturity is subject to change after issuance of the Bonds in certain circumstances. The County has not agreed to, and there is no obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth on the cover page of this Official Statement. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services's information.

**WASHINGTON COUNTY, MARYLAND
ADMINISTRATION BUILDING
100 WEST WASHINGTON STREET
HAGERSTOWN, MARYLAND 21740**

COUNTY COMMISSIONERS

John F. Barr, President
Jeffrey A. Cline, Vice President
Wayne K. Keefer, Commissioner
Randall E. Wagner, Commissioner
Derek J. Harvey, Commissioner

ADMINISTRATION

VACANT, County Administrator
Dawn L. Marcus, County Clerk
Kirk C. Downey, Esquire, County Attorney
Michelle A. Gordon, Chief Financial Officer

COUNTY TREASURER

R. Matthew Breeding

FINANCIAL ADVISOR

Davenport & Company LLC
Towson, Maryland

BOND COUNSEL

Funk & Bolton, P.A.
Baltimore, Maryland

INDEPENDENT AUDITOR

SB & Company, LLC
Hunt Valley, Maryland

BOND REGISTRAR AND PAYING AGENT

Manufacturers and Traders Trust Company
Baltimore, Maryland
and Buffalo, New York

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I. The Bonds

Introduction

The purpose of this Official Statement, including the cover page and appendices, is to provide information for prospective purchasers and others regarding County Commissioners of Washington County (the “County”) and its \$13,890,000 Public Improvement Bonds of 2023 (the “Bonds” or, individually, each a “Bond”).

All estimates and assumptions herein have been based upon information believed to be reliable and correct; however, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representations of facts.

When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” “anticipate,” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Some assumptions used to develop the forecasts may not be realized and unanticipated events and circumstances may occur. Therefore, there may be differences between forecasts and actual results, and those differences may be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Official Statement or as of a particular specified date. The County is not obligated to issue any updates or revisions to such forward-looking statements if or when results are known or the events, conditions or circumstances on which such forward-looking statements are based occur.

Figures herein relating to tax collections, assessed value of property and the financial position of the County have been taken from official records of the County.

Except as otherwise expressly provided herein, the County has provided the material and information contained in this Official Statement. The County has authorized the execution and distribution of this Official Statement.

Any questions concerning this Official Statement or the Bonds should be addressed to Michelle A. Gordon Chief Financial Officer, Washington County Administration Building, 100 West Washington Street, Room 3100, Hagerstown, Maryland 21740; telephone: (240) 313-2300; email: mgordon@washco-md.net.

Description of Bonds

The Bonds will be dated the date of their delivery. The Bonds will be issued in the principal amounts and will mature on the dates in the years and in the amounts set forth on the cover page hereof. The Bonds will be legally binding general obligations of the County to the payment of which the full faith and credit and unlimited taxing power of the County are pledged. (See “THE BONDS—Sources of Payment” herein.)

Interest on the Bonds, calculated on the basis of a 30-day month/360-day year factor, will be payable at the interest rates specified on the cover page of this Official Statement. Interest on the Bonds will be first paid on January 1, 2024, and semiannually thereafter on the first day of July and January of each year until the date of maturity unless a Bond is redeemed prior to that date. Interest payments will be made to the persons who are the registered owners of record as of the 15th day of the month preceding each such interest payment date. Each Bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from its date of delivery.

The Bonds will be issued in fully-registered form without coupons, in denominations of \$5,000 and integral multiples thereof. The Bonds initially will be issued in book-entry form without any physical distribution of certificates made to the public. The Depository Trust Company, (“DTC”), will act as securities depository for the Bonds and the Bonds will be registered in the name of DTC’s partnership nominee, Cede & Co. (See “THE BONDS— DTC and Book-Entry Only System” herein).

So long as the Bonds are maintained in book-entry form, payments of principal of and interest on the Bonds will be made as described below under “DTC and Book-Entry Only System.” At any other time the principal amount of the Bonds will be payable at the designated corporate trust office of Manufacturers and Traders Trust Company or any successor bond registrar and paying agent (the “Bond Registrar and Paying Agent”).

Except during any period that the Bonds are maintained under a book-entry only system, interest on the Bonds will be payable by checks of the Bond Registrar and Paying Agent mailed to the registered owners thereof. The principal of and interest on the Bonds will be paid in lawful money of the United States of America in the manner and at the places hereinabove described.

So long as the Bonds are maintained in book-entry form, transfers of ownership interests will be made as described below under “--DTC and Book-Entry Only System.” At any other time, any Bond may be exchanged for a Bond or Bonds in authorized denominations of \$5,000 or integral multiples thereof in aggregate principal amount equal to the principal amount of the Bond transferred or exchanged and maturing on the same date and bearing interest at the same rate. The transfer of any Bond may be registered upon presentation and surrender of such Bond at the office of the Bond Registrar and Paying Agent, together with a written instrument of transfer duly executed by the registered owner or his attorney or legal representative. The Bond Registrar and Paying Agent may require the person requesting any such exchange or transfer to reimburse it for any tax, fee or other governmental charge, shipping charges and insurance payable in connection therewith.

DTC and Book-Entry Only System

Initially, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (as DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry only system is discontinued for the Bonds.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, payments of the principal of, redemption premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants, and not of DTC, the Bond Registrar and Paying Agent or the County, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Bond Registrar and Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Book-Entry Only System - Miscellaneous

THE COUNTY AND THE BOND REGISTRAR AND PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OF THE BONDS WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT OF ANY AMOUNT DUE TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BONDS TO BE GIVEN TO BOND OWNERS; (5) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF ANY OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

In the event the County determines to discontinue a book-entry only system of registration of the Bonds, payments of interest, principal and redemption price and transfer and exchange of the Bonds will be made as described above under "THE BONDS—Description of Bonds".

Authorization

The Bonds are issued pursuant to the authority of Chapter 99 of the Laws of Maryland of 2018 (“Chapter 99”) and Title 6 of the Code of Public Local Laws of Washington County, Maryland (2019 Edition) (the “Water and Sewer Act”), each as amended, as applicable, and in accordance with Resolution No. RS-2023-14 adopted by the Board of County Commissioners of Washington County (the “Board”) on April 25, 2023 (the “Resolution”).

Chapter 99 and the Water and Sewer Act are collectively referred to in this Official Statement as the “Act”. Copies of the Act and the Resolution are available at the office of the Chief Financial Officer of the County (the “CFO”).

Application of Proceeds

Sale proceeds of the Bonds (including any net original issue premium) will be applied to costs of the following projects in the amounts indicated below:

Use	Amount
Infrastructure Projects	\$ 6,345,000
Public Safety Projects	1,000,000
Education Projects	4,655,000
Environmental Projects	3,100,000
	<u>\$ 15,100,000</u>

The underwriter’s discount payable to the successful bidder for the Bonds will also be paid from sale proceeds of the Bonds. The County expects to pay all other costs of issuance from non-borrowed County funds.

Without notice to or the consent of the holders of the Bonds, the County (i) may reallocate the proceeds of the Bonds to costs of the contemplated projects among such projects in accordance with applicable budgetary procedures or applicable law, or (ii) amend the Resolution to reallocate proceeds of the Bonds to other projects not originally contemplated by the Resolution in accordance with applicable law.

Redemption

Optional Redemption

The Bonds that mature on or before July 1, 2033 are not subject to redemption at the option of the County prior to their maturities. The Bonds that mature on or after July 1, 2034 are subject to redemption at the option of the County as a whole or in part at any time on or after July 1, 2033, in any order of maturity directed by the County, at a redemption price of the principal amount of the Bonds (or portions thereof) to be redeemed, plus accrued interest on the principal amount being redeemed to the date fixed for redemption, without premium or penalty.

Selection of Bonds for Redemption; Notice of Redemption

Certain of the Bonds are subject to redemption at the option of the County as described above under “–Redemption—Optional Redemption.” If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by the Bond Registrar and Paying Agent in such manner as in its discretion it shall determine; provided that, so long as the Bonds are maintained in book-entry form, the selection of individual ownership interests to be credited with such partial redemption shall be made by DTC (or any successor securities depository) in accordance with DTC’s (or such successor securities depository’s) then existing procedures.

If all or a portion of the Bonds outstanding are to be redeemed, the County shall give or cause to be given a redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address of such registered owner appearing on the bond register maintained for the Bonds by the Bond Registrar and Paying Agent, provided, however, that the failure to mail the redemption notice or any defect in the notice so mailed shall not affect the validity of the redemption proceedings. The County may, but shall not be obligated to, also publish such notice of redemption at least once not less than thirty (30) days prior to the date fixed for redemption in a newspaper circulating in the City of Baltimore, Maryland, and also in a financial journal or daily newspaper of

general circulation in the City of New York, New York. The redemption notice shall state (i) whether the Bonds are to be redeemed in whole or in part and, if in part, the maturities, numbers, interest rates and CUSIP numbers of the Bonds to be redeemed, (ii) in the case of a partial redemption of any Bond, the portion of the principal amount which is to be redeemed, (iii) that the interest on the Bonds (or portions thereof) to be redeemed shall cease on the date fixed for redemption, (iv) the date fixed for redemption and the redemption price, (v) the address of the Bond Registrar and Paying Agent with a contact person and phone number, and (vi) that the Bonds to be redeemed in whole or in part shall be presented for redemption and payment on the date fixed for redemption at the designated corporate trust office of the Bond Registrar and Paying Agent. Any such notice may be conditioned upon receipt by the Bond Registrar and Paying Agent of sufficient funds to effect such redemption.

From and after the date fixed for redemption, if funds sufficient for payment of the redemption price plus accrued interest thereon to the date fixed for redemption are held by the Bond Registrar and Paying Agent on such date, the Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price provided for redemption of such Bonds on such date, interest on such Bonds (or portions thereof) shall cease to accrue and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof plus accrued interest thereon to the date fixed for redemption from the monies so held by the Bond Registrar and Paying Agent. Upon presentation and surrender for redemption, the Bonds to be redeemed in whole or in part shall be paid by the Bond Registrar and Paying Agent at the redemption price plus accrued interest thereon to the date fixed for redemption. If Bonds (or portions thereof) so called for redemption are not paid upon presentation and surrender, the Bonds designated for redemption in whole or in part shall continue to bear interest at the rates stated therein until paid.

Sources of Payment

The Act provides that the Bonds constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County to the payment of the maturing principal of and interest on the Bonds as and when they become payable. The Act further provides, and the County has covenanted in the Resolution, that in each and every fiscal year that any of the Bonds are outstanding, the County shall levy or cause to be levied ad valorem taxes upon all assessable property within the corporate limits of Washington County in rate and amount sufficient to provide for or assure the payment, when due, of the principal of and interest on all Bonds maturing in each such fiscal year and, if the proceeds from the taxes so levied in such fiscal year prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up any deficiency.

Bondholders' Remedies

It is the opinion of Funk & Bolton, P. A., Bond Counsel, that the County may be sued in the event that it fails to perform its obligations under the Bonds and the Resolution to the registered owners and that any judgments resulting from such suits would be enforceable against the County. Nevertheless, a registered owner of a Bond who has obtained any such judgment may be required to seek additional relief to compel the County to assess, levy and collect such taxes as may be necessary to provide the funds from which such judgment may be paid. Although there is no Maryland law with respect to this issue, it is the opinion of Bond Counsel that the appropriate courts of Maryland have jurisdiction to entertain proceedings and power to grant additional relief, such as a mandatory injunction, if necessary, to enforce the levy and collection of such taxes and payment of the proceeds thereof to the holders of general obligation bonds, *pari passu*, subject to the inherent constitutional limitations referred to below.

It is also the opinion of Bond Counsel that, while remedies would be available to the registered owners of the Bonds and while the Bonds are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute.

Enforcement of a claim for payment of the principal of or interest on the Bonds could be made subject to the provisions of federal bankruptcy laws or of any statutes that may hereafter be constitutionally enacted by the United States Congress or the Maryland General Assembly extending the time for payment or imposing other constraints upon enforcement.

Tax Matters

State of Maryland and Local Income Tax

In the opinion of Funk & Bolton, P.A., Bond Counsel, under existing law, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom (including any profit made in the sale thereof) shall be at all times exempt from State of Maryland (the "State"), county, municipal, or other taxation of every kind and nature whatsoever within the State, but no opinion is expressed as to Maryland estate or inheritance taxes or any other Maryland taxes not levied directly on the Bonds, their transfer, the interest thereon or the income therefrom.

Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Prospective purchasers of the Bonds should consult their tax advisors regarding the tax status of the Bonds in a particular state or local jurisdiction other than the State of Maryland.

Federal Income Tax

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of certain certifications of the County and continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”).

Bond Counsel will issue an opinion with respect to the Bonds. Bond Counsel’s opinion will be given in reliance (without independent investigation) on certifications, covenants and agreements by representatives of the County as to certain facts material to both the opinion and the requirements of the Code. The County will covenant and agree to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, the use of the projects financed from proceeds of the Bonds and the timely payment to the United States of America of any arbitrage rebate amounts with respect to the Bonds or payments in lieu thereof. Bond Counsel assumes no responsibility for, and will not monitor, compliance with the covenants and agreements of the County. In the event of noncompliance with such covenants and agreements, available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes retroactively to the date of issue.

Further, under existing statutes, regulations and decisions, Bond Counsel is of the opinion that interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. For tax years beginning after December 31, 2022, interest on the Bonds will be part of adjusted financial statement income, fifteen percent of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. In addition, interest on the Bonds may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America.

Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty companies, certain recipients of social security or railroad retirement benefits and certain S corporations. Prospective purchasers of the Bonds should consult with their own tax advisors as to any collateral federal income tax consequences.

Certain of the Bonds may be offered and sold at a discount (“original issue discount”) equal generally to the difference between their public offering price and principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the purchaser’s tax basis in the Bond for determining taxable gain or loss upon disposition (including sale, redemption or payment at maturity). Purchasers of Bonds at a discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to any state or local tax consequences of owning such Bonds.

Certain of the Bonds may be offered and sold at a purchase price over the stated redemption price of such Bonds at maturity. This excess constitutes premium on such Bonds. For federal income tax purposes, original issue premium is amortizable periodically over a Bond’s term through reductions in the owner’s tax basis for the Bond for determining taxable gain or loss upon disposition (including sale, redemption or payment at maturity). An owner of a premium Bond cannot deduct amortized original issue premium relating to that premium Bond. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to any state or local tax consequences of owning such Bonds.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete or to identify all aspects of federal income taxation that may be relevant to a particular purchaser of the Bonds in light of his or its particular circumstances and income tax situation. Prospective purchasers of the Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Bonds.

See Appendix B hereto for the proposed form of opinion of Bond Counsel to be delivered upon issuance of the Bonds. Bond Counsel’s opinion will speak only as of its date.

Effects of Future Enforcement, Regulatory or Legislative Actions

The Internal Revenue Service (the “Service”) has a program to audit state and local government obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the Service audits the Bonds, under current Service procedure, the Service will treat the County as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate in the process. Any selection by the Service of the Bonds or of tax-exempt obligations similar to the Bonds for audit could affect the marketability or market value of the Bonds.

The Service and the U.S. Department of the Treasury have ongoing programs to promulgate regulations to interpret and apply the provisions of the Code. In addition, from time to time regulatory actions are announced or proposed and litigation is threatened or commenced that, depending on its conclusion, could modify or impact federal or state tax treatment of tax-exempt obligations such as the Bonds and could have an adverse effect on the marketability or market value of the Bonds.

From time to time, there are Presidential proposals, proposals of various federal committees, or legislative proposals in the United States Congress or various state legislatures that, if enacted, could alter or amend the federal tax matters referred to above, state treatment of the tax status of the Bonds or adversely affect the market value of the Bonds. Furthermore, such proposals may affect the marketability or market value of the Bonds merely by virtue of being proposed. It cannot be predicted whether or in what form any such proposal may be enacted or whether, if enacted, it would apply to tax-exempt obligations, including the Bonds, issued prior to enactment. In addition, legislation enacted after issuance of the Bonds may directly or indirectly cause interest on the Bonds to be subject to federal or state income taxation (as applicable) or reduce the benefit of the excludability of interest on the applicable Bonds under existing law. Each purchaser of the Bonds should consult with his or its own tax advisor regarding any pending or proposed federal or state tax legislation.

Bond Counsel will not express any opinion regarding pending or proposed federal or state enforcement actions, regulations, litigation or legislative actions.

II. Government and Administration

Location

Washington County is situated 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 460 square miles in area. The County seat, Hagerstown, is 70 miles northwest of Washington, D.C. and 72 miles west of 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 major part of Washington County is fertile valley with rolling terrain. The lowland belt known as the Hagerstown Valley lies between the Blue Ridge Mountains to the east and the Appalachian Highlands to the west.

Form of Government

The County is a body politic and corporate, which performs all local governmental functions in Washington County except those performed by the nine incorporated municipalities within Washington County. The executive offices of the County are located at 100 West Washington Street, Hagerstown, Maryland 21740. The County’s website is www.washco-md.net. Any references in this Official Statement to the County’s website are provided for convenience only. The information on the County’s website is not incorporated herein, by reference or otherwise.

Under the Code of the Public Local Laws of Washington County (2019 Edition), as amended, being Article 22 of the Code of Public Local Laws of Maryland (the “County Code”), both the executive and legislative functions of the County are vested in the elected, five-member Board of County Commissioners of Washington County (the “Board”). 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.

Each member of the Board has one vote and a simple majority of the Board is sufficient to take action subject to the authority vested in the Board by the County Code. Emergency action also requires a simple majority vote. The Board elects its own officers. The General Assembly of Maryland must authorize powers not specifically authorized by the County Code.

As authorized by the County Code, the Board appoints a County Administrator. The County Administrator is selected on the basis of his or her executive and administrative abilities, including his or her knowledge and experience in public administration. The County Administrator is charged with the supervision of the departments and agencies of the County and oversight of day-to-day operations in conformity with all laws applying to the County.

County financial matters are administered in part through the office of the Treasurer of Washington County. The County Code establishes the elective office of County Treasurer. The County Treasurer is constituted the collector of County and State taxes, charges and assessments and is charged with the enforcement of collection of taxes in the manner provided by law.

As authorized by the County Code, the Board appoints the CFO. The CFO is charged with assisting the Board in the preparation and administration of the County budgets and other accounting and fiscal matters as the Board deems necessary. In addition, the CFO is responsible for the study of the organization, methods and procedures of each office, department, board, commission, institution, and agency of County government. The CFO reports to the County Commissioners.

Legislative and Administrative Officials***Board of County Commissioners***

JOHN F. BARR, a fourth term County Commissioner, serves as President of the Board of County Commissioners, and was first elected in 2006. He was raised in Boonsboro, Maryland and is a Master Electrician in five states. In high school, Mr. Barr worked for his father as a field electrician at M/L Electric, Inc., founded in 1927. In 1979 he formed the management team overseeing the service department. In 1984 Mr. Barr bought the company from his father and changed the name to Ellsworth Electric, Inc. He remained president and owner until his son purchased the business in 2020. Mr. Barr is active in various service organizations and community projects. He also served a one year term as President of the Maryland Association of Counties (MACo) in 2016. He still assists at MACo events as past president.

JEFFREY A. “JEFF” CLINE, a fourth term County Commissioner, serves as Vice President of the Board of County Commissioners and is a resident of Williamsport, Maryland. He is a graduate of Williamsport High School and Hagerstown Community College. Mr. Cline has experience as a realtor since 2003. He graduated from the Maryland Association of Realtors’ 2008 Leadership Academy and received the Graduate of Realtor Institute (GRI) designation. He is also a graduate of the 2013 Leadership Washington County Class 26. Mr. Cline served on the Williamsport Town Council from 2005 to 2009.

WAYNE K. KEEFER, a third term County Commissioner, is a life-long resident of Washington County and a graduate of Hancock Middle-Senior High School. Mr. Keefer continued his education locally at Hagerstown Community College, then earned his B.S. and M.B.A. degrees from Frostburg State University (“FSU”). He also graduated from the Academy of Excellence in Local Government Certificate Program. Mr. Keefer has over a decade of experience as a commercial banker with roles in consumer lending and corporate accounting. He is currently the Assistant Vice President/Controller of a local bank. He has taught courses in business, economics, banking and finance as an adjunct professor with his alma mater FSU and with the West Virginia School of Banking. He also holds a Maryland Real Estate License. An active member of the community, he has served in leadership roles with many non-profit organizations.

RANDALL E. “RANDY” WAGNER, a second term County Commissioner, was born and raised in Washington County. Mr. Wagner graduated from North Hagerstown High School and is a veteran of the United States Coast Guard, where he served for four years. Mr. Wagner worked at Mack Truck for 17 years before becoming a small business owner in Washington County, owning and operating 40 West Marine in Clear Spring for eight years. He has served the local community as a realtor for the past 21 years and is a licensed private pilot. He also served on the Animal Control Board and held the position as Vice Chair for eight years. He currently serves on the Airport Advisory Board, the Planning Commission, the Health Advisory Board, the Black Rock Golf Course Board and the Emergency Services Advisory Council.

DEREK J. HARVEY, Colonel, U.S. Army (Retired), a first term County Commissioner, worked on Capitol Hill as the Lead Investigator and Senior Advisor to the House Permanent Select Intelligence Committee, and in the White House National Security Council under President Donald J. Trump. After serving as an Airborne Ranger Infantry Officer and a decorated Army Colonel, and being awarded a Bronze Star and multiple Meritorious Service Medals, he transitioned into government service as a Senior Intelligence Executive. Mr. Harvey has been an adjunct professor for the University of Maryland and Central Texas College, and was a Fellow at Carnegie Mellon University. As a Professor and Research Institute Director at the University of South Florida, he focused on supporting local governments with insights to help with smarter decision-making. Elected to the Board of County Commissioners in 2022, he is a member of the Morris Frock American Legion and resides in Smithsburg.

County Treasurer

R. MATTHEW BREEDING, County Treasurer, was elected to his position in November 2022. He holds a Bachelor of Science degree in criminal justice. Mr. Breeding is a retired senior officer from the U.S. Army and has extensive experience in senior level supervision and management. He has a vast amount of experience with government information management systems and has managed programs in excess of seventy-five million dollars.

Administrative Officials

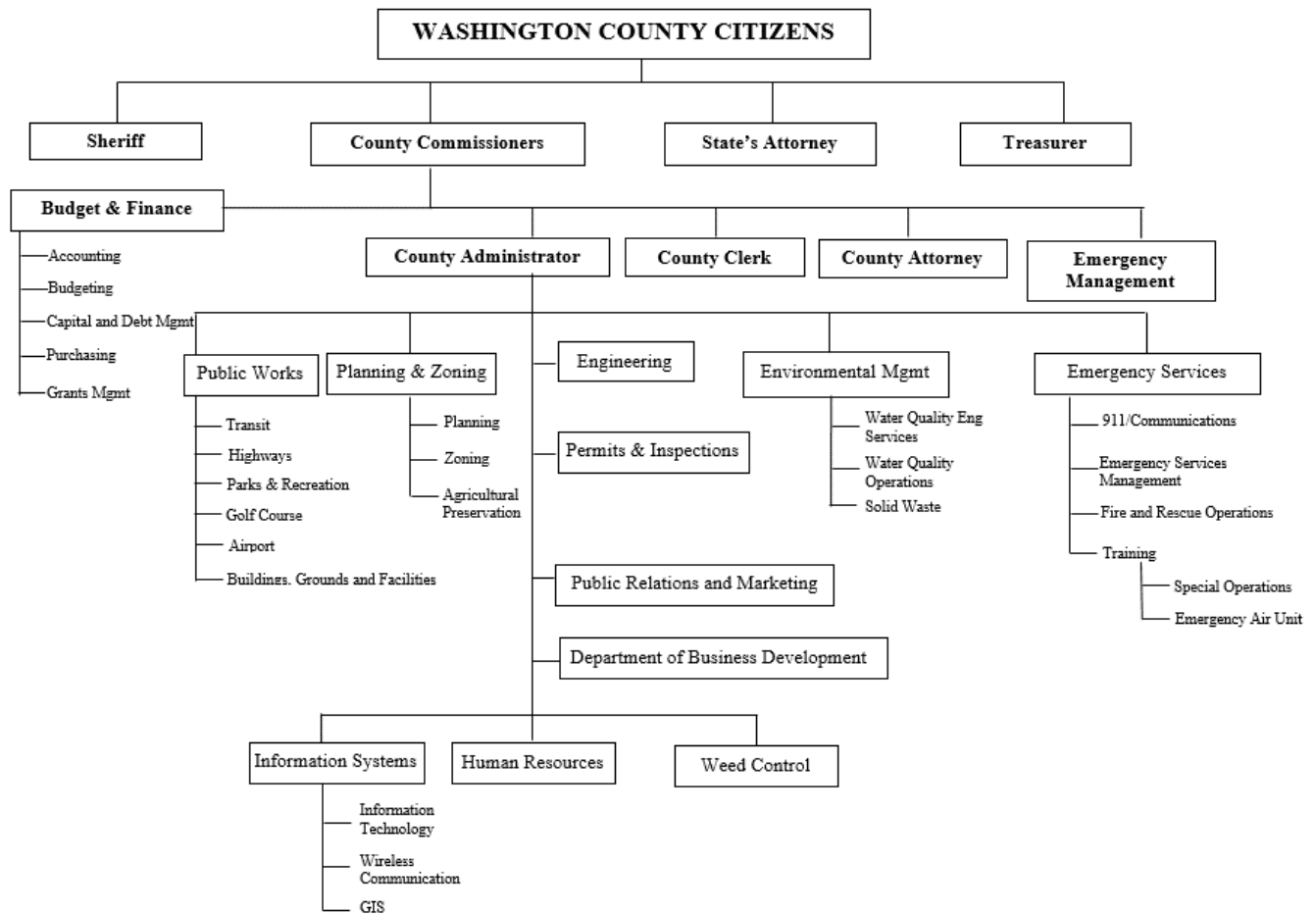
MICHELLE A. GORDON, Chief Financial Officer, holds a B.A. degree in management with concentrations in accounting and information technology from Hood College. She earned a Master of Business Administration degree with a Certified Public Accounting Track concentration from Mount St. Mary's University and was in the first graduating class of the Mount St. Mary's, Richard J. Bolte, Sr. School of Business. Mrs. Gordon is a lifelong resident of Washington County, Maryland. She was hired by Washington County in October of 2022 as Chief Financial Officer. Prior to her employment with Washington County, she was employed as the Chief Financial Officer of Jefferson County, West Virginia and as the Director of Finance of the City of Hagerstown, Maryland for a combined total of 12 years. Her governmental experience also includes six years of progressive accounting work at the City of Frederick, Maryland. In total, Mrs. Gordon has 33 years of governmental, private and public accounting experience. Mrs. Gordon serves as an active member of the Ladies Auxiliary at the Potomac Fish & Game Club in her hometown of Williamsport, Maryland. She is a member of the Maryland Government Finance Officers Association and the Government Finance Officers Association of the United States and Canada ("GFOA").

KIMBERLY K. EDLUND, C.P.A., Director of Budget and Finance, is a summa cum laude graduate of Shepherd University with a B.S. degree in accounting. She earned a Master of Business Administration degree from Frostburg State University. Ms. Edlund was hired by Washington County in 1995 as the Assistant Director of Budget and Finance and was promoted to Director in 2014. Prior to her employment with Washington County, she was a Senior Accountant with a regional public accounting firm. Ms. Edlund is a member of the American Institute of Certified Public Accountants, the Maryland Association of Certified Public Accountants, the Maryland Government Finance Officers Association and the GFOA.

KIRK C. DOWNEY, County Attorney, has been employed with the County Attorney's Office since 2004, starting as the Assistant County Attorney. He was named Deputy County Attorney in 2012 and as County Attorney in 2018. Mr. Downey graduated cum laude from Duke University in 1994 with a B. A. degree. He received his J.D. degree from the University of Richmond School of Law in 1997 and was admitted to the Maryland Bar. He is also admitted to practice before the U. S. District Court for the District of Maryland, U. S. Court of Appeals for the Fourth Circuit, and the U. S. Supreme Court. He maintained a private practice from 1997-2005. Mr. Downey is a member of a variety of community organizations and serves or has served on a number of non-profit boards of directors, including the boards of Horizon Goodwill Industries, Inc. and the Washington County Community Action Council. He is a past member and chair of the Trial Courts Judicial Nominating Commission of Washington County and has been a member of the Hagerstown Rotary since 2002. Mr. Downey is also a member of the American, Maryland and Washington County Bar Associations.

Effective May 24, 2023, John M. Martirano retired as the County Administrator.

Washington County Government Organizational Chart



County Employment

As of June 30, 2022, the County employed 786 full-time employees and 456 part-time employees, including 140 seasonal positions. The County has a compensation and classification plan, which is complemented by a performance evaluation system. There are 149 employees of the County's Division of Public Works, Division of Emergency Services, and Division of Environmental Management represented by a collective bargaining agreement that expires on June 30, 2023. The County has not experienced a work stoppage due to labor relation disputes and considers its relationships with employees to be good.

Pension and Retirement System

Employees of the County government are provided retirement benefits through a pension plan (the "Plan"). Participation in the Plan is mandatory and there were 1,397 participants as of June 30, 2022. The Plan also provides death and disability benefits. The employees and the County fund the guaranteed allowance. Approximately 20.8% of the non-uniformed participants contribute to the Plan at the rate of 5.50% of their annual salary and the remaining non-uniformed and uniformed employees contribute 6.00% of their annual salary.

The County's contribution is comprised of three parts: (i) contribution to cover current service costs, (ii) annual accrued liability contribution to liquidate the County's unfunded accrued liability by July 1, 2039 and (iii) annual additional accrued liability contribution to liquidate the County's additional accrued liability due to actuarial gains and losses, benefit changes and assumption changes. Contributions are based on an assumed investment rate of 7.25% compounded annually. Contributions are currently funded at 26% of total salary expense. Salaries are assumed to increase at an annual rate of 3.00%. Contributions from participants and from the County are pooled to provide the guaranteed allowance for each member.

The following table presents the pension and retirement contributions and unfunded liabilities of the County and certain County agencies for completed fiscal years 2019 through 2022 and for fiscal year 2023. For fiscal year 2023, which began July 1, 2022, the County paid \$17,370,000, which includes the amount reflected in the “Total” column in the table below and an additional contribution made at year end from excess revenues. This payment is the aggregate of the amounts reflected in the columns “Current Service Costs” and “Recommended Payment for Unfunded Accrued Liability”.

As of July 1	Current Service Costs	Recommended Payment for Unfunded Accrued Liability	Total	Unfunded Accrued Liability
2022	\$3,472,381	\$7,674,574	\$11,146,955	\$81,295,806
2021	3,433,258	7,715,175	11,148,433	81,659,825
2020	3,471,254	7,711,603	11,182,857	83,819,276
2019	3,271,075	7,645,393	10,916,468	85,204,939
2018	2,403,396	9,415,983	11,819,379	85,336,525

Source: Bolton Partners, Inc.

As a result of the implementation of GASB Statement 68—Accounting and Financial Reporting for Pensions, the County modified its accounting for the Plan, while continuing to use the same actuarial cost method for determining contributions to the Plan. For fiscal years prior to fiscal year 2015, costs and funding contributions were based on the Projected Unit Credit actuarial cost methods. For fiscal year 2015 and later, the funding contributions remain based on the Projected Unit Credit funding method while the GASB liabilities reflected in the financial statements are based on the Entry Age Normal cost method, as required by GASB 67 and 68. The new method produces higher liabilities but lower normal costs than the previous method. However, both methods produce actuarially sound contribution (funding) or liabilities (GASB), and annual contributions are intended to fully fund the Plan’s July 1, 2022, unfunded liability by July 1, 2039.

Please refer to Notes 1 and 11 to the financial statements for fiscal year 2022 and to the Required Supplementary Information set forth in Appendix A to this Official Statement for additional information regarding the County’s pension obligations.

Other Post–Employment Benefits

The County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans (“OPEB”) and GASB 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions in fiscal year 2008.

The County’s OPEB plan is a single employer defined benefit healthcare plan. The County established a trust for administering the plan assets and paying healthcare costs and death benefits on behalf of the participants.

There is no vesting in the post-employment health benefits, and they are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have (i) a minimum of five years of County service, and (ii) immediately preceding retirement, been enrolled in a medical, vision, or prescription drug insurance plan offered to active employees in the County. The retirees pay 10% to 50% of the health insurance premium, based on years of service. Retirees participating in the County’s health plan are also covered by a death benefit equal to their final annual salary, not to exceed \$100,000. These benefits cease when the retiree attains age 65 or becomes Medicare eligible. As of June 30, 2022, 59 retirees were receiving OPEB benefits and 178 employees were retirement-eligible.

The County intends to fund any annual short-fall between the OPEB annual required contribution and actual pay-go expense into a legally executed trust fund. The trust fund is invested as a long-term pension trust, using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns.

The net OPEB liability (asset) is equal to the total OPEB liability minus the net position of the plan. The result as of June 30, 2022 is as follows:

Components of Net OPEB Obligation

Total OPEB liability	\$ 21,436,776
Net position	<u>\$ (26,564,545)</u>
Net OPEB liability (asset)	\$ (5,127,769)

Source: Bolton Partners, Inc.

Please refer to Note 16 to the financial statements for fiscal year 2022 and to the Required Supplementary Information set forth in Appendix A to this Official Statement for additional information regarding the County's OPEB obligations.

Insurance

The County maintains commercial insurance for general liability, automobile, excess workers' compensation, law enforcement, public officials' liability and catastrophic coverage. The County is required to provide unemployment insurance coverage for County employees.

Certain Services and Responsibilities

Education

The Board of Education of Washington County (the "Board of Education") implements all educational policies and programs for public schools in Washington County under the administration of the State Board of Education. The Board of Education, composed of seven members elected for four-year terms, oversees 22,297 students (including 1,053 in pre-kindergarten), in 47 instructional facilities, which include elementary, middle, high and combined schools. The average unrestricted Pre-K-12 per pupil expenditure was \$13,222 for the 2021-22 school year.

The largest General Fund appropriation by the County in its adopted budget for fiscal year 2023 is \$109,070,360 for the Board of Education, which represents 41.50% of the General Fund budget. This appropriation is for operating expenditures. In addition, the County appropriated \$14,036,000 in its capital budget for fiscal year 2023 for Board of Education projects.

Washington County's high school graduation rate for the 2021-2022 school year, as compared to other selected peer group counties and the State of Maryland, is as follows:

Washington County	Frederick County	Cecil County	Carroll County	Charles County	St. Mary's County	State of Maryland
90.79%	93.12%	89.38%	93.08%	92.63%	90.14%	86.29%

Source: Maryland Board of Education

Training/Higher Education

Within a 70-mile radius of the County seat, the City of Hagerstown, there are more than 30 institutions of higher learning. There are numerous opportunities in Washington County for residents to obtain education and training beyond the high school level. The following describes certain programs and schools within Washington County.

Training

Western Maryland Consortium provides a wide range of workforce development services for jobseekers and employers. Employer services include referral of applicants, customized training, financial aid for on-the-job training, recruitment, and screening assistance. Services are generally provided at no cost to employers.

Boyd J. Michael III Technical High School (formerly known as Washington County Technical High School) is a two-year public high school that is under the administration of the Washington County Public Schools. English, math, science and social studies core subject courses and 17 career and technology programs are offered. These programs prepare students for professional/technical careers based on current industry skill standards. Enrollment is open to qualified 11th and 12th grade students, and tuition paying adults.

Barr Construction Institute, an education division of Associated Builders and Contractors, Inc., offers management education and professional industrial, commercial, and apprenticeship trade training. Construction and maintenance training is recognized by the U.S. Department of Labor, Bureau of Apprenticeship & Training, and is accredited by the National Center for Construction Education and Research (an affiliate of the University of Florida).

Pittsburgh Institute of Aeronautics (“PIA”) established the Federal Aviation Administration (FAA) - approved Aviation Maintenance Technician (AMT) 16-month education program at the Hagerstown Regional Airport. With the skills PIA graduates acquire from the program, they are equipped to work in many industries including aviation, mechanical systems, hydro-mechanical systems and the green technology field.

D. M. Bowman Family Workforce Training Center will be established by an educational partnership between the Cumberland Chapter of Associated Builders and Contractors skilled trades education program known as the Barr Academy and Hagerstown Community College’s Continuing Education Department and is expected to open by summer of 2024. This facility will be a central training location for skilled trades, commercial truck driver training, diesel tech program, forklift instruction, the GED program and English as a Second Language classes.

Higher Education

Hagerstown Community College (“HCC”), founded in 1946, was the first community college in Maryland. With more than 100 programs of study, HCC offers workforce preparation and credentialing, university transfer, career development, and basic education. HCC programs include the Early College Program, which allows high school students the opportunity to earn college credits and credentials while focusing on science, technology, engineering, mathematics and medical courses, an adult education program, and the David W. Fletcher Incubator + Labs, a small business incubator.

The County appropriated \$10,035,290 in its fiscal year 2023 operating budget for HCC. HCC receives the balance of its funding from student tuition, State grants, and other miscellaneous sources. In addition, the County appropriated \$6,439,000 in its capital budget for fiscal year 2023 for HCC projects.

University System of Maryland at Hagerstown (“USMH”) opened in January 2005 and is in Hagerstown’s historic City Center. USMH is part of a regional system offering 13 undergraduate and 10 graduate degree programs from five respected universities within the Maryland system: Frostburg State University, Salisbury University, Towson University, University of Maryland Eastern Shore, and University of Maryland Global Campus. Students can complete a bachelor’s degree or earn a master’s degree. USMH also offers access to on-site academic advising, computer labs, and a full- service library.

Planning and Zoning

The Washington County Planning Commission was created in 1957. The Planning Commission consists of seven members appointed by the Board and is supported by the County's Planning and Zoning Department with a staff of 13. Planning staff members review plans and provide reports and recommendations to the Planning Commission. The Planning Commission has final authority to approve subdivision and site development plans. Another of the primary responsibilities of the Planning Commission is the Comprehensive Plan for the County. The Planning Commission first recommended the adoption of a Comprehensive Plan for Washington County in 1971. Major updates to the Comprehensive Plan were completed in 1981 and in 2002. Another update of the Comprehensive Plan is now in progress, with adoption expected in 2023.

From the original adoption in 1973 and through amendments in 2002, 2005 and 2012, the Zoning Ordinance provides seven classifications for industrial development: (i) "Industrial General" which encompasses heavy manufacturing plants requiring extensive transportation, water and sewerage facilities; (ii) "Industrial Restricted" which encompasses light manufacturing such as processing or assembly of previously processed materials; (iii) "Planned Industrial" which encompasses the planned development of industrial park locations; (iv) "Airport" which permits industrial uses that have a need to be located near the airport or provide airport related services and include height limitations located around the Hagerstown Regional Airport; (v) "Highway Interchange District" which allows light industrial and commercial uses in the vicinity of interstate interchanges to take advantage of transportation needs and opportunities; (vi) "Office, Research and Technology" which is geared toward the development of corporate offices, research facilities, and high-tech communication land uses; and (vii) "Office, Research and Industry" which allows a mix of technology and selected industries with increased performance standards.

The Planning and Zoning Department continues to update and revise the Subdivision Ordinance, the Zoning Ordinance and other ordinances and functional plans that relate to land development in Washington County. In July 2012 the County adopted major revisions to the zoning text and map for the Urban Growth Areas to implement the recommendations of the Comprehensive Plan. Similar map and text amendments affecting areas around the designated Town Growth Areas of Boonsboro, Smithsburg, Hancock and Clear Spring were adopted in 2017. Those revisions are designed to create a more desirable and efficient urban living environment. The amendments include improvements to the design guidelines in the industrial districts mentioned above. A new educational zone, called Education, Research and Technology, is designed specifically to allow Hagerstown Community College to partner with emerging high-tech industries and expand its role as business partner in the community. In an effort to coordinate development and infrastructure needs, staff is continuing to review the Adequate Public Facilities and the Excise Tax Ordinances for possible improvement. The County has also devised an analysis and mitigation protocol to manage the effects of increases in public school enrollments that result from new residential development.

The Water and Sewerage Plan, the Solid Waste Plan and the Land Preservation, Parks and Recreation Plan are other plans prepared and administered by the Planning and Zoning Department to assist in the development of the County in an orderly fashion. The State requires that the County update each of these plans, as well as the Comprehensive Plan, at regular intervals.

Land use control and planning within the County's nine incorporated municipalities is under the jurisdiction of the municipalities. Each of the municipalities has adopted its own zoning and land development regulations.

Hospital and Medical Care

Meritus Health

Meritus Health, Western Maryland's largest health care provider, is located at the crossroads of Western Maryland, Southern Pennsylvania and the Eastern Panhandle of West Virginia. With over 3,000 employees, 500 medical staff members and 250 volunteers, Meritus Health services over 200,000 residents of the tristate region. Meritus Medical Center has 327 beds and Meritus Medical group has over 160 providers.

Washington County Health Department

The Washington County Health Department, which provides various health services to the citizens of Washington County, is budgeted to receive a total of \$2,339,270 in fiscal year 2023 from the County. Along with the main headquarters, it has staff and programs based at two other sites. The Health Department employs a total of approximately 150 full-time and part-time personnel in five divisions.

The Environmental Health Division of the Health Department engages in food and restaurant inspection, well and septic permitting, community services, transient and non-transient water analysis, rabies control, complaint and outbreak investigations, and emergency response. The Nursing Division is responsible for maternal and child health programs, communicable disease surveillance and control, tuberculosis control, refugee and migrant health services, reproductive health services, STD screening and treatment, HIV and AIDS services, immunizations, Maryland Children's Health Insurance Program, cancer screening, vision screening, adult evaluation and review services, and WIC services. The Health Planning and Strategic Initiatives Division is responsible for relaying of public information, community relations, emergency preparedness, as well as developing and maintaining agency partnerships and providing chronic disease prevention and control initiatives. The Division of Behavioral Health Services provides a comprehensive system of care, including prevention, intervention, referral and treatment services for substance use and mental health disorders in a variety of settings. The Administration Division, which includes Accounting, Personnel, Information Technology, Procurement, Billing, Maintenance and Health Officer staff, provides management support for all programs within the agency.

Other Medical Facilities

The George W. Comstock Center for Public Health Research and Prevention is a facility of the Johns Hopkins Bloomberg School of Public Health and was established in 1962 as a joint enterprise of the Maryland Department of Health and Mental Hygiene, Washington County Health Department and The Johns Hopkins University. The center has expertise and capacity in the conduct of large community health surveys, as well as a close working relationship with the County Health Department. Funding, sponsored through research grants by the National Institutes of Health as well as private foundations, supports 20 to 30 staff members in the Comstock Center. Research includes heart disease surveillance and epidemiology of cancer, heart disease, lung disease, diabetes, sleep and other conditions. Prevention research results are disseminated nationally and internationally primarily through numerous journal publications.

There are nine privately owned licensed skilled nursing facilities with a total of 1,007 beds and one State-owned licensed skilled nursing facility with 63 beds in Washington County. All of these facilities are dually certified by Medicare and Medicaid. In addition, there are 19 privately owned assisted living facilities with a total of 752 beds. Other medical facilities include the Western Maryland Center, a 123 bed State-owned, chronic care facility, and the Brook Lane Psychiatric Center, a privately-owned psychiatric facility. None of these facilities receive funds from the County.

Safety

Law Enforcement

The Washington County Sheriff's Office, the Maryland State Police and municipal police agencies provide police protection in Washington County. The Sheriff's Office has 106 sworn personnel and 97 radio-dispatched vehicles. The Sheriff's Office is responsible for the operation of the Detention Center, which has a capacity of 450 inmates. In October 2016, a Day Reporting Center opened that provides treatment services to non-violent offenders with drug and/or alcohol addictions, as well as providing services for the Circuit Court Adult Drug Court Program. The State Police has 35 troopers assigned to the local barrack, which is located just south of Hagerstown. The Hagerstown Police Department has a full-time force of 108 officers. The Hancock Police Department employs four full-time officers. In addition, the Smithsburg Police Department employs four officers and the Boonsboro Police Department employs five police officers.

Emergency Management

Emergency Management activities are overseen by a director with support from a full-time emergency planner. The Office of Emergency Management is responsible for mitigation, planning, response and recovery from natural and technical disasters. Washington County has a Local Emergency Planning Committee, overseen by Emergency Management, that coordinates disaster planning, conducts drills to exercise the County Emergency Operations Plan, and oversees a community outreach program consisting of home chemical safety training, citizen preparedness, and pertinent educational programs.

Emergency Services

The County's Division of Emergency Services ("DES") oversees Emergency Communication/911, Fire and Rescue, and the Emergency Medical Services Operations Program. DES is led by a full-time career director and three full-time department heads who oversee the daily operational components of Emergency Services in Washington County. The division has 116 full-time and 23 part-time personnel working directly within the division.

Public Safety Training Center

A new Public Safety Training Center ("PSTC") became operational in 2022 with daily oversight being provided by DES, in collaboration with the Washington County Sheriff's Office. The PSTC will provide the opportunity for enhanced training and collaboration between Fire, Emergency Medical Services and law enforcement agencies throughout Washington County and the Tri-State area. The new PSTC encompasses 49 acres boasting academic classrooms, fire and law enforcement areas for tactical training exercises and a defensive driving track.

The PSTC also serves as host to the Washington County Law Enforcement Academy and the Division of Emergency Services Paramedic Training Program, which both involve academic connections to Hagerstown Community College, The Division of Emergency Services Firefighter Recruit Academy. Various courses sponsored by the Maryland Fire and Rescue Institute are also hosted at the PSTC. The PSTC is staffed by seven full-time employees who are split among fire, EMS and law enforcement training initiatives.

Emergency Communications

The Emergency Communications Center is overseen by an assistant director with three full-time executive support staff. The Emergency Communications Center processes all 911 calls for the County and all of the Washington County municipalities through one central dispatch location. The call center, combined with a new digital radio system, enables first responders to communicate in a safe, seamless and compatible way, enhancing their ability to respond to emergencies and save lives. The call center also integrates the City of Hagerstown's and Washington County's non-emergency responders, allowing them to serve the community quickly and efficiently.

Fire and Rescue

Fire and rescue protection are coordinated through DES by the Deputy Director - Operations. Working collaboratively with the Washington County Volunteer Fire and Rescue Association (the "WCVFRA"), DES coordinates the services provided by 14 volunteer fire companies and eight volunteer ambulance companies throughout Washington County. All volunteer companies belong to the WCVFRA. The association has approximately 700 volunteers who provide a combination of firefighting, rescue, emergency medical and administrative services to the community. Several volunteer companies have hired career personnel to supplement the volunteer staff during times of low volunteer availability.

Special Operations activities are overseen by the Deputy Director - Operations. The County has a vision to become the regional leader in providing and coordinating efficient public services. In response to that vision the Special Operations Team has eight full-time, 23 part-time and additional volunteer personnel who complete extensive training in various technical and/or specialized areas including hazardous materials, trench rescue, rope rescue, water rescue, structural collapse and confined space rescue.

Fire protection within the City of Hagerstown is provided by a combination career and volunteer fire department. The department includes six stations with five engines and two ladder trucks. The department is led by a career Fire Chief, a Fire Marshall, two Assistant Fire Marshalls, and six Shift Commanders. The department has 84 full-time career firefighters and 43 trained volunteer firefighters.

Emergency Medical Services

The Emergency Medical Services (“EMS”) section provides leadership, direction, support and coordination to the County’s EMS system. The leadership works to continuously improve the efficiency and quality of medical services being provided to those who reside and travel within the County. EMS is overseen by the Deputy Director - Operations and includes 13 full-time advanced life support (“ALS”) technicians and five part-time ALS technicians. This team deploys four highly specialized ALS chase units which support the eight independent emergency medical services companies located in the County in the delivery of the highest quality pre-hospital care. Additionally, personnel are available for supplemental staffing to the independent companies and are available to provide additional resources for high-risk events and large public gatherings.

A part-time medical director provides medical control and quality assurance programs to help ensure the highest quality of pre-hospital medical care is consistently delivered to County citizens. An assistant medical director also provides medical control and quality assurance activities to the Special Response Team, which consists of law enforcement personnel and paramedics who are trained to deal with high priority law enforcement activities.

Environmental Management

The Division of Environmental Management (“DEM”), which includes the Department of Water Quality, the Environmental Engineering Department, the Solid Waste Department, the Stormwater Management Department and the Watershed Department, was created in fiscal year 2007. The State and Federal environmental initiatives as they pertain to water, wastewater, stormwater, solid waste and nutrients are all jointly related. DEM is responsible for integrating applicable regulations and applying them to the operations of these departments.

Solid Waste

The Washington County Solid Waste Department is responsible for a solid waste disposal system that protects the environment and public health. Currently the County disposes of solid waste at the 40 West Landfill, which opened in 2000. At current disposal rates, this site could meet the County’s estimated disposal needs until 2080. The County is in the process of evaluating other methods of handling solid waste as an alternative to landfilling. The department operates five solid waste convenience centers that are strategically located throughout Washington County. Supporting and strengthening individual and community self-reliance and responsibility in the areas of waste reduction, recycling and proper disposal of solid waste is the mission of the Solid Waste Department.

Water Supply and Wastewater Facilities

The County has a master water and wastewater plan, which assigns service priority designations for all areas within Washington County. These designations range from “No Planned Service” to “Existing and Under Construction”. The plan serves as a guide for the orderly development and expansion of water and wastewater facilities, both within Washington County and in those incorporated municipalities owning and operating their own systems, requiring the County or incorporated municipality to obtain a proper service designation before constructing or expanding water or wastewater services.

The County is authorized to provide public water and wastewater service to areas outside the incorporated municipalities and may provide service within a municipal corporation located in Washington County with the consent of the municipality. The County currently provides water and/or wastewater services to nearly all of the immediate densely populated area surrounding the City of Hagerstown (except the Dual Highway corridor), the areas of Highfield, Elk Ridge, Sandy Hook, and the towns of Sharpsburg and Smithsburg. The incorporated municipalities of Hagerstown, Boonsboro, Clear Spring, Funkstown, Hancock, Keedysville and Williamsport all own their water/wastewater facilities, or portions thereof. In addition to providing the wastewater services described above, the County operates the water and wastewater systems for the Town of Clear Spring and Brook Lane Health Services.

Five treatment plants serve the County water system with an aggregate capacity of 453,000 gallons per day, with individual plant capacities from 4,000 to 230,000 gallons per day. The County wastewater system is served by five treatment plants with an aggregate capacity of 5,746,000 gallons per day, with individual plant capacities from 21,000 to 4.5 million gallons per day. The County upgraded its wastewater facilities to comply with the State's enhanced nutrient removal ("ENR") strategy. The Winebrenner Treatment Plant ENR upgrade began construction in fiscal year 2015 and was completed in the fall of 2016. The Conococheague Wastewater Treatment Plant ENR upgrade began construction in the fall of 2016 and was completed in the spring of 2019.

Usage of water and wastewater systems is measured in Number of Services and Number of Equivalent Dwelling Units ("EDUs"). Number of Services refers to the number of actual connections and EDU is a unit of measure, which equates the consumption, or flow of commercial or industrial connections, to the average flow of a residential dwelling unit.

The County bills its customers quarterly except for those for which wastewater treatment service is provided by the City of Hagerstown, in which case the County's charges are billed and collected on its behalf by the City of Hagerstown. The following table shows the total Number of Services and EDUs of the County's water and wastewater systems and the annual residential user rates effective July 1, 2022. For customers receiving County collection services only, treatment is provided by the City of Hagerstown.

WATER SYSTEM		
	No. of Services	No. of EDUs
		Residential Annual (Avg) User Rate
Full Service.....	1,350	1,526

WASTEWATER SYSTEM		
	No. of Services	No. of EDUs
		Residential Annual (Avg) User Rate
Full Service	7,542	11,292
Collection Service Only	3,997	5,289
Wholesale	4	2,973
Total.....	11,543	19,554

Source: Washington County Department of Budget and Finance

The County provides wastewater "treatment only" services to its wholesale customers, which are the towns of Williamsport and Smithsburg, the Conococheague Pretreatment Facility (the "Pretreatment Facility") and the City of Hagerstown. The only major wastewater treatment facility for public use in Washington County, other than those operated by the County, is the Hagerstown Wastewater Treatment Plant, owned and operated by the City of Hagerstown, which has a capacity of eight million gallons per day.

The Pretreatment Facility serves all of Washington County by providing pretreatment of non-hazardous industrial wastewater, landfill leachate and metals-bearing waste streams, and has a capacity of 125,000 gallons per day (current average usage is 115,000 gallons per day). The Pretreatment Facility was privatized in 2006 through a long-term lease to a private corporation.

III. Economic and Demographic Information

Department of Business Development

The Washington County Department of Business Development (the “DBD”) is dedicated to creating and sustaining a positive pro-business climate.

The DBD currently has five full-time employees to conduct the day-to-day operations of the office, as well as business support and resources, business retention efforts within the County and marketing business attractions locally and nationally.

Throughout the year the DBD meets with representatives of existing companies in need of assistance, as well as businesses interested in moving or expanding to Washington County. Discussions include appropriate funding programs, incentive benefits, customized training programs, workforce development efforts and other sources of business support. The DBD has formed strategic partnerships with such organizations as the Maryland Department of Commerce, the City of Hagerstown, the Washington County Chamber of Commerce, The Greater Hagerstown Committee, Inc., Maryland Economic Development Association and Washington County Convention & Visitors Bureau in order to better serve the needs of businesses in Washington County.

The DBD was actively involved in Washington County becoming certified as the first ACT Work Ready Community in Maryland, an initiative that matches the labor force with available jobs in Washington County.

The DBD administers the Enterprise Zone Program, identifying eligible businesses that qualify for local real property tax credits and State income tax credits in the City of Hagerstown and elsewhere in Washington County. For tax year 2022-23 (fiscal year 2023), the City of Hagerstown and the County granted \$1,049,417.43 and \$1,274,156.78, respectively, in real property tax credits for private capital investment. The State of Maryland is expected to reimburse \$524,708.75 to the City of Hagerstown and \$637,078.44 to the County for these credits.

Business Development

New and Expanding Businesses

In calendar years 2022 and 2023, the County experienced new and expanding businesses highlighted by the creation of 1,835 new jobs and known new investments of approximately \$291.5 million. Many of these achievements are a result of incentive packages provided through partnerships of the County and State to provide training programs, State financing, and Enterprise Zone tax credits. Projects under development in calendar year 2023 and significant projects announced in 2023 that are cumulatively expected to provide an additional 8,472 new jobs and an approximately additional \$1.37 billion of new investments are noted in the following table based on the most recent information available:

ECONOMIC AND DEMOGRAPHIC INFORMATION

Hagerstown-Washington County, Maryland – Significant Business Activity for 2022/2023

Company Name	Business Type	Completed/ Expected Completion	Project Cost ⁽¹⁾	#New Jobs ⁽¹⁾	Sf	Type of Activity
Completed Projects 2022						
Conagra (Frederick Street, Hagerstown)	Manufacturing	1Q22	\$ 50,000,000.00	60	140,000	New Jobs/Expansion
Northpoint Development (Wesel Blvd., Hagerstown)	Distribution/Logistics	1Q22	\$ 169,000,000.00	1,200	2,000,000	New Jobs/Construction
WLR Investment (East Franklin Street, Hagerstown)	Mult-Unit	1Q22	\$ 2,500,000.00	0		Renovation
Bowman Development (Governor's Lane Boulevard, Williamsport)	Flex Space	2Q22	\$ 3,500,000.00		48,000	New Construction
Panattoni Development (Creeside Logistics on National Pike, Hagerstown)	Warehouse/Distribution	2Q22	\$ 50,000,000.00	500	730,000	New Jobs/Construction
Blackthorn Capital Partners (West Washington Street, Hagerstown)	Mixed Use	4Q22	\$ 4,500,000.00	0		Renovation
First Breach (Showalter Road, Hagerstown)	Manufacturing/Distribution	4Q22	\$ 12,000,000.00	75	50,000	New Business
<i>Sub-totals</i>			<u>\$ 291,500,000.00</u>	<u>1,835</u>	<u>2,968,000</u>	
Projects Under Development 2023						
Fundrise (Wright Road, Hagerstown)	Warehouse/Distribution	3Q22	\$ 60,000,000.00	500	825,000	New Jobs/Construction
National Pike Logistics (Northpoint Development, Bldg. 1, Hagerstown)	Warehouse/Distribution	3Q22	\$ 126,000,000.00	500	600,000	New Jobs/Relocation/Construction
First Breach (Showalter Road, Hagerstown) Phase II	Manufacturing/Distribution	4Q22	\$ 16,000,000.00	70	116,000	New Jobs/Expansion
Great American Brewery (Shepherdstown Pike, Sharpsburg)	Agricultural/Manufacturing	4Q22	\$ 500,000.00	5		New Business
National Pike Logistics (Northpoint Development, Bldg. 2, Hagerstown)	Warehouse/Distribution	4Q22	\$ 75,000,000.00	300	1,400,000	New Jobs/Construction
Ausblick (Western Maryland Parkway, Hagerstown)	Warehouse/Distribution	1Q23	\$ 21,100,000.00	250	269,522	New Jobs/Construction
Bowman Development (Showalter Road, Hagerstown)	Warehouse/Distribution	1Q23	\$ 55,000,000.00	250	801,000	New Jobs/Construction
Johnson Development (Oak Ridge Drive, Hagerstown)	Warehouse/Distribution	1Q23	\$ 150,000,000.00	800	1,800,000	New Jobs/Construction
Trammell Crow Company (Sterling Road, Hagerstown)	Warehouse/Distribution	2Q23	\$ 100,000,000.00	700	2,200,000	New Jobs/Construction
C&O Canal Brewery	Agricultural/Manufacturing	2Q23	\$ 900,000.00	10		New Business
Stoney Creek Farm & Event Center (Manor Church Road, Boonsboro)	Expansion	2Q23	\$ 10,000,000.00	5		New Jobs/Expansion
Volvo VPL (Volvo Way, Hagerstown)	R&D	3Q23	\$ 33,000,000.00	12		New Jobs/Expansion
Currwood (National Pike, Hagerstown)	Warehouse/Distribution	4Q23	\$ 150,000,000.00	2200	1,919,200	New Jobs/Construction
Hitachi Rail (Greencastle Pike, Hagerstown)	Manufacturing/R&D	4Q23	\$ 80,000,000.00	300	300,000	New Jobs/Construction
Penzance (Cushwa Farms, Spickler Road, Williamsport)	Warehouse/Distribution	4Q23	\$ 50,000,000.00	400	510,000	New Jobs/Construction
Trammell Crow Company (Greencastle Pike, Hagerstown)	Warehouse/Distribution	1Q24	\$ 100,000,000.00	1000	2,000,000	New Jobs/Construction
Cascade Properties (Former Fort Ritchie)	Mixed Use		\$ 200,000,000.00			New Jobs/New Business/Renovation
Meritus Health System	Osteopathic Medical School	3Q25	\$ 146,000,000.00	1,600	196,000	New Jobs/Construction
<i>Sub-totals</i>			<u>\$ 1,313,500,000.00</u>	<u>8,402</u>	<u>12,111,722</u>	
Projects Announced in 2023						
Malarkey Roofing Products	Manufacturing	2Q23	\$ 50,000,000.00	70	125,000	New Jobs/Renovation
Creeside Bar and Grill	Commercial	3Q23	\$ 700,000.00	n/a	1,821	Renovations
Dot Foods	Distribution	3Q23	\$ 650,000.00	n/a	1,730	Renovations
Dunkin' Donuts	Commercial	3Q23	\$ 2,250,000.00	n/a	8,232	New Jobs/Construction
Packaging Services of Maryland, Inc.	Manufacturing	3Q23	\$ 1,000,000.00	n/a	4,600	Renovations
Take 5 Car Wash	Commercial	3Q23	\$ 2,000,000.00	n/a	4,200	New Jobs/Construction
<i>Sub-totals</i>			<u>\$ 56,600,000.00</u>	<u>70</u>	<u>145,583</u>	
Totals for Projects 2022/2023:			<u>\$ 1,661,600,000</u>	<u>10,307</u>	<u>15,225,305</u>	

Source: Washington County Department of Business Development
(1) Estimates based on company announcements.

Business Parks and Sites

Through the DBD, the County promotes the development of both private and non-profit business parks and sites. The County also successfully obtains financing for necessary infrastructure through various State and federal agencies to support these developments as locations for new and expanding businesses. The County offers prospective businesses a selection of sites in planned industrial/business parks, which include:

Park	Total Acreage	Available Acreage	Ownership
City of Hagerstown—Washington County			
Enterprise Zone:			
Valley Business Park	273	123	Private
Hagerstown Business Park	90	5	Private
Hagerstown Industrial Park	251	11	Private
Hunt Ridge Business Park	57	22	Private
MKS Business Park	81	11	Private
Town of Hancock Enterprise Zone:			
Hancock Industrial Park.....	185	157	Town
Raylock Business Park.....	55	20	Town
Other Locations:			
Airport Business Park	205	45	Nonprofit
Antietam Industrial Park	27	7	Nonprofit
Bowman Airpark	56	10	Private
Crossroads Business Park.....	122	47	Private
Earley Industrial Park	160	52	Private
Friendship Technology Park	435	69	Private
Friendship Town Center	161	161	Private
Gateway Business Park.....	65	21	Private
Greencastle Pike Business Park.....	127	42	Private
HGR Aviation Tech Park.....	162	12	Private
Hub Business Park.....	130	16	Private
Hunter's Green Business Center.....	676	59	Private
Huyetts Business Park.....	66	10	Private
Interstate Industrial Park.....	457	58	Private
Interstate 70/81 Industrial Park.....	178	26	Private
Light Business Park	24	10	Private
Mount Aetna Technology Park at Hagerstown (MATH).....	261	202	Nonprofit
Newgate Industrial Park.....	161	19	Nonprofit
Orchard Park at Label Lane.....	20	20	Nonprofit
Potomac Parkway/Lockwood Business Area.....	53	21	Private
Showalter Road Center.....	89	89	Private
New Heights Industrial Park.....	56	8	Private
Vista Business Park.....	177	74	Private
Washington County Business Park.....	212	35	County
Westgate Industrial Complex.....	175	175	Private

Source: Washington County Department of Business Development

New Jobs Tax Credit Program

The “New Jobs Tax Credit” is a program initiated by the County in November 2002. The credit was created to help attract to the local business community companies that are involved in a high-tech industry and that offer well-paying jobs. The program provides a six year tax credit for businesses that either expand or relocate in Washington County and qualify under the program’s guidelines. The credit applies to Washington County’s tax that is imposed on real property owned or leased by the business and the tax imposed on personal property owned by that business.

Enterprise Zone Tax Credit Programs

Approximately 6,446 acres in Washington County are within two State-designated Enterprise Zones. The *City of Hagerstown/Washington County Enterprise Zone* was renewed and expanded by the State in 2022. This zone now encompasses approximately 4,946 acres located within the City of Hagerstown and Washington County. The zone has more than doubled in size and includes Hopewell Valley Industrial Park, Washington County Business Park, CSX Valley Park, the City of Hagerstown Business Park and the Central Business District in downtown Hagerstown. The *Hancock Enterprise Zone* was renewed in 2015. This 1,500 acre zone surrounds the Town of Hancock, stretching from the Pennsylvania border to the Potomac River. The zone includes commercial and industrial development opportunities in select areas of Hancock as well as commercial frontage along Main Street. Local and State incentives are available to new or expanding companies in these zones to promote growth of the industrial and commercial base. Qualified businesses can receive local property tax credits for capital investment and State income tax credits for the creation of new jobs. Each Enterprise Zone is approved by the State for a 10-year period.

Pad-Ready Commercial Stimulus Program

The Board adopted the “Pad-Ready” Commercial Stimulus Program on October 25, 2011. The program is designed to encourage developers/builders to bring undeveloped land to a shovel-ready state but is also intended for sites with existing buildings in need of redevelopment. Under the program, undeveloped parcels of land, demolitions, renovations and expansions of existing buildings qualify for incentives. Qualifying projects are entitled to priority plan review by the Washington County Development Advisory Committee, deferral of County site-plan application and review fees and a real-estate tax credit issuance once buildings are constructed and occupied. The tax credit is four-tenths of one percent (0.004) of the construction cost of the new improvement as determined by the DBD and will apply for three consecutive years.

High Performance Building Tax Credit Program

On February 7, 2012, the Board established the High Performance Tax Credit Program. Under the program, property tax credits are available for buildings that receive silver, gold, or platinum certification in the national LEED (Leadership in Energy and Environmental Design) ranking system. The amount of the credit depends on which level of certification the building receives and the increase in its assessed value after construction. Silver buildings are credited 20 percent of the taxes due on that increase; gold buildings, 25 percent; and platinum buildings, 30 percent.

Job Creation and Capital Investment Real Property Tax Credit Program

The Job Creation and Capital Investment Real Property Tax Credits Program was enacted by the Board in May 2017 to help attract companies to the local business community that offer well-paying jobs. It is also available to new or established businesses within the County that expand. This program provides up to a 15-year tax credit for businesses that either expand or locate in Washington County. The credit applies to Washington County’s real property tax that is imposed on real property owned or leased by the business, if the business qualifies under the program’s guidelines.

HUBZone

The Historically Underutilized Business Zones (HUBZone) program, through the Small Business Administration, helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. Benefits for HUBZone certified companies include competitive and sole sourcing contracting, 10% price evaluation preference in full and open contract competitions, as well as subcontracting opportunities. The federal government’s goal is to award at least three percent of all federal contracting dollars to HUBZone certified small businesses each year; to date, no businesses in the County have qualified.

Opportunity Zone

The federal Opportunity Zone program, started in 2019 and ending in 2029, allows investors to receive substantial federal tax incentives over that ten (10) year period by investing their capital gains into Opportunity Zones. Washington County has five Opportunity Zones in two areas: City of Hagerstown and the Town of Williamsport. Opportunity Zones feature new federal tax incentives designed to drive long-term private investment to distressed communities. Investors are able to defer and even reduce their federal tax liability on the sale of assets if they place their gains into an Opportunity Fund, which pools capital and support investments in small businesses and real estate within the Opportunity Zones in order to improve communities and the quality of life for residents.

C-PACE

Commercial Property Assessed Clean Energy (C-PACE) is a state policy-enabled financing mechanism that allows building owners and developers to access the capital they need to make energy related deferred maintenance upgrades in their existing buildings, support new construction costs and make renewable energy accessible and cost-effective. C-PACE makes it possible for commercial property owners to obtain low-cost, long-term financing for energy efficiency, water conservation and renewable energy projects. Most commercial property types qualify for C-PACE financing. The program starts with a state-level government policy that classifies clean energy upgrades as a public benefit – like a new sewer, water line or road. These upgrades can be financed with no money down and then repaid as a benefit assessment on the property tax bill over a term that matches the useful life of improvements and/or new construction infrastructure (typically ~approximately 20-30 years). The assessment transfers on the sale of the property and can be passed through to tenants where appropriate. While facilitating sustainability efforts, the program reduces property owners’ annual costs and provides dramatically better-than-market financing for green new construction.

Brownfields Revitalization Incentive Program

The Brownfields Revitalization Incentive Program (BRIP) provides that a site that qualifies for this incentive program may also qualify for real property tax credits. The site must be in a jurisdiction that participates in the BRIP and be owned by an inculpable person. For five years after cleanup, a site may qualify for a real property tax credit between 50% and 70% of the increased value of the site. (In an Enterprise Zone, the tax credit may last for up to 10 years). This credit, combined with other real property tax credits, may not exceed 100% of the tax on the increased value of the site.

Foreign Trade Zone

Washington County’s Foreign Trade Zone (“FTZ”) status was approved by the United States Department of Commerce’s Foreign Trade Zone Board on July 3, 2002. More than 1,700 acres from five different sites throughout Washington County are eligible. The sites are ideally zoned for manufacturing, distribution, and warehousing activities. FTZs have been shown to provide direct benefits to local businesses involved in foreign trade. Through the reduction, elimination, and deferral of tariffs, firms located within Washington County’s FTZ can be more competitive in international markets.

Utilities, Transportation and Communication

Utilities

Electricity: Potomac Edison, a FirstEnergy Company, with its Western Maryland headquarters located in Washington County, serves the County with a system of transmission and distribution lines of various voltages connected to its generating stations. The City of Hagerstown distributes electricity to many parts of the City.

Telecommunications: State-of-the-art communications infrastructure, including hybrid cable, digital, fiber optic, wireless data, cellular 4G LTE and broadband services are provided via national and regional vendors. AT&T, Sprint and Verizon operate within Washington County.

Natural Gas: Columbia Gas of Maryland serves the area with natural gas. Propane is also readily available.

Transportation

Highways: Washington County is served by Interstate Highways I-81, I-70 and I-68, complemented by U.S. 40 and U.S. 11 and State Routes 60, 63, 64, 65 and 68. These highways put Washington County businesses within a day’s drive of one-third of

the U.S. population and half of all retail trade. The Baltimore and Washington, D.C. beltways are an hour's drive from central Washington County.

Air: Hagerstown Regional Airport (HGR) is a Part 139 Facility offering users the highest level of safety and security. HGR also provides twice weekly, year-round service to Orlando/Sanford International (SFB), via Allegiant. Allegiant also offers flights twice weekly to St Pete-Clearwater (PIE) 9 months of the year and flights to Myrtle Beach (MYR) are available for three months of the summer season. The airfield also offers fixed base operation services to general aviation, corporate and military aircraft. There are nearly 20 businesses offering clients a variety of aviation services for all types of aircraft. Approximately 1,600 people are employed locally as a result of the airport being in Washington County. In addition, Dulles International, Baltimore/Washington International Thurgood Marshall and Ronald Reagan Washington National airports are each located within 70 miles of Hagerstown.

Rail: CSX Transportation and Norfolk Southern Corporation Railways provide economical shipment anywhere on the Atlantic seaboard. CSX, with a public siding, operates daily trains and connects with other major carriers for long-distance shipping. The Norfolk Southern mainline is just outside of Hagerstown and a CSX interchange with Norfolk Southern is in Hagerstown for nationwide access. Immediately adjacent to Washington County in Greencastle, Pennsylvania, Norfolk Southern Rail operates a 200 acre intermodal terminal. The County is also only 19 miles from CSX's 85 acre intermodal terminal in Chambersburg, Pennsylvania. Daily Amtrak and weekday MARC passenger services are available from Martinsburg, West Virginia (23 miles south of Hagerstown). MARC passenger service from neighboring Frederick County to Washington, D.C. is also available.

Local Transportation: Washington County Commuter provides local bus service throughout Washington County. Local taxi service, Lyft, Uber, auto rental and leasing services are available within Washington County.

Communication

Newspapers: The daily newspaper, The Herald-Mail, has a Monday-Saturday circulation of 17,000 and a Sunday circulation of 19,000. The Hancock News, with a weekly circulation estimate of 2,500, also serves Washington County. Several metropolitan newspapers, including the Washington Post and The Baltimore Sun, are available daily to residents.

Television: WDVM provides local news, weather, community information, sports coverage and programming to the tri-state area. Antietam Cable Television and Comcast offer cable and digital television services. Satellite television is available through private vendors.

Internet: There are numerous private vendors providing local dial-up, wireless, and broadband Internet access. The Washington County Free Library provides access to the Internet through SAILOR, the State of Maryland's Online Public Information Network.

Population

The following table illustrates the population growth of Washington County, the State of Maryland and the United States from calendar years 1970 to 2022.

Population Growth						
	<u>Washington County</u>		<u>State of Maryland</u>		<u>United States</u>	
<u>Year</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>
2022	154,937	6.0	6,164,660	7.0	333,287,557	8.0
2010	147,430	11.8	5,773,552	9.0	308,745,538	9.7
2000	131,923	8.7	5,296,486	10.8	281,421,906	12.7
1990	121,393	7.3	4,781,753	13.4	249,633,000	10.2
1980	113,086	9.9	4,216,000	7.4	226,505,000	11.4
1970	103,829	—	3,923,897	—	203,302,000	—

Source: U.S. Department of Commerce, Bureau of the Census for 1970, 1980, 1990, 2000, 2010, 2020
U.S. Bureau of the Census Quick Facts Population Census 2020; estimates as of July 1, 2022

Income

Median household Effective Buying Income (“EBI”) in Washington County was estimated at \$65,367 for calendar year 2021. The median household EBI for Washington County, the State of Maryland and the United States are estimated as follows:

	Median Household Effective Buying Income				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Washington County	\$65,367	\$63,510	\$60,680	\$59,719	\$56,316
State of Maryland	90,203	87,063	86,738	81,868	76,067
United States	69,717	64,994	65,712	60,293	55,322

Source: United States Census Bureau 2021 American Community Survey - 1 yr estimates

Comparative statistics relating to the distribution of EBI for calendar year 2021 are presented in the following table:

Distribution of Effective Buying Income (2021)

Households By EBI Group	<u>Washington County</u>	<u>State of Maryland</u>	<u>United States</u>
Under \$25,000	19.5%	13.1%	17.4%
\$25,000 - \$49,999	19.5	14.3	19.1
\$50,000 - \$74,999	17.5	14.7	16.8
\$75,000 - \$99,999	12.6	12.6	12.8
\$100,000 - \$149,999	17.7	18.8	16.3
\$150,000 - \$199,999	6.8	11.4	7.9
\$200,000 and over	6.3	15.1	9.8

Source: U.S. Bureau of the Census, 2021 American Community Survey 1 year estimates

Area Labor Supply

Washington County has an available civilian labor force of approximately 73,090. In addition, businesses draw employees from Allegany, Garrett and Frederick counties in Maryland; Franklin and Fulton counties in Pennsylvania; and portions of Berkeley, Jefferson and Morgan counties in West Virginia. The civilian labor force for all these counties totals more than 439,297.

Employment

Within Washington County there are more than 3,500 businesses. The following table shows the employment statistics for the 15 largest employers in Washington County as of December 2022.

Employer	Employment
Washington County Public Schools.....	3,286
Meritus Health.....	2,740
FiServ.....	2,185
State of Maryland	2,030
Volvo Group.....	1,836
Amazon.....	1,500
Washington County Government.....	1,118
FedEx Ground.....	900
Bowman Group, LLP (The).....	830
Federal Government.....	582
Walmart.....	565
ARC of Washington County.....	550
Hagerstown Community College.....	545
Merkle Response Management Group.....	545
Brook Lane Health Services.....	485

Source: Maryland Department of Commerce; MD Brief Economic Facts 2022.

Unemployment Rate

Unemployment in Washington County averaged 4.9% between 2018 and 2022. The following table indicates the County's average unemployment rate as compared with the State of Maryland for the five most recent calendar years.

	Unemployment Rate – Annual Average				
	2022	2021	2020	2019	2018
Washington County	4.3%	5.3%	6.8%	3.8%	4.5%
State of Maryland	4.4%	5.6%	6.8%	3.6%	4.2%

Source: Maryland Department of Labor, Licensing and Regulation

Construction Activity

Construction activity during the years 2018-2022 in Washington County is provided below:

Building Permits						
(Value in Thousands)						
Year Ended	Residential New		Other Permits		Total	
Dec. 31	Number	Value	Number	Value	Number	Value
2022	249	\$94,213	1,024	\$314,319	1,273	\$408,532
2021	232	71,510	1,009	142,689	1,241	214,200
2020	182	46,990	967	216,220	1,149	263,210
2019	200	50,455	1,002	175,029	1,202	225,484
2018	245	59,441	1,104	138,376	1,349	197,818

Source: Washington County Department of Permits and Inspections

Housing Starts

The number of single family housing starts in Washington County for the past five calendar years is listed below:

Year Ended	Single Family (One and
December 31	Two-Unit Structures)
2022	227
2021	220
2020	171
2019	193
2018	234

Source: Washington County Department of Permits and Inspections

During the years ended December 31, 2018, 2019, 2020, 2021 and 2022 there were no multi-family units constructed.

Agriculture

Agriculture is an important part of Washington County's economy. Approximately 119,248 of Washington County's 293,223 acres (41%) are considered farmland by the U.S.D.A. Agricultural Statistical Service. By far the greatest contributors to agriculture are the livestock and dairy industries. Livestock, poultry and other animal products account for approximately 75% of the total farm sales.

Washington County is the heart of the fruit industry in Maryland. Apple and peach growers harvest nearly 1,274 acres annually producing approximately 61% of the State's apple crop and 27% of the State's peach crop each year. Dairy is the principal livestock enterprise. The average number of milk cows is 13,023 head, ranking first in the State. In addition to milk and fruit, the other chief agricultural commodities are beef cattle and cereal grains. Selected agricultural statistics for Washington County for calendar year 2017, the most recent year for which such information is available, are as follows:

Washington County Agriculture Statistics, 2017

Number of farms.....	877
Total Land in farms.....	119,248
Average acres/farm.....	136
Estimated market value of land and building:	
Average per farm.....	\$1,095,597
Average per acre.....	\$8,057
Total farm income.....	\$153.7 mil
Average market value of products sold per farm.....	\$175,285

Source: U.S.D.A. Agriculture Census 2017. Census conducted every five years.

IV. Financial Information

Accounting System

The accounts of the County are organized on the basis of funds, each of which is considered a separate fiscal and accounting entity. The financial position and operations of each fund are accounted for with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Structure

The revenues and receipts of the County are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent. The various funds are identified in the financial statements of the County. The fund types used by the County are Governmental Funds (General, Special Revenue and Capital Projects), Proprietary Funds (Enterprise and Internal Service) and Fiduciary Funds (Trust and Agency). Details of the County's fund structure are set forth in the Notes to the financial statements for fiscal year 2022 that are included in Appendix A to this Official Statement.

The County's general fixed assets and general long-term obligations are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Basis of Accounting, Measurement Focus, and Financial Statement Presentation

Basis of accounting refers to the time at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting policies of the County conform to generally accepted accounting principles as applicable to governments.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements for the General Fund, Special Revenue Fund and Capital Projects Fund are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Accounting Enterprise System

The County utilizes an integrated financial, human resource, and budget enterprise system. This enterprise system has a web-based platform that streamlines workflow, which allows the County to automate numerous processes including real-time reporting. All County departments have access to the system for requisitioning, reporting, and inquiries for information concerning accounts and project status at any time. The system provides an excellent means for control of finances and allows for efficient use of resources. It also promotes accountability by generating timely reports and allowing budgetary controls for management.

Capital Budget Preparation Software

The County uses a web-based capital budget preparation and monitoring system. It allows all departments and outside agencies to access the system and input their capital budget requests, including funding sources, cost categories and operational costs. The County set up a priority-ranking matrix system within the software. The ranking system is composed of 14 scored and weighted criteria, which is the basis for assigning projects into one of the five priority ranking categories. The ranking system provides management with the information required to make decisions regarding scheduling and funding for each project. The capital budget system provides multiple reporting options and allows for continuous monitoring of activities of existing projects.

Budget Process and Schedule

The County's budgetary practices focus on long-term financial planning to ensure that budget decisions are understood over multiple years and to assess whether program and service levels can be sustained over those years. Practices require the development of organizational goals, policies, and procedures to achieve the goals, and making the allocation of resources available to accomplish the goals.

The County's budget process is key to its long-range strategic plan. With the adoption phase ending in May, the entire budget process encompasses nine months in preparation time. Financial forecasts, economic trends, policy reviews, and citizen input are all part of this process and result in the development of the operating and capital budgets for the year. The following describes the phases of the budget process.

Financial Capacity and Analysis Phase

The County develops statistical analysis of major revenue sources through various available resources. The County prepares and annually updates a long-range (five year) financial forecasting system, which includes projections of revenues, expenditures, future costs, financing of capital improvements that are included in the Capital Improvement Budget, Cost of Service Plans, and the Operating Budget.

Revenue estimates are monitored to identify any potential trends which would significantly impact the various revenue sources. The County reviews current construction trends, the number of building permits, mortgage rates, and other economic data that can impact revenue collections.

The County uses other financial modeling techniques that impact the long-term operations and rates for the Water Quality and Landfill Enterprise Funds.

The County annually undertakes a detailed analysis of its financial position. The County then plots and converts its financial position into certain financial ratios and examines its performance trend. Most of the financial trend analysis includes peer group median and historical data. Trend indicators are tracked for specific elements of the County's fiscal policies for evaluation.

Debt capacity is evaluated on an annual basis prior to the adoption of the Capital Improvement Budget. The County examines statistical measures to determine debt capacity and creates ratios, which it compares to the ratios of other counties within its peer group, rating agency standards and Washington County's historical ratios to determine debt affordability.

The economic and financial trend analysis is an integral part of the County's decision-making process that includes short and long-term forecasts. The County's current financial condition as well as future financial capacity, long-range plans and future goals and visions are evaluated. During this phase forecasting assumptions, policy and reserve reviews, compensation adjustments and inflation assumptions are made.

Budget Development Start

The development of the budget starts with notice to departments and agencies that the capital and operating budget programs are ready for input. Instructions for completing the budgets, due dates, and updated information on budgetary numbers, personnel positions and goals are included with the notification.

Budget Development Phase

Capital Improvement Budget development begins in the winter after the development of the debt capacity and financial trend and economic trend analysis. The Capital Improvement Plan (the “CIP”) provides a comprehensive approach to planning and impacts all facets of County operations. The County Administrator, the CFO, the Director of Engineering, the Director of Planning, and the Director of Public Works comprise the Capital Improvement Program Committee (the “CIP Committee”). From the time the CIP’s initial annual review begins in October through its adoption in May of each fiscal year, there is constant interaction among departments, the CIP Committee and the elected officials. This effort is characterized by cooperation and reflects a common goal of ensuring that the CIP meets the objectives of the County and remains affordable and achievable.

The CIP is reviewed in conjunction with the annual debt affordability analysis and with revenue projections, inclusive of rate analysis, in order to determine funding availability. A financial analysis of funding sources and project costs is conducted for all proposed capital improvement projects in conjunction with the results of the priority ranking system.

It is the CIP Committee’s responsibility to review all requests that County departments and agencies submit. Based on the results of the priority ranking, and current and future needs, as developed in the 10-year CIP, and available funding sources, the CIP Committee determines which capital projects best meet established criteria for the current fiscal year Capital Improvement Budget and the 10-year forecast. Operating impacts of current and proposed capital projects are also taken into consideration by staff when developing the Capital Improvement Budget.

Operating Budgets represent existing service levels and two years of prior historical information. Departments and agencies request funding for the upcoming fiscal year. Any increases in program and services require justification, as do all capital outlay requests. These requests are summarized with projected funding shortfalls or overruns calculated.

Review/Modification Phase

The CFO presents the Operating and Capital Improvement Budgets to the Board. Preliminary recommendations are reviewed to ensure that preliminary budgets address the County’s goals and fiscal management policies. The County Administrator and the CFO work with the Board on the proposed budget documents for adoption.

Adoption Phase

Proposed budgets are voted on by the Board to take to a public hearing to communicate to the general public for all operating and capital funds. Advertisement is disseminated through the local newspaper, handouts and the County website. Documents and handouts are prepared for the public.

Public hearings are held on the proposed budgets along with the current tax levy. A 10-day waiting period is held for public comment. Local law requires a balanced budget to be adopted by July 1st.

Budget Monitoring

Department managers are responsible for their budgets throughout the fiscal year. Expenditure percentages are calculated and compared to budget. Corrective action, if necessary, is taken if serious negative trends exist. Management and the Board have real-time budgeting reports available on-line, as well as updates on major events and/or issues.

The County’s Operating Budget is adopted at the program/service level and the Capital Improvement Budget is adopted at the project level. Transfers between programs or projects in excess of \$25,000 require Board approval. Any transfer out of contingency requires the approval of the Board.

The CFO reviews the project status and revenues before any issuance of debt. Any modification to a project and/or the total debt to be issued based upon this review is required to be approved by the Board, either for an increase or decrease in total borrowing amount or for a change in the total borrowing source.

General Fund Revenues and Expenditures

The General Fund's major function is to provide funding for education, public safety, courts, planning, permits, public works, parks and recreation, general operations, and economic development. The major revenue sources to provide these programs and services for the public are: Real and Personal Property Tax, Income Tax and Recordation Tax. The following table displays the County's General Fund actual revenues and expenditures compared to the final budget for fiscal year 2022, budgeted revenues and expenditures for fiscal year 2023, and the proposed budget for fiscal year 2024.

County Commissioners of Washington County Budget Comparison General Fund Fiscal Years 2022 and 2023				
	Fiscal Year 2022		Fiscal Year 2023	Fiscal Year 2024
	Final Budget	Actual Amounts	Original Budget ⁽¹⁾	Proposed Budget
REVENUES				
Property Tax				
Real Property Tax.....	\$ 121,831,450	\$ 120,196,963	\$ 122,128,770	\$ 129,946,870
Personal Property Tax.....	14,510,190	17,312,793	14,603,570	15,477,230
Property Tax Interest Income.....	395,000	414,117	395,000	395,000
Other Property Tax.....	966,870	1,074,355	1,065,670	1,273,350
State Administrative Fees.....	(520,000)	(551,733)	(550,000)	(550,000)
Property Tax Discounts, Credits, and Fees.....	(2,512,270)	(2,368,282)	(2,779,880)	(3,165,300)
Total Property Taxes.....	\$ 134,671,240	\$ 136,078,213	\$ 134,863,130	\$ 143,377,150
Other Local Taxes				
Income Tax.....	\$ 104,432,670	\$ 122,923,784	\$ 109,367,510	\$ 116,354,790
Admissions and Amusement Tax.....	150,000	319,188	175,000	-
Recordation Tax.....	11,570,000	17,203,855	7,000,000	8,452,000
Trailer Tax.....	250,000	208,567	250,000	200,000
Total Other Local Taxes.....	\$ 116,402,670	\$ 140,655,394	\$ 116,792,510	\$ 125,006,790
Other Revenues				
Licenses and Permits.....	\$ 1,182,500	\$ 2,023,522	\$ 1,267,700	\$ 1,259,650
Court Costs and Fines.....	1,573,000	1,217,161	1,439,300	1,113,280
Charges for Services.....	1,350,720	1,242,940	1,311,800	1,262,460
Interest Income.....	500,000	351,988	600,000	1,900,000
Reimbursed Expenses.....	989,970	971,124	1,051,030	1,122,060
Miscellaneous Revenues.....	2,366,900	2,546,132	427,070	397,750
Grant and Shared Revenues.....	21,963,544	13,387,413	5,061,590	5,283,190
Highway Revenues.....	2,339,810	2,536,471	2,484,120	2,945,810
Total Other Revenues.....	\$ 32,266,444	\$ 24,276,751	\$ 13,642,610	\$ 15,284,200
TOTAL REVENUES.....	\$ 283,340,354	\$ 301,010,358	\$ 265,298,250	\$ 283,668,140
EXPENDITURES				
General Government.....	\$ 43,991,821	\$ 35,592,339	\$ 35,495,760	\$ 35,887,690
Public Safety.....	65,008,493	61,286,425	65,194,260	75,185,730
Health.....	2,339,270	2,339,270	2,339,270	2,339,270
Social Services.....	446,010	446,010	506,330	506,330
Education.....	115,877,000	115,877,000	119,105,650	119,306,650
Parks, Recreation, and Culture.....	7,109,680	6,776,064	5,056,230	6,508,090
Conservation of Natural Resources.....	873,820	735,160	1,021,010	1,044,830
Highway.....	11,478,110	10,554,751	11,769,470	13,042,150
General Operations.....	725,740	1,059,285	546,720	591,770
Unallocated Employee Insurance and Benefits.....	5,067,780	3,771,984	870,370	3,042,580
Intergovernmental.....	15,149,840	36,034,899	8,113,190	10,433,810
Debt Service.....	15,272,790	14,905,563	15,279,990	15,779,240
Billables.....	-	262,990	-	-
TOTAL EXPENDITURES.....	\$ 283,340,354	\$ 289,641,740	\$ 265,298,250	\$ 283,668,140
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ 11,368,618	\$ -	\$ -

Source: Washington County Department of Budget and Finance

(1) Budget revisions are possible until the close of the year on June 30, 2023. As of December 1, 2022, amendments to the fiscal year 2023 budget since its adoption have not been material.

The following table displays the County's General Fund revenues and expenditures on a GAAP basis with additional ratios for fiscal years 2018 through 2022.

County Commissioners of Washington County					
Statement of Revenues, Expenditures and Changes in Fund Balance					
General Fund					
Year Ended June 30					
	2022	2021	2020	2019	2018
Revenues:					
Taxes, interest and penalties	\$ 276,733,607	\$ 264,408,267	\$ 230,252,369	\$ 222,040,259	\$ 210,500,448
Shared taxes and grants	13,387,413	22,158,043	7,710,163	4,875,585	3,267,236
Licenses and permits	2,023,522	1,374,019	1,162,809	1,283,820	1,417,875
Revenues from use of money and property	1,323,112	2,046,222	2,297,095	3,262,373	2,390,598
Charges for services	1,242,940	1,026,841	1,136,780	1,365,493	1,328,177
Other revenue	3,763,293	1,732,061	3,242,205	4,250,017	3,050,871
Highway revenue	2,536,471	2,252,613	2,102,220	2,253,157	1,645,244
Total revenues	<u>\$ 301,010,358</u>	<u>\$ 294,998,066</u>	<u>\$ 247,903,641</u>	<u>\$ 239,330,704</u>	<u>\$ 223,600,449</u>
Expenditures:					
General government	\$ 35,592,339	\$ 42,101,220	\$ 28,065,053	\$ 27,349,583	\$ 26,733,212
Public safety	61,286,425	57,105,922	55,712,216	47,201,336	44,190,232
Health	2,339,270	2,339,270	2,339,270	2,339,270	2,339,270
Social services	446,010	435,560	435,560	435,560	424,390
Education	115,877,000	113,243,390	110,550,900	108,566,050	106,796,410
Recreation and culture	6,776,064	6,294,650	6,137,679	7,366,504	5,988,897
Conservation of natural resources	735,160	627,406	708,546	721,153	707,995
Intergovernmental	38,543	38,543	38,543	38,543	38,543
General operations	5,094,259	6,086,957	(1,573,288)	5,869,521	786,862
Highway	10,554,751	10,527,895	9,744,052	10,492,140	10,446,328
Debt service:					
Principal	14,339,666	10,841,195	9,982,975	9,316,119	10,033,918
Interest	565,897	4,560,473	4,895,003	4,822,891	4,711,877
Total Expenditures	<u>\$ 253,645,384</u>	<u>\$ 254,202,481</u>	<u>\$ 227,036,509</u>	<u>\$ 224,518,670</u>	<u>\$ 213,197,934</u>
Excess of revenues over expenditures	<u>\$ 47,364,974</u>	<u>\$ 40,795,585</u>	<u>\$ 20,867,132</u>	<u>\$ 14,812,034</u>	<u>\$ 10,402,515</u>
Other financing sources(uses):					
Net bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds of capital leases	-	385,579	-	50,769	267,420
Principal amount of new debt for advanced refunding	-	14,007,250	7,153,773	-	-
Deposit to escrow fund for advance refunding and repayment of loans	-	(14,007,250)	(7,152,222)	-	-
Operating transfers in	-	-	-	-	90,000
Operating transfers out	(35,996,356)	(35,153,279)	(10,391,179)	(11,112,760)	(9,326,453)
Total other financing sources(uses)	<u>\$ (35,996,356)</u>	<u>\$ (34,767,700)</u>	<u>\$ (10,389,628)</u>	<u>\$ (11,061,991)</u>	<u>\$ (8,969,033)</u>
Excess of revenues and other sources over expenditures and other uses	\$ 11,368,618	\$ 6,024,885	\$ 10,477,504	\$ 3,750,043	\$ 1,433,482
Fund balances at beginning of year	61,999,084	55,974,199	45,496,695	41,746,652	40,313,170
Fund balance at end of year	<u>\$ 73,367,702</u>	<u>\$ 61,999,084</u>	<u>\$ 55,974,199</u>	<u>\$ 45,496,695</u>	<u>\$ 41,746,652</u>
Fund Balance:					
As a percent of revenue	24.4%	21.0%	22.6%	19.0%	18.7%
As a percent of expenditures	28.9%	24.4%	24.7%	20.3%	19.6%
Committed, Assigned and Unassigned Fund Balance:	\$ 71,483,006	\$ 60,131,501	\$ 53,617,833	\$ 43,231,991	\$ 39,571,925
As a percent of revenue	23.7%	20.4%	21.6%	18.1%	17.7%
As a percent of expenditures	28.2%	23.7%	23.6%	19.3%	18.6%
Debt Service:	\$ 14,905,563	\$ 15,401,668	\$ 14,877,978	\$ 14,139,010	\$ 14,745,795
As a percent of revenue	5.0%	5.2%	6.0%	5.9%	6.6%
As a percent of expenditures	5.9%	6.1%	6.6%	6.3%	6.9%

Source: Washington County Department of Budget and Finance

Anticipated Results for Fiscal Year 2023 and Fiscal Year 2024 Financial Outlook

Fiscal year 2023 will not end until June 30, 2023 and final results are not available as of the date of this Official Statement. The County anticipates ending the fiscal year with a surplus due to a combination of revenues performing better than expected and expenditures coming in under budget.

During the fiscal year 2023 budget process, the Board voted to reduce the real estate tax rate from \$0.948 per \$100 of assessed value to \$0.928 per \$100 of assessed value, effective July 1, 2022. Projected real estate property tax revenue (\$125.7 million) is trending 2.9% (\$3.6 million) higher than budgeted for in fiscal year 2023 (\$122.1 million). The commercial base continues to show strong growth in Washington County as numerous 1-3 million square foot warehouses are in various stages of completion along the Interstate 81 and Interstate 70 urban growth corridors. For residential properties eligible for the principal residence homestead property tax credit, Maryland legislation caps the annual assessed value increase at no more than 10% per year and Washington County further limits that increase to no more than 5% per year. Reassessment values that will become effective on July 1, 2023 (fiscal year 2024) increased by 36.8% for residential properties and by 6.9% for commercial properties. The most recent reassessment will result in an estimated increase of 3.9% (\$3.6 million) in real estate tax revenue for fiscal year 2024.

Personal property tax is projected to end fiscal year 2023 at \$17.0 million, which is approximately \$2.4 million higher than the fiscal year 2023 budget of \$14.6 million. During the fiscal year 2023 budget process, the Board voted to reduce the income tax rate from 3.00% to 2.95%, effective January 1, 2023. Distributions to the County based on the lower rate will begin in May 2023. Even with the reduction in the tax rate, income tax receipts are expected to exceed original budgeted amounts. Income tax revenue is projected to end fiscal year 2023 \$4.6 million, or 3.1%, higher than the original budgeted amount of \$109.4 million. Tax years 2020 and 2021 were unusually complex years due to the mid-year additions of Federal and state tax benefits, COVID related benefits through loans, grants, etc., and subsequent program guidance which altered the taxability of certain benefits. Tax year 2022 withholding grew by 9.7% and estimated payments grew 5.1% over the prior tax year. For fiscal year 2024, growth is expected to slow and return to pre-pandemic income growth levels of 3.0%-3.7% annually as the labor market recovery nears completion and as tighter monetary policy slows overall economic growth.

Due to unprecedented inflation being experienced in the County and the nation (15.4% from fiscal year 2020 to fiscal year 2023), the Board has approved several types of salary adjustments for certain employees in order to improve retention and promote recruitment. In fiscal year 2022, the Board approved a salary scale realignment for Deputies and Detention Center Officers. This adjustment provided an average increase of 14% to those employees and cost approximately \$3.5 million. Additionally, in fiscal year 2023, the Commission approved a mid-year Cost of Living Adjustment (COLA) of 9.5% for all full and part time regular employees with an estimated half year cost of \$3.0 million (\$2.5 million tax supported). The COLA percentage was carried forward as a realignment of the County Salary Scales and is anticipated to reduce employee turnover and make County positions more attractive to potential candidates. Additional Salary Scale changes for positions in lower grades are being included for consideration as part of the fiscal year 2024 budget process and are estimated to cost \$0.9 million. These adjustments, if approved, will ensure that the County is in compliance with Maryland minimum wage requirements and further enhance the County's competitiveness for seasonal and lower skill level positions.

Total expenditures across all funds are trending at or below budget for fiscal year 2023. Inflationary adjustments in fiscal year 2024 will assume increases of 5-10% for commodities and utilities, and 40-100% for equipment and construction projects. The County ended fiscal year 2022 with General Fund operating reserves of \$68.2 million, which is \$17.2 million over the County's minimum reserve target of \$51.0 million, or 17%, of revenues. The Board has dedicated a portion of that reserve balance to local non-profits in the form of the "General Fund Contingency Grant" program (\$3.0 million) and potential public safety needs related to fire and emergency medical services operations (\$7.2 million). Additionally, the County's Capital Projects Fund general cash reserves ended fiscal year 2022 at \$41.1 million. The Commissioners recognize that reserves are used to manage budgetary uncertainty, including budget gaps during economic downturns and other unforeseen emergencies such as the COVID-19 pandemic. The fiscal year 2024 CIP includes a gradual use of Capital Projects Fund reserves to offset the effects of inflation and provide funding for projects that had been deferred in prior years.

Impact of November 2022 Cyber Security Incident

The County experienced a county-wide network outage that resulted from a cyber security incident at the end of November 2022. Public safety and phone systems were not impacted by the outage and County residents, businesses and visitors were adequately protected. County emergency management and information technology staff worked with the Sheriff's office and the County's insurance provider to coordinate investigatory and technology specialists to restore services to impacted general and administrative functions within a few days. All costs, less the County's deductible, were covered by the County's Cyber Security and Crime Coverage insurance policies. Since that time, County staff have been transferring County systems

and data to cloud-based environments and implementing enhanced security protocols and early detection software at an additional cost funded by a one-time use of reserves of approximately \$500,000.

Sources of Tax Revenue

Ad valorem property taxes, the County's largest source of tax revenues, were 56% in fiscal year 2021 and 49% in fiscal year 2022 of total tax revenues. During the same period, income tax revenues as a percentage of total tax revenues were 40% in fiscal year 2021 and 44% in fiscal 2022. The following table presents the County's tax revenues by source for each of the last five completed fiscal years.

Tax Revenues by Source

Fiscal Year Ended June 30	Total Taxes	Local Property Taxes⁽¹⁾	Local Income Taxes	Other Local Taxes⁽²⁾
2022	\$276,733,607	\$136,078,213	\$122,923,784	\$17,731,610
2021	264,408,267	133,818,994	119,254,813	11,334,460
2020	230,252,369	129,830,659	92,154,973	8,266,737
2019	222,040,259	127,440,494	86,848,691	7,751,074
2018	210,500,448	125,111,784	77,919,871	7,468,793

Source: Washington County Department of Budget and Finance

(1) Includes payments in lieu of taxes, additions and abatements, interest on taxes, discounts on taxes and tax credits for the elderly and disabled.

(2) Includes trailer tax, recordation taxes, admission and amusement taxes.

Local Property Taxes

Property valuations and assessments are determined by the Maryland State Department of Assessments and Taxation, which maintains local offices in Baltimore City and each county. For State and County real property tax purposes, real property is valued at full cash value ("value"). All property is physically inspected once every three years and any increase in value arising from such inspection is phased in over the ensuing three taxable years in equal annual installments.

Commencing with the tax year beginning July 1, 2001, property tax rates are applied to 100% of the value of real property. The County and municipal rates applicable to all personal property and operating real property of public utilities are 2.5 times the property tax rate for real property.

Tangible personal property is generally assessed at cost, less depreciation for each year held to a minimum of 25%. For most categories of personal property, depreciation is 10% per year subject to the minimum assessment of 25% of cost.

State law provides a credit against State, local and municipal real property taxes on certain owner-occupied residential property. The tax credit for each tax year is computed by multiplying the State, local or municipal real property tax rate by the amount by which (i) the current year's assessment on residential property exceeds (ii) the homestead percentage multiplied by the previous year's assessment. The State homestead percentage is 110%. The counties and municipalities set their own respective homestead percentage, but the credit percentage may not exceed 110% for any taxable year. The County adopted a homestead percentage of 105% effective July 1, 2007.

The State also provides a tax credit based on the ability of homeowners to pay property taxes. The credit is calculated by use of a scale, which indicates a maximum tax liability for various income levels. The tax credit processed for local property taxes for Washington County for fiscal year 2021 was \$1,294,522.

Pursuant to State law, the Board may grant a property tax credit against the County property tax imposed on, among other categories of property, certain property owned by nonprofit civic associations and real property that is subject to the County's agricultural land preservation program. Manufacturing and commercial inventories of businesses are exempt from County tax.

Assessed Value, Tax Rates and Tax Levy

The following table sets forth the assessed value of all taxable property in Washington County for each of its five most recently completed fiscal years and the County and State tax rate applicable in each of those years. Assessed value of tax-exempt properties owned by federal, State and County governments, churches, schools, fraternal organizations, cemeteries, disabled veterans and the blind, aggregating \$2,407,601,325 for the fiscal year ended June 30, 2021 (the most recent fiscal year for which such information is available), is not included in the table. Under applicable law, there is no limit to the total tax levy for property taxes. In the opinion of the County, the tax rate established by it for each fiscal year, when applied to the property subject thereto, is sufficient to provide revenues to discharge the County's obligations to pay principal and interest maturing on its outstanding general obligation indebtedness in each fiscal year.

Assessments and Tax Rates of all Property by Class
Fiscal Years Ended June 30
(Stated in Thousands)

	2022	2021	2020	2019	2018
Real property	\$13,528,410	\$13,043,917	\$12,835,761	\$12,486,754	\$12,217,613
Personal property:					
Railroads and public utilities	213,065	200,337	202,050	196,942	188,380
Business corporations	417,784	410,000	380,000	420,000	416,848
Total property	<u>\$14,159,259</u>	<u>\$13,654,254</u>	<u>\$13,417,811</u>	<u>\$13,103,696</u>	<u>\$12,822,841</u>
Change in market value of property	3.7%	1.8%	2.4%	2.2%	1.4%
County tax rate (per \$100 assessed value)	\$0.948	\$0.948	\$0.948	\$0.948	\$0.948
State tax rate (per \$100 assessed value)	0.112	0.112	0.112	0.112	0.112

Source: Maryland State Department of Assessments and Taxation

There were no changes to the property tax rates for the County or the State in fiscal year 2022.

Tax Collection

County taxes are due and payable as of July 1. Delinquent taxes are collected after nine months of delinquency by tax sales conducted by the County Treasurer, selling either real or personal property. Historically, the County has conducted tax sales on an annual basis.

The following table sets forth certain pertinent information with respect to the County's tax levies and tax collections for each of its five most recently completed fiscal years.

Fiscal Year Ending June 30	Taxes Levied	Taxes Collected in Year of Levy		Total Taxes Collected (Current and Delinquent)		Taxes Receivable as a Percentage of Total Taxes	
		Amount	Percent	Amount	Percent	Taxes Receivable	Collected
2022	\$ 138,061,891	\$137,595,179	99.66	\$ 137,509,757	99.94	\$ 466,712	0.34
2021	135,845,303	135,197,566	99.52	134,862,834	99.27	647,738	0.48
2020	133,303,884	131,433,814	98.60	131,076,848	98.33	2,151,651	1.64
2019	128,597,531	128,511,328	99.93	128,526,755	99.95	720,590	0.56
2018	127,046,245	126,493,137	99.56	126,815,087	99.81	725,364	0.57

Source: Washington County Department of Budget and Finance

Principal Taxpayers

The 20 largest taxpayers in the County as of June 30, 2022, ranked by assessed value, are listed below.

Name of Taxpayer	Assessed Value	Percentage of Assessed Value
NP Hagerstown Industrial.....	\$ 120,248,000	
Potomac Edison.....	\$ 103,917,950	
Preylock Hagerstown, LLC.....	\$ 103,824,633	
PR Valley Anchor-S LLC.....	\$ 88,630,840	
Bowman Group.....	\$ 87,076,101	
Stag Industrial Holdings LLC.....	\$ 86,024,900	
Fedex Ground Package System.....	\$ 75,836,443	
Creekside Logistics.....	\$ 49,845,767	
LCN STP Hagerstown Multi, LLC.....	\$ 47,943,667	
Western Hagerstown (Ind. & Dist).....	\$ 46,288,167	
Sub-total of Top Ten Taxpayers	\$ 809,636,468	6.02%
Walmart Real Estate Business Trust.....	\$ 45,057,970	
Ghattas Enterprise Maugans Ave.....	\$ 43,552,533	
Outlet Village of Hagerstown.....	\$ 43,521,300	
Mack Truck Inc/Volvo Group.....	\$ 38,804,707	
Crec Hagerstown Owner LLC.....	\$ 36,161,600	
Cortpark LLC.....	\$ 34,676,500	
Interstate 81 Hagerstown Property.....	\$ 30,357,433	
GP Hagerstown Limited Ptshp L.....	\$ 30,151,133	
Intelstat US LLC.....	\$ 28,883,670	
Shenandoah Personal Communications.....	\$ 11,558,660	
Total	<u>\$ 1,152,361,974</u>	8.58%

Source: Washington County Treasurer's Office

The information set forth above was compiled from tax rolls on which the names and owners are not always recorded in the same way.

Local Income Tax

Effective January 1, 2013, the personal State income tax rates for Maryland residents start at 2% on the first \$1,000 of taxable income and increase up to a maximum of 5.75% on incomes exceeding \$250,000 (or \$300,000 for taxpayers filing jointly, head of household or qualifying widow(ers)). Pursuant to State law, each county and Baltimore City must levy a local income tax at the rate of at least 1.75%, but not more than 3.20%, of the State income tax liability of individuals domiciled in their respective jurisdictions.

The County currently levies a local income tax on Washington County residents at the rate of 2.95%. The rate was decreased from 3.2% to 3.0% effective January 1, 2022 and then decreased to 2.95% effective January 1, 2023. The County does not levy a local income tax on corporations.

Other Local Taxes and Revenues

In addition to general property taxes and income taxes, the County levies and collects miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. Revenues from this tax in the fiscal year ended June 30, 2022 were \$17,203,855. The County also receives revenues from the amusement and admission tax and the trailer tax. Another significant source of local revenue is generated from the issuance of building and other permits. Revenues from all these sources, including recordation taxes, in the fiscal year ended June 30, 2022 were \$19,755,132.

State and Federal Financial Assistance

State Payment of Public School Capital Construction Costs

Pursuant to State law, the State pays certain costs in excess of available federal funds for all public school construction projects and capital improvements that have been approved by the State of Maryland Board of Public Works. The cost of acquiring land is not a construction cost and therefore does not qualify for State funding.

The Board of Public Works is empowered to define by regulation what shall constitute an approved construction or capital improvement cost and to adopt rules, regulations, and procedures for program administration. Program regulations limit the amount of construction costs paid by the State by instituting a maximum State project allocation for each school construction project funded through the program. Under the formula, the State's share is computed by applying the applicable percentage to the eligible portion of school construction costs. For the County, the maximum State share will equal 79% of approved construction costs.

State and Federal Grants

During the County's fiscal year ended June 30, 2022, an aggregate of \$35,810,863 in federal and State funds was received by all County departments for use in operations. The largest single categorical source was a federal grant for \$9,080,615, which was an Emergency Rental Assistance Program grant. The County also received a total of \$4,653,544 in federal and State funds for capital projects in the fiscal year ended June 30, 2022. The County projects that \$18,883,669 in federal and State funds will be received in fiscal year 2023 for operations and \$2,234,420 in federal and State funds will be received for capital projects.

During the fiscal year ended June 30, 2022, the Board of Education received \$200,519,474 in State funds and \$56,971,526 in federal funds for operating and food service expenses. In fiscal year 2023, the Board of Education anticipates receiving \$214,340,042 in State funds and \$55,701,226 in federal funds for operations.

See "MISCELLANEOUS—Impact of COVID-19 Pandemic on the County—Federal Funding" for information regarding federal funding allocated to the County due to the COVID-19 pandemic.

General Fund Balance Sheet

The following table indicates the County's General Fund balance sheet for each of the five most recently completed fiscal years.

County Commissioners of Washington County

Balance Sheet General Fund

As of June 30

	2022	2021	2020	2019	2018
ASSETS					
Cash and short-term investments	\$ 2,652,912	\$ 61,770,766	\$ 1,104,928	\$ 618,872	\$ 415,192
Investment in U.S. Government					
Agency Securities	194,671,160	10,240,627	80,085,369	97,052,684	99,211,242
Property taxes receivable (net)	578,624	761,411	1,832,574	498,411	651,241
Accounts receivable	1,417,113	1,527,097	2,138,048	1,139,143	862,246
Due from other governments	68,380,204	48,083,832	36,708,502	27,515,971	21,428,932
Inventories	1,012,069	832,151	875,346	776,816	730,400
Other assets	1,874,843	1,069,543	1,438,055	1,921,103	1,754,650
Total assets	<u>\$ 270,586,925</u>	<u>\$ 124,285,427</u>	<u>\$ 124,182,822</u>	<u>\$ 129,523,000</u>	<u>\$ 125,053,903</u>
LIABILITIES					
Accounts payable	\$ 9,311,689	\$ 10,353,395	\$ 3,853,942	\$ 1,442,745	\$ 1,791,101
Accrued expenses	911,857	2,417,599	2,024,401	1,743,490	1,907,822
Liabilities on unpaid claims	2,256,202	1,693,567	1,481,126	2,211,941	2,030,677
Due to other funds	107,444,201	-	24,908,614	58,845,269	62,263,607
Unearned revenue	24,764,271	15,233,612	9,556,542	533,242	604,215
Other liabilities	1,898,262	1,804,476	1,941,643	1,866,760	2,042,323
Total liabilities	<u>\$ 146,586,482</u>	<u>\$ 31,502,649</u>	<u>\$ 43,766,268</u>	<u>\$ 66,643,447</u>	<u>\$ 70,639,745</u>
DEFERRED INFLOWS OF RESOURCES					
Leases	587,558	-	-	-	-
Unavailable Revenues	<u>\$ 50,045,183</u>	<u>\$ 30,783,694</u>	<u>\$ 24,442,355</u>	<u>\$ 17,382,858</u>	<u>\$ 12,667,506</u>
Total Deferred Inflows of Resources	<u>\$ 50,632,741</u>	<u>\$ 30,783,694</u>	<u>\$ 24,442,355</u>	<u>\$ 17,382,858</u>	<u>\$ 12,667,506</u>
FUND EQUITY					
Nonspendable	\$ 1,207,183	\$ 1,147,265	\$ 1,447,900	\$ 1,409,371	\$ 1,353,130
Restricted	677,513	720,318	908,466	855,333	821,597
Committed	71,427,162	60,119,034	53,532,582	43,212,749	39,554,672
Assigned	55,844	12,467	25,250	19,242	17,253
Unassigned	-	-	60,001	-	-
Total fund equity	<u>\$ 73,367,702</u>	<u>\$ 61,999,084</u>	<u>\$ 55,974,199</u>	<u>\$ 45,496,695</u>	<u>\$ 41,746,652</u>
Total liabilities and fund equity	<u>\$ 270,586,925</u>	<u>\$ 124,285,427</u>	<u>\$ 124,182,822</u>	<u>\$ 129,523,000</u>	<u>\$ 125,053,903</u>

Source: Washington County Department of Budget and Finance

Key Financial Statistics

General Fund Cash Reserves and Fund Balance

The following table illustrates the ratio of the General Fund fund balance as a percentage of total revenues for the last five completed fiscal years. Also included in the table are the ratios of cash reserves as a percentage of General Fund revenues. It is the intention of the County to maintain a minimum reserve level of 17 percent, which represents 60 days of working capital. It is anticipated that the County will meet or exceed the 17 percent reserve level in fiscal year 2023.

Fiscal Year	Revenues	Fund Balance	Fund Balance as Percentage of Revenues	Reserves as Percentage of Revenues
2022	\$ 301,010,358	\$ 73,367,702	24.37%	22.68%
2021	294,998,066	61,999,084	21.02	19.55
2020	247,903,641	55,974,199	22.58	21.08
2019	239,330,704	45,496,695	19.01	17.85
2018	223,690,449	41,746,652	18.66	17.49

Source: Washington County Department of Budget and Finance

V. Debt and Capital Requirements

Debt Management Policy

The County adheres to its Debt Management Policy (the “DM Policy”), which sets forth the parameters for issuing new debt and managing outstanding debt. The DM Policy’s primary objective is to establish conditions for the use of debt and create procedures that minimize debt service and issuance costs, retain high credit ratings and maintain full and complete financial disclosure and reporting. The DM Policy addresses such matters as: use of debt financing, capital planning, debt affordability measures, types of debt, and method of sale. Adherence to the DM Policy helps to ensure that the County maintains a sound debt position and that credit quality is protected.

General Obligation and Revenue Bonds

The County may only issue general obligation and revenue bonds under authority conferred by the Maryland General Assembly. No referendum is required.

The County is authorized to issue short-term tax anticipation notes to meet any estimated current fiscal year cumulative cash flow deficit. Such notes must be repaid within six months of their date of issue. The County has no short-term notes outstanding at this time. As of June 1, 1999, the County may use a line-of-credit for \$5,000,000 to meet a temporary cash flow deficit. The County has not used the line-of-credit as of the date of this Official Statement.

The County may issue economic development revenue bonds under State law, which provides that such bonds shall not constitute an indebtedness or charge against the general credit or taxing power of the County. Pursuant to the County Code, the County may authorize long-term debt in the form of an installment purchase contract to pay for development rights or make certain other payments in connection with the Agricultural Land Preservation Program.

The County may issue general obligation bonds in an amount up to \$70,000,000 pursuant to the authority of Chapter 99. The original aggregate principal amount of bonds issued pursuant to Chapter 99 at June 30, 2022 was \$29,639,904. The unused authorization available under Chapter 99 prior to the issuance of the Bonds is \$40,360,996.

The County is authorized by State law to issue its bonds for the purpose of refunding any of its outstanding bonds, including the payment of any redemption premium and interest accrued to the date of redemption, purchase or maturity of the bonds being refunded.

As part of the annual budget process, an annual debt affordability analysis is prepared by the Office of Budget and Finance. It is an effective tool for debt planning and management.

The Solid Waste operation was classified as a fund separate from the Highway Fund in 1996. It has paid for debt from generated revenues since that time. In 2002, the County reclassified the Solid Waste Fund as an enterprise fund. The debt paid out of revenues generated by that fund is considered self-supporting debt. In 2011, the County implemented GASB Statement No. 54 of the Governmental Accounting Standards Board, Fund Balance Reporting and Governmental Fund Type Definitions. Based on this GASB Statement, the Highway Fund did not meet the criteria of a special revenue fund and was consolidated into the General Fund.

The following table sets forth the amount of the County’s general obligation bonded debt issued and outstanding as of June 30, 2022, exclusive of certain water and sewer bonds (see “Water and Sewer Bonds” herein). Outstanding principal amounts have not been adjusted for discounts or premiums.

DEBT AND CAPITAL REQUIREMENTS

Statement of General Obligation Bonded Debt Issued and Outstanding* As of June 30, 2022

	Date of Issue	Amount Issued		Amount Outstanding			
				General Fund	Solid Waste Fund	Airport Fund	Total
Public Improvement Bonds.....	May 2012	\$ 12,068,100	(1)	\$ 584,214	\$ -	\$ -	\$ 584,214
Refunding Bonds.....	May 2012	7,740,000		710,670	-	169,330	880,000
Public Improvement Bonds.....	May 2013	12,000,000		8,040,000	66,322	-	8,106,322
Refunding Bonds.....	May 2013	12,540,000		5,148,678	-	-	5,148,678
Public Improvement Bonds.....	May 2014	14,000,000		10,310,000	-	-	10,310,000
Public Improvement Bonds.....	May 2015	12,000,000	(2)	9,345,408	-	-	9,345,408
Refunding Bonds.....	May 2015	25,573,470	(3)	12,355,170	1,036,959	-	13,392,129
Public Improvement Bonds.....	May 2016	12,103,000	(4)	9,755,270	83,733	-	9,839,003
Refunding Bonds.....	May 2016	7,317,990	(5)	5,040,423	725,735	-	5,766,158
Public Improvement Bonds.....	May 2017	13,142,000	(6)	10,336,720	983,711	-	11,320,431
Public Improvement Bonds.....	May 2018	12,852,000	(7)	10,815,326	767,888	-	11,583,214
Public Improvement Bonds.....	May 2019	12,255,000	(8)	11,242,675	238,907	-	11,481,582
Public Improvement Bonds.....	June 2020	9,060,000	(9)	8,733,643	26,357	-	8,760,000
Refunding Bonds.....	June 2020	8,033,930	(10)	5,306,270	2,100,426	-	7,406,696
Taxable Refunding Bonds (12).....	Sept 2020	15,333,040	(13)	13,399,857	1,851,210	-	15,251,067
Public Improvement Bonds.....	May 2021	10,785,626	(14)	10,785,626	-	-	10,785,626
Public Improvement Bonds.....	June 2022	9,280,000	(15)	9,280,000	-	-	9,280,000
MWQFA (11) Financing Cell 3.....	Nov 2004	2,498,427		-	386,968	-	386,968
MWQFA (11) Solid Waste Refinancing.....	Feb 2005	7,248,761		277,201	761,560	-	1,038,761
MWQFA (11) Resh Road Cap Phase I.....	Dec 2006	5,000,000		1,408,469	-	-	1,408,469
		<u>\$ 220,831,344</u>		<u>\$ 142,875,620</u>	<u>\$ 9,029,776</u>	<u>\$ 169,330</u>	<u>\$ 152,074,726</u>

Source: Washington County Department of Budget and Finance

* Exclusive of Water and Sewer bonded debt.

(1) Total issue amount for all County funds was \$17,765,000.

(2) Total issue amount for all County funds was \$15,460,000.

(3) Total issue amount for all County funds was \$26,395,000.

(4) Total issue amount for all County funds was \$20,635,000.

(5) Total issue amount for all County funds was \$ 9,455,000.

(6) Total issue amount for all County funds was \$13,780,000.

(7) Total issue amount for all County funds was \$14,485,000.

(8) Total issue amount for all County funds was \$13,310,000.

(9) Total issue amount for all County funds was \$14,150,000.

(10) Total issue amount for all County funds was \$9,030,000.

(11) Maryland Water Quality Financing Administration. As of July 1, 2022, this entity was renamed as the Maryland Water Infrastructure Financing Administration.

(12) Proceeds of the Taxable Refunding Bonds of 2020 issued in September 2020 were applied to advance refund the County's then outstanding (i) Public Improvement Bonds 2011 maturing on and after July 1, 2022 which were redeemed on July 1, 2021, and (ii) Public Improvement Bonds of 2012 maturing on or after July 1, 2023, which were redeemed on July 1, 2022. The outstanding amounts of the Public Improvement Bonds of 2012 referenced in the table above were not advance refunded by the Taxable Refunding Bonds of 2020 but were paid at maturity on July 1, 2022..

(13) Total issue amount for all County funds was \$18,705,000.

(14) Total issue amount for all County funds was \$10,880,000.

(15) Total issue amount for all County funds was \$15,815,000.

Water and Sewer Bonds

Pursuant to the Water and Sewer Act, the County is authorized to issue bonds secured by the full faith and credit and unlimited taxing power of the County to provide funds for the design, construction, establishment, purchase and condemnation of water systems, sewerage systems and surface water drainage systems in the service areas created by the County. To the extent that the special assessments and other charges imposed by the County with respect to a certain project are insufficient to pay that portion of the principal of and interest on any such bonds attributable to the cost of a project, the County is obligated to levy and to collect a tax upon all property subject to unlimited County taxation within the corporate limits of Washington County in rate and amount sufficient to provide funds as may be necessary to provide for the payment of such portion of the principal and interest as it becomes due.

By State law, the total bonded indebtedness of the County for these purposes, including bonded indebtedness previously issued by the former Washington County Sanitary District, may not exceed 25% of the assessed value of all property in Washington County subject to unlimited County taxation. At the time the State law was enacted the assessed value was equal to 40% of market

DEBT AND CAPITAL REQUIREMENTS

value. Pursuant to legislation passed by the Maryland General Assembly, real property assessment law was altered to reflect full market value assessments. Therefore, to maintain the intent of the State law, 40% of the stated 25% of assessed value, or 10%, is used to calculate the legal debt margin for water and sewer debt.

The following table sets forth the amount of the County's water and sewer debt issued and outstanding as of June 30, 2022. Outstanding amounts have not been adjusted for discounts or premiums. Debt subject to the Water and Sewer Act is referred to as "Water and Sewer" debt herein.

Statement of Water and Sewer Bonded Debt Issued and Outstanding As of June 30, 2022

	Date of Issue	Issued	Outstanding
Public Improvement Bonds.....	May 2012	\$ 5,696,900	(1) \$ 275,786
Public Improvement Bonds.....	May 2015	3,460,000	(2) 2,694,592
Refunding Bonds.....	May 2015	821,530	(3) 552,870
Public Improvement Bonds.....	May 2016	8,532,000	(4) 6,935,998
Refunding Bonds.....	May 2016	2,137,010	(5) 1,683,842
Public Improvement Bonds.....	May 2017	638,000	(6) 549,569
Public Improvement Bonds.....	May 2018	1,633,000	(7) 1,471,786
Public Improvement Bonds.....	May 2019	1,055,000	(8) 988,418
Public Improvement Bonds.....	June 2020	5,090,000	(9) 4,985,000
Refunding Bonds.....	June 2020	996,070	(10) 918,304
Taxable Refunding Bonds ⁽¹³⁾	Sept 2020	3,371,960	(14) 3,353,933
Public Improvement Bonds.....	May 2021	94,374	(15) 94,374
Public Improvement Bonds.....	June 2022	6,535,000	(16) 6,535,000
MWQFA ⁽¹¹⁾ Loan.....	May 2004	8,091,063	461,063
MWQFA ⁽¹¹⁾ Loan.....	Oct 2006	560,000	150,616
MWQFA ⁽¹¹⁾ Loan.....	May 2015	2,553,000	1,829,347
MWQFA ^(11 & 12) Loan.....	Feb 2018	1,849,660	1,587,474
		\$ 53,114,567	\$ 35,067,972

Source: Washington County Department of Budget and Finance

(1) Total issue amount for all County funds was \$17,765,000.

(2) Total issue amount for all County funds was \$15,460,000.

(3) Total issue amount for all County funds was \$26,395,000.

(4) Total issue amount for all County funds was \$20,635,000.

(5) Total issue amount for all County funds was \$ 9,455,000.

(6) Total issue amount for all County funds was \$13,780,000.

(7) Total issue amount for all County funds was \$14,485,000.

(8) Total issue amount for all County funds was \$13,310,000.

(9) Total issue amount for all County funds was \$14,150,000.

(10) Total issue amount for all County funds was \$ 9,030,000.

(11) Maryland Water Quality Financing Administration ("MWQFA"). As of July 1, 2022, this entity was renamed as the Maryland Water Infrastructure Financing Administration.

(12) This loan is evidenced by two separate general obligation bonds issued by the County to MWQFA, one of which is the County's Water Quality Bond, Series 2018B, issued in the principal amount of \$462,415 (the "Series 2018B Bond"). There is no scheduled debt service payable on the Series 2018B Bond. Under the terms of the Series 2018B Bond, if the County does not default under the associated Loan Agreement by February 28, 2028, the Series 2018B Bond will be considered forgiven as of February 28, 2028. If the County does default under the associated Loan Agreement prior to February 28, 2018, MWQFA has the right to demand payment of the entire principal amount of the Series 2018B Bond with interest at the rate of 3.02% per annum from the date of demand.

(13) Proceeds of the Taxable Refunding Bonds of 2020 issued in September 2020 were applied, in part, to advance refund the County's outstanding Public Improvement Bonds of 2012 maturing on and after July 1, 2023, which were redeemed on July 1, 2022. The outstanding amount of the Public Improvement Bonds of 2012 referenced in the table above were not advance refunded by the Taxable Refunding Bonds of 2020 but were paid at maturity on July 1, 2022.

(14) Total issue amount for all County funds was \$ 18,705,000.

(15) Total issue amount for all County funds was \$10,880,000.

(16) Total issue amount for all County funds was \$15,815,000.

**Water and Sewer Bonded Debt
Schedule of Legal Debt Margin
As of June 30, 2022**

Assessed Value of Property in Washington County	\$ 14,159,259,000
Debt Limit: % of Assessed Value	10%
Water and Sewer Borrowing Limitation	1,415,925,900
Water and Sewer Debt	35,067,972
Debt Margin	1,380,857,928
Ratio of Water and Sewer Debt to Assessed Value	0.25%

Source: Washington County Department of Budget and Finance

Capital Lease Obligations and Other Contracts

The County has entered into various lease agreements. These lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations offset with future lease revenues total \$364,334, and the net present value of these minimum lease payments as of June 30, 2022 was \$459,703.

In addition to contracts for goods and services incurred in the ordinary course of business of the County, the County is party to numerous other contracts, primarily with engineers, architects and contractors relating to capital projects. Funds necessary to meet the County's obligations in respect to such contracts have been appropriated in the related fund.

Special Obligation Bonds

Pursuant to State law, Washington County may create special taxing districts, levy ad valorem and/or special taxes, and borrow money by issuing and selling special taxing district revenue bonds for the purpose of financing or refinancing the cost of the design, construction, establishment, extension, alteration or acquisition of adequate storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid waste facilities and other infrastructure improvements, whether situated within or outside the special taxing district, and including infrastructure improvements located in or supporting a transit-oriented development, a sustainable community or a State hospital development (within the meaning of State law). Special taxing district bonds shall be payable solely from the ad valorem or special taxes levied on the property within a special taxing district and neither the bonds, nor any interest thereon, shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the County.

The County created one special taxing district and issued in June 1998, November 1998 and May 2000 its \$3,100,000, \$1,517,000 and \$2,454,000 Washington County, Maryland Special Obligation Bonds (Barkdoll Tract Special Taxing District) Series 1998, Series 1998 B and Series 2000, respectively.

Pursuant to State law, Washington County may also establish a contiguous area as a development district, and borrow money by issuing and selling tax increment financing revenue bonds ("TIF bonds") for the purpose of financing or refinancing the cost of acquiring property interests, site removal, surveys and studies, relocation of businesses or residents, installation of utilities, construction of parks and playgrounds, other needed improvements including roads to, from or in the development district, parking and lighting, construction or rehabilitation of buildings for a governmental purpose or use, reserves or capitalized interest, bond issuance costs or payment of existing indebtedness for such purposes. The list of projects to which TIF bonds may be applied is expanded for RISE zones and sustainable communities (within the meaning of State law). In addition, Washington County may apply TIF bond proceeds for demolition or site removal on privately owned property; pedestrian or vehicular bridges or overpasses (including railroad crossings and related improvements); or parking lots, facilities or structures that are publicly or privately owned or available for public or private use. TIF bonds are payable from real property tax revenues derived from the increase in assessed value of real property located within a development district over a base assessment established in accordance with State law and any other revenues pledged by the County as permitted by State law. The County may determine to pledge its full faith and credit and unlimited taxing power to the payment of TIF bonds; if it does not do so, the TIF bonds are payable solely from incremental tax revenues derived from real properties located within a development district and any other revenues that the County determines to pledge to such TIF bonds. Under State law, the County may also pledge incremental County tax revenues and other revenues to support TIF bonds issued for qualifying purposes by a municipality within the County or the Maryland Economic Development Corporation.

While between fall 2016 and early 2017, the County established two separate development districts in anticipation of issuing TIF bonds for those districts, the designations of such districts have separately expired because no TIF bonds were issued

for either district within the respective deadlines established under the designation resolutions.

Bonded Indebtedness of Incorporated Municipalities

Eight of the nine incorporated municipalities of Washington County have outstanding indebtedness in the aggregate principal amount of \$72,194,922 as of June 30, 2022. The County is not obligated to pay such debt or the interest thereon and neither the faith and credit nor taxing power of the County is pledged to the payment of principal or interest on such indebtedness.

County Commissioners of Washington County
Outstanding Underlying Debt
As of June 30, 2022

Towns	Amount
Boonsboro.....	\$ 5,147,355
Clear Spring.....	381,629
Funkstown.....	977,454
Hagerstown.....	58,602,419
Hancock.....	1,126,389
Keedysville.....	1,650,760
Smithsburg.....	1,544,510
Williamsport.....	2,764,406
Total	<u>\$ 72,194,922</u>

Source: Washington County Department of Budget and Finance

Direct and Underlying Debt

The following schedules present the County's bonded debt outstanding as of June 30, 2022, and the ratios of such debt to the County's population and real and personal property assessed market values.

County Commissioners of Washington County
Direct and Overall Bonded Debt
As of June 30, 2022
(Excludes this Issue)

Direct Debt - Tax-Supported:	
General Government Debt (1).....	\$ 142,875,620
Direct Debt - Self-Supported:	
Solid Waste	9,029,776
Water and Sewer	35,067,972
Airport	169,330
Total Direct Debt.....	187,142,698
Underlying Debt.....	<u>72,194,922</u>
Overall Bonded Debt.....	<u>\$ 259,337,620</u>

Source: Washington County Department of Budget and Finance

(1) Includes Highway debt which is currently considered tax-supported.

County Commissioners of Washington County
Debt Per Capita and Ratio of Debt to Assessed Values
As of June 30, 2022

Per Capita (Estimated Population 154,937):

Direct Tax-Supported Debt (1).....	\$ 922
Overall Bonded Debt.....	\$ 1,674

Percentage of Assessed Value of \$14,159,259,000:

Direct Tax-Supported Debt (1).....	1.01%
Overall Bonded Debt.....	1.83%

Source: Washington County Department of Budget and Finance

(1) Includes Highway debt which is currently considered tax-supported.

The following table presents the County's direct tax-supported debt per capita and ratios of direct tax-supported debt to assessed value for the last five completed fiscal years.

Fiscal Year Ended June 30	Direct Tax-Supported Debt (000)	Estimated Population	Assessed Value (000)	Per Capita	Direct Tax-Supported Debt as a Percentage of Assessed Value
2022	\$ 142,876	154,937	\$ 14,159,259	922	1.01
2021	143,880	151,146	13,708,145	952	1.05
2020	143,823	151,049	13,670,826	952	1.05
2019	145,975	150,926	12,274,226	967	1.19
2018	143,291	150,578	12,822,840	952	1.11

Source: Washington County Department of Budget and Finance

Debt Service Requirements on County Debt

The following tables set forth the debt service requirements for the County's general obligation bonded debt as of June 30, 2022, adjusted to reflect issuance of the Bonds, and the rapidity of repayment for the County's direct tax-supported debt.

DEBT AND CAPITAL REQUIREMENTS

Washington County Schedule of Debt Service Requirements on Long-term Obligations* As of June 30, 2022

Year Ending June 30	Tax-Supported Debt Service			Self-Supporting Debt Service ⁽¹⁾			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 10,634,912	\$ 4,547,003	\$ 15,181,915	\$ 3,854,773	\$ 1,228,305	\$ 5,083,078	\$ 14,489,685	\$ 5,775,308	\$ 20,264,993
2024	11,109,836	4,291,913	15,401,749	2,853,254	1,242,217	4,095,471	13,963,090	5,534,130	19,497,220
2025	11,136,507	3,884,237	15,020,744	2,835,144	1,136,260	3,971,404	13,971,651	5,020,496	18,992,147
2026	10,762,551	3,478,448	14,240,999	2,817,469	1,030,754	3,848,223	13,580,020	4,509,202	18,089,222
2027	10,396,313	3,097,345	13,493,658	2,918,350	937,850	3,856,201	13,314,663	4,035,196	17,349,859
2028	10,503,790	2,728,245	13,232,035	2,984,320	845,914	3,830,234	13,488,110	3,574,159	17,062,269
2029	8,543,458	2,393,341	10,936,799	2,791,171	755,440	3,546,611	11,334,629	3,148,781	14,483,410
2030	8,044,500	2,090,155	10,134,655	2,496,657	665,954	3,162,611	10,541,157	2,756,109	13,297,266
2031	8,350,739	1,796,373	10,147,112	2,576,955	582,040	3,158,995	10,927,694	2,378,413	13,306,107
2032	7,900,435	1,523,184	9,423,619	2,238,812	508,175	2,746,987	10,139,247	2,031,359	12,170,606
2033	7,514,101	1,280,707	8,794,808	2,514,123	445,668	2,959,791	10,028,224	1,726,375	11,754,599
2034	6,930,890	1,051,539	7,982,429	1,791,495	386,632	2,178,127	8,722,385	1,438,171	10,160,556
2035	6,366,942	836,053	7,202,995	1,857,029	329,218	2,186,247	8,223,971	1,165,271	9,389,242
2036	5,553,669	643,612	6,197,281	1,916,904	269,305	2,186,209	7,470,573	912,917	8,383,490
2037	4,858,029	481,316	5,339,345	1,590,510	212,017	1,802,527	6,448,539	693,333	7,141,872
2038	4,188,516	346,277	4,534,793	1,040,538	170,349	1,210,887	5,229,054	516,626	5,745,680
2039	3,471,603	236,062	3,707,665	873,398	140,920	1,014,318	4,345,001	376,982	4,721,983
2040	2,707,497	149,897	2,857,394	722,507	115,780	838,287	3,430,004	265,677	3,695,681
2041	1,882,358	88,840	1,971,198	652,642	93,942	746,584	2,535,000	182,781	2,717,781
2042	1,338,973	45,429	1,384,402	666,027	72,709	738,736	2,005,000	118,138	2,123,138
2043	680,000	13,175	693,175	685,000	50,294	735,294	1,365,000	63,469	1,428,469
2044	0	0	0	210,000	36,325	246,325	210,000	36,325	246,325
2045	0	0	0	215,000	31,544	246,544	215,000	31,544	246,544
2046	0	0	0	220,000	26,375	246,375	220,000	26,375	246,375
2047	0	0	0	225,000	20,813	245,813	225,000	20,813	245,813
2048	0	0	0	235,000	15,063	250,063	235,000	15,063	250,063
2049	0	0	0	240,000	9,125	249,125	240,000	9,125	249,125
2050	0	0	0	245,000	3,061	248,061	245,000	3,061	248,061
	<u>\$ 142,875,619</u>	<u>\$ 35,003,150</u>	<u>\$ 177,878,769</u>	<u>\$ 44,267,078</u>	<u>\$ 11,362,050</u>	<u>\$ 55,629,129</u>	<u>\$ 187,142,697</u>	<u>\$ 46,365,200</u>	<u>\$ 233,507,898</u>

Source: Washington County Department of Budget and Finance

* Totals may not foot due to rounding.

(1) Debt characterized as self-supporting is still general obligation debt, backed by the pledge of the County's full faith and credit and unlimited taxing power.

DEBT AND CAPITAL REQUIREMENTS

Washington County Schedule of Debt Service Requirements of Long-term Obligations As of June 30, 2022 Adjusted to Reflect Issuance of the Bonds*

Year Ending June 30	Outstanding Debt Service			The Bonds			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 14,489,685	\$ 5,775,308	\$ 20,264,993	\$ -	\$ -	\$ -	\$ 14,489,685	\$ 5,775,308	\$ 20,264,993
2024	13,963,090	5,534,130	19,497,220	-	373,128	373,128	13,963,090	5,907,258	19,870,348
2025	13,971,651	5,020,496	18,992,147	415,000	644,875	1,059,875	14,386,651	5,665,371	20,052,022
2026	13,580,020	4,509,202	18,089,222	440,000	623,500	1,063,500	14,020,020	5,132,702	19,152,722
2027	13,314,663	4,035,196	17,349,859	460,000	601,000	1,061,000	13,774,663	4,636,196	18,410,859
2028	13,488,110	3,574,159	17,062,269	485,000	577,375	1,062,375	13,973,110	4,151,534	18,124,644
2029	11,334,629	3,148,781	14,483,410	510,000	552,500	1,062,500	11,844,629	3,701,281	15,545,910
2030	10,541,157	2,756,109	13,297,266	535,000	526,375	1,061,375	11,076,157	3,282,484	14,358,641
2031	10,927,694	2,378,413	13,306,107	565,000	498,875	1,063,875	11,492,694	2,877,288	14,369,982
2032	10,139,247	2,031,359	12,170,606	590,000	470,000	1,060,000	10,729,247	2,501,359	13,230,606
2033	10,028,224	1,726,375	11,754,599	620,000	439,750	1,059,750	10,648,224	2,166,125	12,814,349
2034	8,722,385	1,438,171	10,160,556	655,000	407,875	1,062,875	9,377,385	1,846,046	11,223,431
2035	8,223,971	1,165,271	9,389,242	685,000	374,375	1,059,375	8,908,971	1,539,646	10,448,617
2036	7,470,573	912,917	8,383,490	725,000	339,125	1,064,125	8,195,573	1,252,042	9,447,615
2037	6,448,539	693,333	7,141,872	760,000	302,000	1,062,000	7,208,539	995,333	8,203,872
2038	5,229,054	516,626	5,745,680	800,000	263,000	1,063,000	6,029,054	779,626	6,808,680
2039	4,345,001	376,982	4,721,983	840,000	222,000	1,062,000	5,185,001	598,982	5,783,983
2040	3,430,004	265,677	3,695,681	880,000	179,000	1,059,000	4,310,004	444,677	4,754,681
2041	2,535,000	182,781	2,717,781	925,000	138,500	1,063,500	3,460,000	321,281	3,781,281
2042	2,005,000	118,138	2,123,138	960,000	100,800	1,060,800	2,965,000	218,938	3,183,938
2043	1,365,000	63,469	1,428,469	1,000,000	61,600	1,061,600	2,365,000	125,069	2,490,069
2044	210,000	36,325	246,325	1,040,000	20,800	1,060,800	1,250,000	57,125	1,307,125
2045	215,000	31,544	246,544	-	-	-	215,000	31,544	246,544
2046	220,000	26,375	246,375	-	-	-	220,000	26,375	246,375
2047	225,000	20,813	245,813	-	-	-	225,000	20,813	245,813
2048	235,000	15,063	250,063	-	-	-	235,000	15,063	250,063
2049	240,000	9,125	249,125	-	-	-	240,000	9,125	249,125
2050	245,000	3,061	248,061	-	-	-	245,000	3,061	248,061
	\$ 187,142,697	\$ 46,365,200	\$ 233,507,898	\$ 13,890,000	\$ 7,716,453	\$ 21,606,453	\$ 201,032,697	\$ 54,081,654	\$ 255,114,351

Source: Washington County Department of Budget and Finance

* Totals may not foot due to rounding.

Rapidity of Direct Tax-Supported Debt Principal Payment
June 30, 2022
Adjusted to Reflect Issuance of the Bonds ⁽¹⁾

Number of Years	Before Issuance of Bonds		After Issuance of Bonds	
	Principal Amount	Percent	Principal Amount	Percent
5	\$ 54,040,119	37.82	\$ 55,085,152	35.79
10	97,383,041	68.16	100,561,849	65.34
15	128,606,672	90.01	134,523,228	87.40
20	142,195,619	99.52	151,612,838	98.50
25	142,875,619	100.00	153,914,030	100.00

Source: Washington County Department of Budget and Finance

(1) Bonds refers to the Bonds that are the subject of this Official Statement.

Anticipated Future Financing

The County currently anticipates issuing additional general obligation bonds for approximately \$14.1 million in fiscal year 2024, and \$23.0 million in fiscal year 2025. In addition, the County expects to receive loan funding of up to approximately \$3,972,170 from the Maryland Water Infrastructure Financing Administration for a wastewater system project within calendar year 2023; any such loan funding will be papered by one or more general obligation bonds issued by the County to the Maryland Water Infrastructure Financing Administration. These anticipated debt issuance amounts are for planning purposes and are subject to change as part of the annual budgeting process.

Capital Requirements

Capital Improvement Program Summary

The County has established the CIP for establishing a capital budget to forecast future needs and set priorities. It is reviewed and updated during the annual budget process. The objectives of the CIP are to: (1) provide a means for coordinating and consolidating into one document all departmental and agency requests for capital funds; (2) establish a system by which the capital projects of the County can be examined and given priorities according to their relative importance; (3) provide a budgetary tool for the implementation of the Comprehensive Plan elements; (4) forecast future capital demands on local current revenue; and (5) allow projects to be scheduled over a long-term period, thereby providing adequate planning for both financial resources and project implementation. By applying the guidelines of the County's DM Policy and the annual debt affordability analysis, the Board is able to adopt a capital budget that provides maximum benefits from available public funds and assures sound fiscal planning. See "FINANCIAL INFORMATION – Budget Process and Schedule" herein.

Environmental Considerations for Capital Projects

To ensure that the County is at the forefront of climate change and environmental protection legislation, environmentally conscience leachate treatment, stormwater management and LEED (Leadership in Energy and Environmental Design) measures are being used, where possible, for building renovations, new construction, solid waste management, and road and culvert improvements. The newly constructed \$21 million Public Safety Training Center included LEED measures to reduce its carbon footprint. Other County projects include funding for tree planting initiatives, LED (Light Emitting Diode) lighting replacements and site improvements to ensure that stormwater runoff and leachate are adequately filtered prior to reaching ground aquifers and surface waterways.

VI. Miscellaneous

Litigation

The County is currently a defendant in litigation matters involving various matters and claims. Many of these are covered by insurance, subject to a deductible. As most of these disputes involve unliquidated damages, it is not possible to provide a reliable total of damages for which the County may become liable. In the opinion of the County Attorney, all such matters now pending or threatened are, collectively, unlikely to result in total liabilities that would have a material effect on the financial condition of the County.

Impact of COVID-19 Pandemic on the County

In response to the COVID-19 pandemic, the Governor of the State of Maryland proclaimed a state of emergency and catastrophic health emergency within the State of Maryland on March 5, 2020 that was renewed several times throughout calendar years 2020 and 2021. On March 13, 2020, the President of the United States declared a national state of emergency and both the State of Maryland and the County took various actions to mitigate the spread of COVID-19. On July 1, 2021, the Governor of Maryland rescinded all COVID-19 related executive orders. Since that time, the County has focused on mitigating COVID-19 and then transitioning to reopening the economy.

The County's principal source of revenue is local taxes, which constituted 92.2% of total General Fund operating revenue for fiscal year 2022: 45.4% from real property taxes, 41.0% from local income taxes and 5.9% from other local taxes. See "GENERAL FUND REVENUES AND EXPENDITURES" for a further discussion of the County's revenues and revenue sources. Fiscal year 2022 total general fund revenues (\$300.0 million) were 19.1% higher than the original budget (\$251.9 million); and for fiscal year 2023, total general fund revenues are trending 10.5% higher than the original budget (\$262.8 million). The County does not currently anticipate that the levy and collection of property taxes in fiscal years 2024 or 2025 will be materially affected by the COVID-19 pandemic. The County has had significant increases in the income tax base in fiscal years 2021 (\$2.9 billion) and 2022 (\$3.1 billion) and income tax revenues are estimated to increase further in fiscal year 2023 to \$3.2 billion. While the County does not expect a significant decline in income tax collection in future fiscal years, there is no assurance that such a decline will not occur. In future fiscal years, the County may experience a decline in real estate tax revenues related mainly to commercial properties since their value is assessed using an income method by the State. In addition, if enough businesses continue to maintain or institute fully or partially remote work structures, such a shift in working patterns may have an impact on future County revenues that cannot be fully determined at this time.

The COVID-19 pandemic's long-term impact on the State and local economy and on the County's financial performance cannot be currently determined. If COVID-19 cases spike, the County may experience an increase in expenses for emergency services, emergency preparedness, public health, and personnel costs. Further, the ongoing COVID-19 pandemic may cause additional economic and health challenges that cannot be anticipated or quantified at this time. The County has the ability to adjust spending on certain capital projects and operating costs, and it maintains a fund balance in its General Fund that the County may utilize to respond to such challenges.

Federal Funding

The County received \$13.2 million in CARES Act funding in May 2020, which was used by the County to cover certain costs or distributed to qualifying recipients through a variety of County programs. Together We Rise, the largest program recipient, was a business stabilization effort that provided approximately \$8.5 million to over 800 local businesses. The County also provided funds to various local non-profit organizations in the cumulative amount of \$2.5 million. An additional \$1.3 million provided for County-related information technology enhancements to assist teleworking activities to serve the public. Approximately \$400,000 was distributed to the County and multiple municipalities to reimburse pandemic related costs. The remaining approximately \$500,000 was provided to the Convention and Visitors Bureau for tourism revitalization efforts.

The American Rescue Plan Act (ARPA) allocated \$60.5 million to multiple recipients in Washington County, with \$31.2 million being allocated to municipalities located in Washington County and \$29.3 million being retained by the County. The funding may be used to respond to or mitigate the COVID-19 health emergency or its negative economic impacts, including assistance to households, small businesses, nonprofits, and aid for tourism, travel and hospitality; to provide essential workers with premium pay; to cover revenue loss incurred as a result of the COVID-19 emergency; or to make necessary investments in water, sewer, or broadband infrastructure. The County has received all of its \$29.3 million allocation to date. The County has spent a portion of the \$29.3 million on premium pay for essential workers (\$4.6 million). Additionally, the County has allocated ARPA funds to various projects that include: broadband expansion (\$1.2 million); emergency services equipment (\$1.6 million); clean

water infrastructure (\$8.8 million); infrastructure for recreational facilities (\$5.0 million); aid for tourism (\$0.5 million); and assistance for small businesses and nonprofits (\$6.7 million). The remaining unallocated portion totals \$0.6 million.

Of the County's allocation, \$15.7 million was appropriated through the fiscal year 2022 budget (including by adjustments made to such originally adopted budget), while the remaining \$13.6 million is budgeted in the fiscal year 2023 Capital Improvement Plan.

Ratings

Fitch Ratings, Moody's Investors Service, Inc., and S&P Global Ratings have given the Bonds the ratings indicated on the cover page of this Official Statement. An explanation of the significance of any of such ratings may be obtained only from the agency furnishing the rating. The County furnished to such rating agencies the information contained in a preliminary form of this Official Statement and other materials and information pertaining to the Bonds. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies, and assumptions. The ratings given the Bonds may be changed at any time and no assurance can be given that they will not be revised downward or withdrawn by one or more of such rating agencies if, in the judgment of any such rating agencies, circumstances should warrant such action. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on market prices for the Bonds.

Continuing Disclosure Undertaking

In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the County will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Bonds, the proposed form of which is set forth as Appendix D to this Official Statement. In the Continuing Disclosure Agreement the County will covenant for the benefit of the registered owners of Beneficial Owners of the Bonds to provide its audited financial statements and certain specified annual financial information and operating data relating to the County by not later than 240 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2023, and to provide notice of the occurrence of certain enumerated events, for as long as the Bonds remain outstanding or the County is an obligated person with respect to the Bonds. The audited financial statements, annual financial information and operating data, and notices of the occurrence of the enumerated events, if any, will be posted by or on behalf of the County on the Electronic Municipal Market Access system ("EMMA") maintained by the Municipal Securities Rulemaking Board and/or filed with any other repository then required by Rule 15c2-12. As of the date of the Official Statement, such information is required to be posted only to EMMA.

Potential purchasers of the Bonds should note that the definition of Listed Events contained in the proposed form of the Continuing Disclosure Agreement set forth as Appendix D to this Official Statement is intended to completely restate the events specified in Rule 15c2-12. It is noted that certain of the 16 Listed Events set forth in Section 4(a) of the proposed form of the Continuing Disclosure Agreement are expected to have no applicability to the Bonds, such as the possibility of unscheduled draws on debt service reserves reflecting financial difficulties, unscheduled draws on credit enhancements reflecting financial difficulties, substitution of credit or liquidity providers or their failure to perform, and release, substitution or sale of property securing the Bonds.

The County has historically filed its annual audited financial statements in satisfaction of its obligation to provide any annual financial information and operating data required by continuing disclosure undertakings executed by the County with respect to prior debt issues in accordance with Rule 15c2-12, based on the County's understanding that such audited financial statements filings satisfied the County's continuing disclosure undertaking obligations with respect to identified annual financial information and operating data. Such annual audited financial statement filings have been made by the County on a timely basis in the past five years. However, it was brought to the attention of the County that, with respect to certain County general obligation bonds issued prior to calendar year 2013, the description of the annual financial information and operating data to be provided by the County under its continuing disclosure undertakings with respect to such earlier issues could be construed to require more information than has been contained in the County's filed annual audited financial statements. Accordingly, in September 2020, the County filed notice of its apparent failure to provide certain information with respect to fiscal years 2015-2019, inclusive, and made a supplemental filing with respect to certain debt information for fiscal years 2015-2019, inclusive, for the affected issues that remained outstanding at such time. In addition, on February 22, 2023, the County timely posted on EMMA the additional information with respect to fiscal year 2022 required under its continuing disclosure undertakings for then-outstanding general obligation bonds issued prior to calendar year 2013; such information was also posted on EMMA on February 22, 2023 on a voluntary basis with respect to then-outstanding general obligation bonds issued in calendar years 2013 through 2022. Subsequently, the County discovered that, due to a technological glitch, the chart titled "Budget Comparison – General Fund – Fiscal Years 2022 and 2023" contained in the additional financial information and operating data filing posted on EMMA on February 22, 2023 reflected incorrect amounts in certain line items under the "Fiscal Year 2023 – Original Budget" column. On March 15, 2023, a supplement containing the corrected "Budget Comparison –

General Fund – Fiscal Years 2022 and 2023” chart was posted on EMMA with regard to the then-outstanding County general obligation bond issues. Except as described in this paragraph (to the extent any of the foregoing constitutes a material failure), the County has not failed in the past five years to comply, in all material respects, with any previous continuing disclosure undertaking entered into by the County pursuant to Rule 15c2-12.

Sale at Competitive Bidding

The Bonds were offered by the County at competitive bidding on May 23, 2023, in accordance with the official Notice of Sale (a copy of which is attached as Appendix C). The Bonds were awarded to StoneX Financial Inc. The interest rates shown on the cover page of this Official Statement are the interest rates resulting from the award of the Bonds at the competitive bidding. The yields shown on the cover page of this Official Statement were furnished by the successful bidder for the Bonds and not by the County. All other information concerning the nature and terms of any re-offering should be obtained from the successful bidder for the Bonds and not from the County.

Legal Matters

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Funk & Bolton, P.A., Baltimore, Maryland, Bond Counsel. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of an opinion relating to the Bonds substantially in the form set forth in Appendix B to this Official Statement. The certified text of the approving legal opinion for the Bonds will be printed on or attached to the Bonds.

Bond Counsel has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement regarding the County or other referenced governmental entities, or any related information regarding the County or other referenced governmental entities, with respect to the accuracy and completeness of such information, and it will not express any opinions with respect thereto or with respect to any specific sections of this Official Statement.

Independent Auditors

The financial statements as of June 30, 2022, and for the year then ended, included in Appendix A to this Official Statement, have been audited by SB & Company, LLC, independent auditors, as stated in their report appearing herein, and should be read in their entirety. Such financial statements have been included in reliance upon the report of SB & Company, LLC. Such report speaks only as of its date.

SB & Company, LLC the independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix A to this Official Statement, any procedures on the financial statements addressed in that report. SB & Company, LLC also has not performed any procedures relating to this Official Statement.

Financial Advisor

Davenport & Company LLC, Towson, Maryland (the “Financial Advisor”) is a registered municipal advisor with the Municipal Securities Rulemaking Board and serves as financial advisor in connection with the issuance of the Bonds and other matters related to the County’s finances. The Financial Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the County, with respect to accuracy and completeness of disclosure of such information. The Financial Advisor makes no guaranty, warranty or other representation respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

This Official Statement has been approved and authorized by the County for use in connection with the sale of the Bonds.

COUNTY COMMISSIONERS OF
WASHINGTON COUNTY

By: /s/ JOHN F. BARR
John F. Barr, President

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Appendix A

General Purpose Financial Statements

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COUNTY COMMISSIONERS OF WASHINGTON COUNTY

**Financial Statements and Supplemental Schedules
Together with Reports of Independent Public Accountants**

For the Year Ended June 30, 2022

JUNE 30, 2022

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

County Commissioners of Washington County
Hagerstown, Maryland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County Commissioners of Washington County, Maryland (the County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Board of Education of Washington County, Maryland (the Board). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability and related ratios, schedule of OPEB trust fund employer contributions, schedules of changes in pension fund net pension liability and related ratios for the General Employees' Pension Fund and Volunteer Length of Service Award Fund, schedules of employer contributions for the General Employees' Pension Fund and the Volunteer Length of Service Award Fund, and the budget and actual schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements, budget and actual for the general fund and local management board schedule of revenue and expenditures regulatory basis are presented for purposes of additional analysis and are not a required part of the basic financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budget and actual for the general fund and local management board schedule of revenue and expenditures regulatory basis s are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budget and actual for the general fund and local management board schedule of revenue and expenditures regulatory basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Owings Mills, Maryland
October 28, 2022

SB & Company, LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Washington County Government's (the "County") discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts please read it in conjunction with the County's financial statements presented herein.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also contains **4) supplementary information** in addition to the basic financial statements themselves.

1) Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private business. The government-wide financial statements include a *statement of net position* and a *statement of activities*.

- ❑ The *statement of net position* presents information on the County's entire assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- ❑ The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- ❑ The *governmental activities* of the County include education, general government, parks and recreation, public safety, courts, health and social services, and highway maintenance.
- ❑ The *business-type activities* of the County include airport, public golf course, public transit, solid waste, and water quality operations.

The government-wide financial statements include not only the County (known as the primary government), but also include the Washington County Board of Education as a legally separate component unit and is reported separately from financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23-25 of this report.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into categories: *governmental, proprietary, or fiduciary*.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

- ❑ **Governmental Funds.** Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Improvement, Grant Management, Cascade Town Centre, Inmate Welfare, Contraband, Agricultural Education, Gaming, Land Preservation, HEPMPO, and Hotel Rental Tax funds.

The County adopts an annual appropriated budget for all of its governmental and proprietary fund budgets.

The basic governmental fund financial statements can be found on pages 26-29 of this report.

- ❑ **Proprietary Funds.** When the County charges customers for a service it provides, whether to outside customers or to other units of government, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of Revenue, Expenses and Changes in Net Position. Proprietary funds are comprised of two types: 1) *Enterprise funds* and 2) *Internal service funds*. The County uses enterprise funds to account for its airport, public golf course, public transit, solid waste, and water quality operations. Internal service funds are used to report an activity that provides supplies and services for the government's other programs and activities. The County does not utilize an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 30-32 of this report.

- ❑ **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

3) **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-108 of this report.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

4) *Supplementary Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and includes budgetary comparison schedules for the general fund.

In addition to this MD&A, required supplementary information can be found on page 110-115 of this report.

Financial Analysis on Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$666.7 million as of the close of the most recent fiscal year.

Washington County, Maryland
Net Position
(Government-Wide)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2022	2021	2022	2021	2022	2021	
<i>Current and other assets</i>	\$306,097,423	\$256,163,513	\$69,219,966	\$43,299,630	\$375,317,389	\$299,463,143	25.33%
<i>Capital assets</i>	454,296,678	450,204,949	246,864,602	255,414,510	701,161,280	705,619,459	(0.63%)
<i>Total Assets</i>	760,394,101	706,368,462	316,084,568	298,714,140	1,076,478,669	1,005,082,602	7.10%
<i>Deferred Outflow of Resources</i>	18,459,103	3,838,347	401,190	516,140	18,860,293	4,354,487	333.12%
<i>Current and other liabilities</i>	62,621,094	57,426,148	29,094,246	8,854,793	91,715,340	66,280,941	38.37%
<i>Long-term liabilities</i>	252,056,653	224,868,431	60,951,648	57,843,071	313,008,301	282,711,502	10.72%
<i>Total Liabilities</i>	314,677,747	282,294,579	90,045,894	66,697,864	404,723,641	348,992,443	15.97%
<i>Deferred Inflow of Resources</i>	10,263,845	37,045,725	13,633,817	21,446,163	23,897,662	58,491,888	(59.14%)
<i>Net Investment in Capital Assets</i>	363,793,008	360,482,566	210,809,736	217,849,212	574,602,744	578,331,778	(0.64%)
<i>Restricted Net Assets</i>	39,960,328	31,382,483	13,957,773	7,890,861	53,918,101	39,273,344	37.29%
<i>Unrestricted Net Assets</i>	50,158,276	(998,544)	(11,961,462)	(14,653,820)	38,196,814	(15,652,364)	344.03%
<i>Total Net Position</i>	\$453,911,612	\$390,866,505	\$212,806,047	\$211,086,253	\$666,717,659	\$601,952,758	10.76%

The largest portion of the County's net position reflects its investments in capital assets (e.g., land, roads, and bridges); less related outstanding debt used to acquire those assets in the amount of \$574.6 million. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$53.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining portion is unrestricted net assets of \$38.2 million.

Unrestricted net assets in governmental activities have been reduced by \$43.4 million in long-term debt, resulting in unrestricted net assets of \$50.1 million. This long-term debt was incurred by the County's general fund for the purpose



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

of capital asset acquisition for the Board of Education of \$38.7 million and Hagerstown Community College of \$4.7 million. The capital assets acquired with these bonds are not reflected in the County's primary government financial statements.

Washington County, Maryland
Change in Net Position
(Government-Wide)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for Services	\$9,393,072	\$8,261,913	\$27,229,233	\$25,782,767	\$36,622,305	\$34,044,680
Operating Grants and Contributions	33,686,424	27,673,612	3,287,909	3,480,751	36,974,333	31,154,363
Capital Grants and Contributions	11,168,422	8,459,831	2,718,109	11,839,311	13,886,531	20,299,142
General Revenues:						
Property Taxes	135,971,972	133,490,152	-	-	135,971,972	133,490,152
Local Taxes	176,446,161	146,674,462	-	-	176,446,161	146,674,462
Other	3,034,031	4,428,418	322,405	123,470	3,356,436	4,551,888
Total Revenues	369,700,082	328,988,388	33,557,656	41,226,299	403,257,738	370,214,687
Program Expenses:						
General Government	22,644,496	28,575,774	-	-	22,644,496	28,575,774
Public Safety	80,736,885	61,670,985	-	-	80,736,885	61,670,985
Health	2,339,270	2,339,270	-	-	2,339,270	2,339,270
Social Services	446,010	435,560	-	-	446,010	435,560
Education	120,236,520	115,766,280	-	-	120,236,520	115,766,280
Parks and Recreation	8,710,969	7,235,708	-	-	8,710,969	7,235,708
Natural Resources	3,909,810	3,202,083	-	-	3,909,810	3,202,083
Community Promotion	28,803,412	21,299,691	-	-	28,803,412	21,299,691
Highways and Streets	30,048,507	19,864,939	-	-	30,048,507	19,864,939
Interest on Long-term Debt	4,604,683	4,569,476	-	-	4,604,683	4,569,476
Business-type Activities:						
Water Quality	-	-	15,035,913	14,491,893	15,035,913	14,491,893
Solid Waste	-	-	7,443,086	7,290,557	7,443,086	7,290,557
Public Transit	-	-	3,173,543	3,138,207	8,854,924	3,138,207
Airport	-	-	8,854,924	8,442,866	3,173,543	8,442,866
Golf Course	-	-	1,284,649	1,126,709	1,284,649	1,126,709
Total Expenses	302,480,562	264,959,766	35,792,115	34,490,232	338,272,677	299,449,998
Change in Net Position before transfers	67,219,520	64,028,622	(2,234,459)	6,736,067	64,985,061	70,764,689
Transfers	(3,954,253)	(2,383,080)	3,954,253	2,383,080	-	-
Contributed Capital	-	-	-	-	-	-
Proceeds of Leases	(220,160)	-	-	-	(220,160)	-
Proceeds of Bond Sale	-	87,389	-	-	-	87,389
Change in Net Position	63,045,107	61,732,931	1,719,794	9,119,147	64,764,901	70,852,078
Net Position – Beginning of year	390,866,505	329,133,574	211,086,253	201,967,106	601,952,758	531,100,680
Net Position – End of year	\$453,911,612	\$390,866,505	\$212,806,047	\$211,086,253	\$666,717,659	\$601,952,758

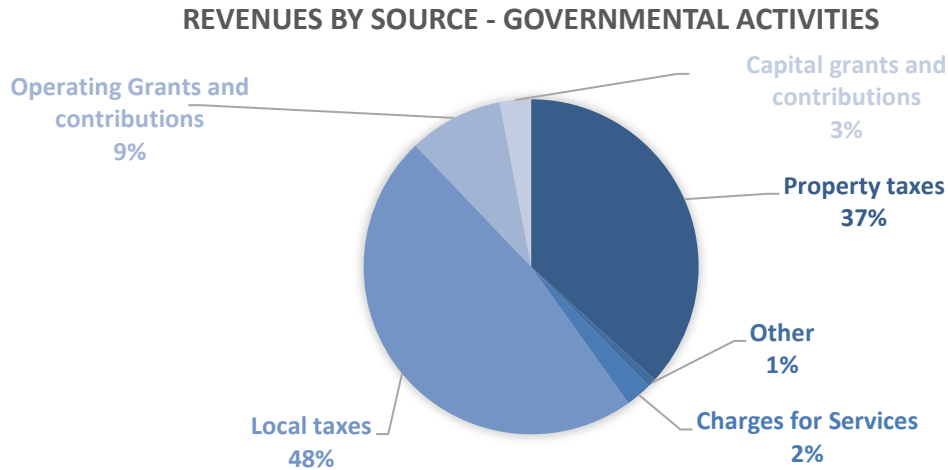
The County's net position increased by \$64.8 million during fiscal year 2022; total net position as of June 30, 2022 was \$666.7 million, representing a 10.76% increase.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Governmental Activities (government-wide) – Change in Net Position:

Revenues for the County's governmental activities were \$369.7 million for FY2022. Sources of revenue are comprised of the following items:



Taxes represent the County's largest revenue source at \$312.4 million for FY2022, which represents 85% of all County revenues.

- The property tax rate is \$.948 per \$100 of assessed value and generates 37% of County revenue. The FY2023 property tax rate is \$.928 per \$100 of assessed value.
- Local taxes include income tax which generates 48% of County revenue. The rate for FY2022 was 3.2% through December 2021 at which point it was reduced to 3.0%. Beginning January 1, 2023, the income tax rate will be reduced to 2.95%.

Operating grants and contributions represent 9% of total revenue and reflects federal and state funding that the county uses to carry out certain initiatives. FY2022 grants provided funding for public safety programs and economic relief to business and non-profits.

Revenue from governmental activities increased over FY2021 by \$40.7 million.

- Charges for Services increased from FY2021 by \$1.1 million. Gaming revenues increased \$0.1 million, licenses and permits increased by \$0.6 million, reflecting higher levels of economic activity; court costs and fines reduced by \$0.2 million due to covid related closures; and shared taxes increased by approximately \$0.4 million in 911 fees charged by phone line which support 911 operations.
- Operating grants and contributions increased by \$6.0 million mainly due to additional grants received for COVID-19 relief.
- Capital grants and contributions increased by \$2.7 million due to fluctuations in capital spending. It is common for this line item to change from year to year due to varying projects and associated funding sources.
- Property Taxes increased over the prior year as expected by about \$2.4 million due to an increase in assessed values.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

- Local taxes increased by \$29.8 million in total. Income tax increased \$3.7 million or 3.1% over FY2021, which includes \$0.6 million more in disparity grant. Other local taxes such as recordation tax, excise tax, and transfer tax exceeded FY2021 revenue by \$6.2 million, \$2.6 million, and \$2.3 million respectively which is related to higher levels of economic activity. APFO fees were \$0.1 million less than FY2021 due to timing of development which can fluctuate from year to year. In addition, admission and amusement tax increased approximately \$0.2 million as a result of reopening following COVID-19 related closures.
- Other revenues decreased by \$1.4 million which was mostly due to \$1.9 million in proceeds received in FY2021 from the sale of Cascade Town Centre that did not occur in FY2022, offset by \$0.3 million net proceeds from the sale of the Administration Annex at 80 West Baltimore Street and \$0.2 million increase in other miscellaneous revenues.

A more detailed discussion of the County's revenue results for FY2022 as compared to what was budgeted can be found in the General Fund Budgetary Analysis section of this MD&A.

The following table presents costs and program revenues for major county programs. The total cost of governmental services for FY2022 was \$302.5 million. Revenues of \$54.2 million that offset these costs include \$9.4 million in charges for services and \$44.8 million in operating and capital grants and contributions. The net amount of \$248.2 million was paid for through county taxpayer dollars.

Washington County, Maryland
Net Cost of Governmental Activities
(Government-Wide)

<i>Category</i>	<i>Expenses</i>		<i>Revenues</i>		<i>Net Cost of Services</i>	
	2022	2021	2022	2021	2022	2021
<i>Education</i>	\$120,236,520	\$115,766,280	\$ -	\$ -	\$120,236,520	\$115,766,280
<i>Public Safety</i>	80,736,885	61,670,985	8,757,561	7,602,367	71,979,324	54,068,618
<i>General Government</i>	22,644,496	28,575,774	12,411,453	8,929,048	10,233,043	19,646,726
<i>Highways and Streets</i>	30,048,507	19,864,939	10,723,867	10,059,583	19,324,640	9,805,356
<i>Community Promotion</i>	28,803,412	21,299,691	17,258,653	15,227,203	11,544,759	6,072,488
<i>Parks and Recreation</i>	8,710,969	7,235,708	2,573,066	442,360	6,137,903	6,793,348
<i>Other</i>	11,299,773	10,546,389	2,523,318	2,134,795	8,776,455	8,411,594
Total	\$302,480,562	\$264,959,766	\$54,247,918	\$44,395,356	\$248,232,644	\$220,564,410

Expenditures from governmental activities total \$302.5 million, which represents an increase over FY2021 by \$37.5 million.

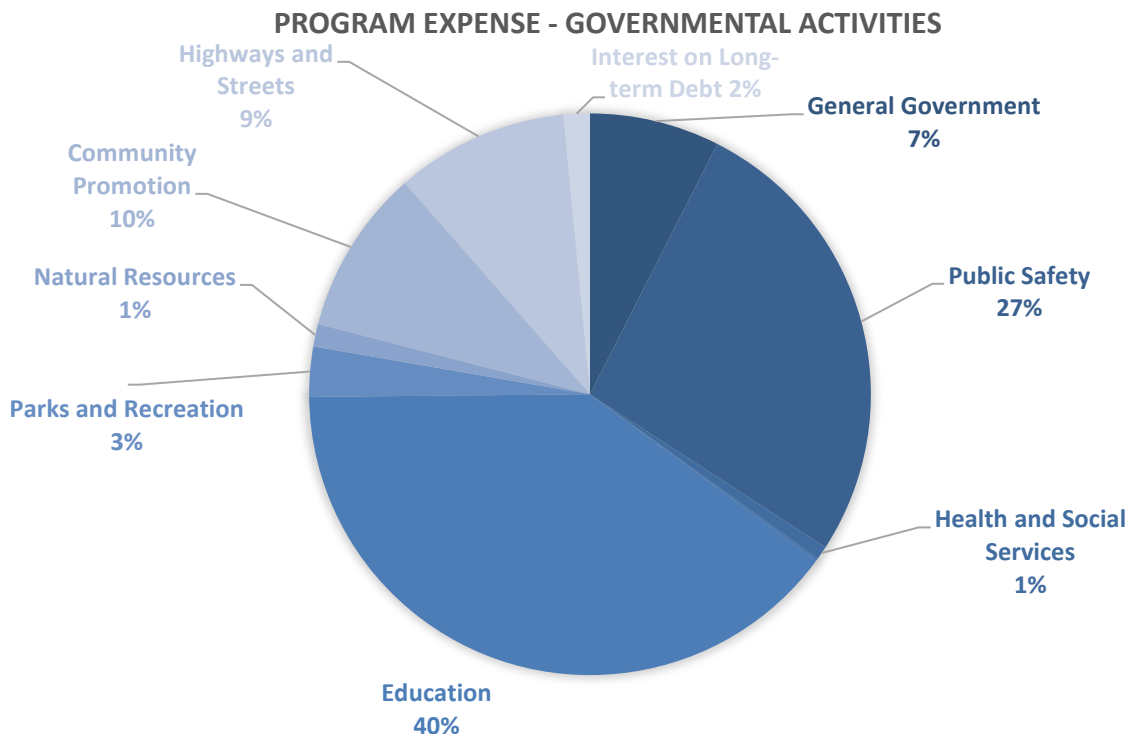
- Education expenditures increased by \$4.5 million as compared to FY2021. The increase is a combination of the increased appropriation to the Board of Education of \$2.7 and an increase of \$1.9 million for reclassifying capital expenditures and recording fixed assets in governmental funds.
- Public safety costs increased by approximately \$19.1 million over FY2021. The majority of the increase, or \$14.9 million, is from reclassifying capital expenditures and recording fixed assets in governmental funds, with \$13.7 million being directly related to the construction of the Public Safety Training Center. Other increases include approximately \$3.4 million due to the enhancement of the salary scale for law enforcement officers that was approved in December 2021, and approximately \$1.9 million for fire operations due to the hiring of additional firefighters.
- General Government decreased by approximately \$5.9 million over FY2021. An additional contribution to pension of \$5.0 million was offset by adjustments for recording pension activity in governmental funds. In addition, adjustments were made for reclassifying capital expenditures and recording fixed assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Capital Improvement transactions are earmarked for specific capital related projects and its cash flow will vary depending on the construction schedule and grant reimbursements.

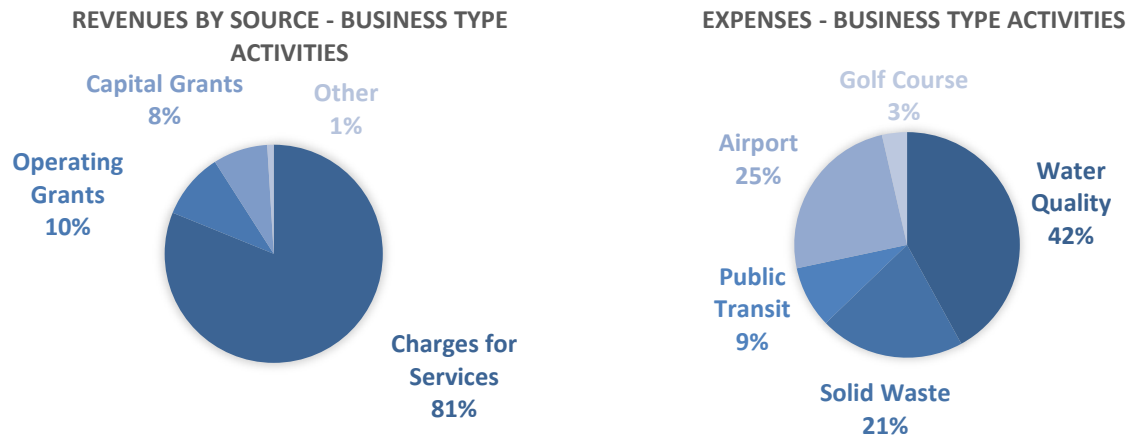
- Expenditures for Highways and Streets increased by \$10.2 million over FY2021. A decrease in operational expenditures of approximately \$0.2 million was offset by an increase of \$10.4 million in expenditures related to reclassifying capital expenditures and recording fixed assets in governmental funds, of which, \$8.8 million is due to the construction of the new bridge on Professional Boulevard.
- Community promotion increased by \$7.5 million mainly as a result of COVID-19 relief grants.
- Parks and recreation increased by \$1.4 million over the prior year which is mainly related to reclassifying capital expenditures and recording fixed assets in governmental funds.
- Natural resources increased by \$0.7 million, mainly due to an increase in land preservation grants.
- Debt service has remained relatively the same as FY2021 and is based on debt service schedules.
- Transfers out increased by \$1.6 million mainly due to a one-time transfer of \$0.8 million to the sewer fund for system improvements at the former Fort Ritchie site, as well as increased appropriations to the utility fund for Clean County Initiative expenses, and to the transit fund due to a decrease in MTA funding.

Governmental program expenditures are shown below. The largest expenditure category is education at \$120.2 million, followed by public safety at \$80.7 million.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Business-type Activities (government-wide) – Change in Net Position:



Highlights for the County's business-type activities are as follows:

Business type activities experienced an increase in net position of \$1.7 million.

- \$1.3 million increase in net position for Water Quality
- \$2.3 million increase in net position for Solid Waste
- \$4.1 million decrease in net position for Airport
- \$2.2 million increase in net position for non-major proprietary funds.

Revenues decreased over FY2021 by \$7.7 million.

- Charges for services increased by \$1.4 million due to an increase in water and sewer connection fees and user fees of \$0.3 million and an increase in tipping fees of \$1.1 million.
- Operating grants and contributions decreased by \$0.2 million mainly due to a State grant from the Maryland Department of the Environment was not awarded this year.
- Capital grants and contributions decreased by \$9.1 million overall which consists of \$0.8 million decrease related to water quality; \$9.9 million decrease in Airport; offset by a \$1.6 million increase in capital grants for transit. Capital revenues vary significantly from year to year based on capital project schedules.
- Other revenues decreased by \$0.2 million because of various items.

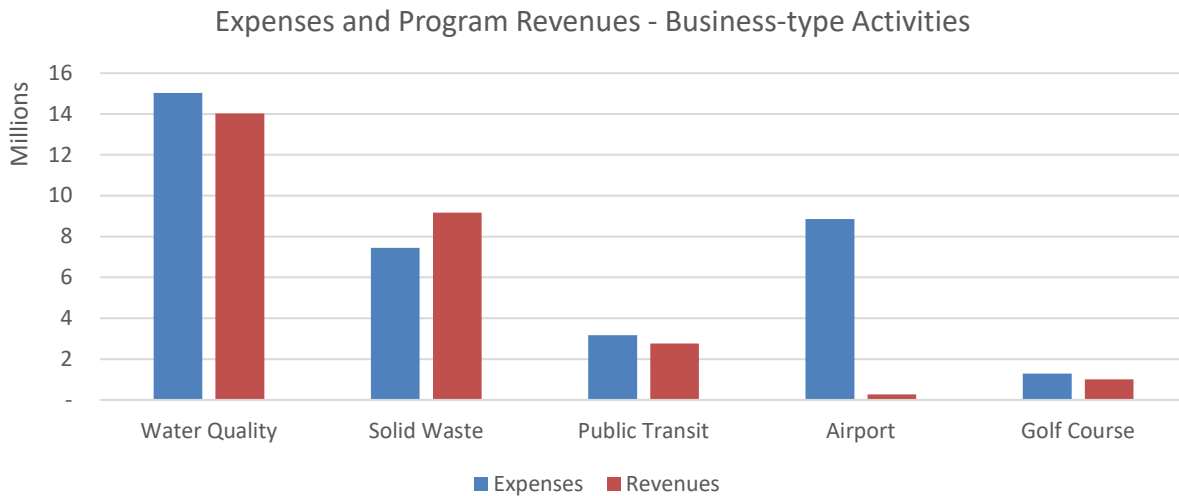
Expenditures increased as compared to FY2021 by \$1.3 million.

- Overall, business type expenditures increased by \$1.3 million. Solid Waste expenditures increased by \$0.2 million or 2%; Water Quality expenditures increased by \$0.5 million or 4%; Transit increased by less than \$0.1 million or 1%; Golf Course expenditures increased by \$0.2 million or 14%; and Airport increased by \$0.4 million or 5%.

Transfers in increased by \$1.6 million. Of this amount, \$1.0 million is attributed to capital transfers of \$0.9 million for water quality and \$0.1 million for Airport. The remaining difference includes transfer amounts from the General fund to Transit of \$0.4 million and \$0.2 million for water quality to support operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The chart below provides a snapshot of the County's business type activities and related charges for services.



Financial Analysis on the Government's Fund Financial Statements

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and restrictions, and fiscal accountability.

Governmental Funds:

The focus of the County's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$204.2 million, an increase of \$38.5 million. Approximately \$68.2 million of this amount is committed for the general fund cash reserve and \$136.0 million is restricted or committed for construction projects and designated programs. In the combined governmental activities, the County maintains 11 separate funds. Shown below are fund balances and net changes in fund balance for each.

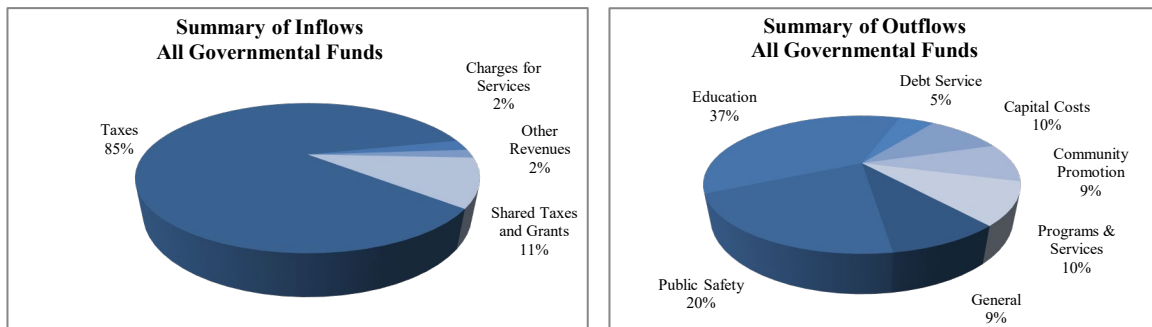


MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Governmental Activities	Fund Balance			Net Change in Fund Balance		
	2022	2021	% Change	2022	2021	% Change
General Fund	\$73,367,702	\$61,999,084	18.34%	\$11,368,618	\$6,024,885	188.69%
Capital Improvement Fund	124,841,031	98,751,922	26.42%	26,089,109	28,430,917	91.76%
Grants Management	7,850	7,850	0.00%	-	(9,472)	100.00%
Cascade Town Centre Fund	950,789	1,855,163	(48.75%)	(904,374)	1,475,609	(161.29%)
Inmate Welfare Fund	403,961	301,390	34.03%	102,571	110,692	(7.34%)
Contraband Fund	50,951	30,709	65.92%	20,242	(91,716)	122.07%
Agricultural Education Fund	33,002	6,654	395.97%	26,348	1,001	2,532.17%
Hotel Rental Tax Fund	1,925,852	1,667,942	15.46%	257,910	403,265	(36.04%)
Gaming Fund	143,643	124,510	15.37%	19,133	(1,909)	1,102.25%
Land Preservation Fund	2,464,932	913,139	169.94%	1,551,793	230,956	571.90%
HEPMPO	35,208	37,862	(7.01%)	(2,654)	24,980	(110.62%)
Total	\$204,224,921	\$165,696,225		\$38,528,696	\$36,599,208	

Washington County, Maryland
Fund Balance and Net Changes in Fund Balance – Fund Basis

The following reflects all inflows and outflows of the governmental funds in total for the fiscal year ending June 30, 2022.



- ❑ The **General Fund** is the chief operating fund of the County. At the end of the current fiscal year total fund balance reached \$73.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both committed fund balance and total fund balance to total fund expenditures. The total fund balance represents 23.60% of total General Fund expenditures.

The General Fund fund balance increased by approximately \$11.4 million during the current fiscal year. Higher than anticipated income tax and recordation tax, along with wage and benefit savings, led to a significant transfer to the capital fund at the end of the year. The County allocated approximately \$32.9 million to the Capital Projects Fund for specific projects or future one-time costs. The County also allocated an additional \$5 million to the Pension trust during the year.

A more detailed discussion of General Fund revenues can be found in the General Fund Budgetary Analysis section of the MD&A.

- ❑ The **Capital Projects Fund** is used to account for major capital acquisition and construction of County operations. At the end of the current fiscal year the Capital Project Fund has a total fund balance of \$124.8 million all of which is restricted or committed for capital related projects. Major funding sources for projects are pay-go-funding, debt proceeds, fees and taxes, and grants. Fund balance increased by \$26.1 million for the current fiscal



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

year. The change in fund balance is the result of timing differences in project funding proceeds and the spending or construction timeline of those projects.

- ❑ The County's **Grant Management, Cascade Town Centre, Inmate Welfare, Contraband, Agricultural Education, Hotel Rental Tax, Gaming, HEPMPO, and Land Preservation Funds** combined have a fund balance of \$6.0 million. These funds represent monies designated for specific programs and services. The net increase in fund balance during the current year was \$1.1 million and was mainly attributed to the Land preservation fund.

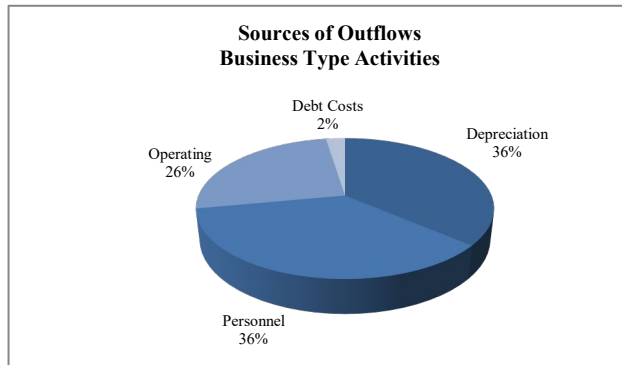
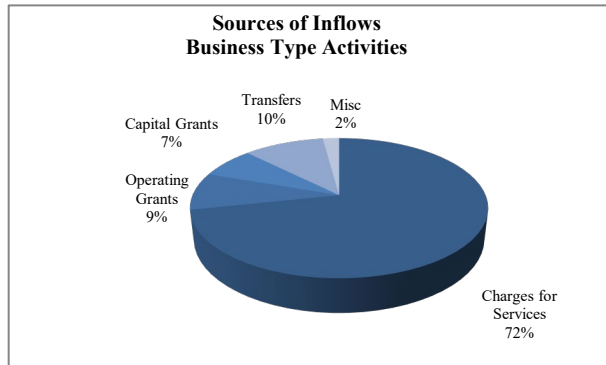
Proprietary funds:

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and net income (loss) were as follows:

Washington County, Maryland
Net Position and Net Income (Loss)
(Fund Basis)

Business-type Activities	Total Net Position			Change in Net Position		
	2022	2021	% Change	2022	2021	%Change
Water Quality	\$145,790,454	\$144,438,964	1.01%	\$1,351,490	\$1,845,340	(26.76%)
Solid Waste	7,544,045	5,250,093	43.69%	2,293,952	1,378,958	66.35%
Airport	51,102,284	55,201,454	(7.42%)	(4,099,170)	5,511,914	(174.37%)
Public Transit	5,538,729	3,557,867	55.67%	1,960,862	106,758	1736.74%
Black Rock	2,830,535	2,617,875	8.12%	212,660	276,177	(23.00%)
Total	\$212,806,047	\$211,086,253		\$1,719,794	\$9,119,147	

The following reflects the inflows and outflows of the business-type activity funds for the fiscal year ending June 30, 2022.



Water quality's net position amounted to \$145.8 million in FY2022. Of this amount, \$133.5 million represents the net investment in capital assets, \$13.7 million is restricted for capital projects, and (\$1.4) million remains unrestricted. Major changes over FY2021 include additional revenues of \$0.5 million due to a 3.5% increase in water and sewer utility rates and operating transfers increased by \$0.2 million. Expenditures were in line with the prior year.

Solid Waste's net position amounted to \$7.5 million for FY22. Of this amount, \$4.6 million represents the net investment of capital assets; \$0.3 million is restricted for capital projects; and \$2.6 million remains unrestricted. Major



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

changes over FY2021 include higher tipping fee revenue of \$1.1 million which is attributed to economic activity as no rate increases were passed for the landfill in FY2022. Expenditures were in line with the prior year.

The Airport Fund's FY2022 net position was \$51.1 million. Of this amount, \$68.4 million represents the net investment of capital assets and (\$17.3) million represents unrestricted fund balance. The unrestricted deficit is the result of capital assets constructed by the lessee's through long-term lease agreements. The long-term lease agreements require the recognition of revenue related to the capital assets constructed by the lessee's over the life of the lease agreements and will eliminate the unrestricted deficit over the term of the lease agreement. Major changes over FY2021 include increased operating grant revenue of \$0.1 million, mainly because of COVID-19 relief funding. In addition, capital grants and contributions of \$0.3 million fell short of FY2021 by \$9.9 million, representing a reduction from the substantial COVID-19 relief funding received the prior year for capital projects.

Transit's ending net position is \$5.5 million for FY2022. Of this amount, \$2.3 million represents the net investment of capital assets and \$3.2 million is classified as unrestricted. Operating revenue increased 2% but continues to fall short of trends seen prior to COVID-19. Meanwhile, grants for capital projects increased by \$1.6 million, mainly due to pandemic relief grants.

The Black Rock Golf Course Fund's FY2022 net position was \$2.8 million. Of this amount, \$2.0 million represents the net investment of capital assets and \$0.8 million is classified as unrestricted. Changes from the prior year include operating expenses increasing by \$0.2 million mainly due to low employee vacancies and inflation related operating expenses.

A discussion of enterprise fund long-term debt can be found in the Long-Term Debt section presented later in this MD&A. Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities under "Financial Analysis on Government-Wide Financial Statements."



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

General Fund Budgetary Analysis – Government Fund Financial Statement Basis

Washington County, Maryland
General Fund Budgetary Analysis
As of June 30, 2022
(Government Fund Basis)

Category	Budgetary Amounts		Actual	Difference	
	Original	Final		Org. Budget vs. Final Budget	Final Budget vs. Actual
Revenues:					
Property Tax	\$ 134,671,240	\$ 134,671,240	\$ 136,078,213	\$ -	\$ 1,406,973
Local Tax	106,182,670	116,402,670	140,655,394	10,220,000	24,252,724
Other Revenue	13,419,690	32,266,444	24,276,751	18,846,754	(7,989,693)
Total Revenues	254,273,600	283,340,354	301,010,358	29,066,754	17,670,004
Expenses:					
General Government	31,497,240	43,991,821	35,592,339	12,494,581	8,339,482
Public Safety	58,187,200	65,008,493	61,286,425	6,821,293	3,722,068
Health and Social Services	2,785,280	2,785,280	2,785,280	-	-
Education	115,877,000	115,877,000	115,877,000	-	-
Parks, Recreation, Natural Resources	7,950,560	7,983,500	7,511,224	32,940	472,276
Highways and Streets	11,476,800	11,478,110	10,554,751	1,310	923,359
General Operations	3,955,200	725,740	1,059,285	(3,229,460)	(333,545)
Unallocated Costs	125,000	5,125,000	3,829,204	5,000,000	1,295,796
Intergovernmental	7,146,530	15,092,620	35,977,679	7,946,090	(20,885,059)
Billables	-	-	262,990	-	(262,990)
Debt Service	15,272,790	15,272,790	14,905,563	-	367,227
Total Expenses	254,273,600	283,340,354	289,641,740	29,066,754	(6,301,386)
Other Financing Sources (Uses)	-	-	-	-	-
Net Increase in Assets - 06/30/22	\$ -	\$ -	\$11,368,618	\$ -	\$11,368,618

Original Budget vs. Final Budget:

The net budgetary change of \$29.4 million resulted mainly from income tax revenue, recordation tax revenue, and grant transactions.

The FY2022 budget followed a very conservative FY2021 budget. While the worst-case scenario of FY2021 was not realized, the County was still cautious when developing the FY2022 budget. Despite the 2022 income tax change from 3.2% to 3.0%, income tax generated was higher than estimates. An adjustment to income tax budget was made during the year of \$5.2 million to account for part of the revenue. These funds went towards capital projects. Additionally, an adjustment to recordation tax of \$5.0 million was made during the year and funded an additional contribution to pension.

Federal and State grants were secured in the amount of \$20.0 million, of which approximately \$10.8 million were American Rescue Plan Act funds. These funds were allocated in the following manner:

- Business Support \$0.2 million
- Community Investment \$2.4 million



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

- Non-Profit Assistance \$1.5 million
- Tourism \$0.5 million
- Premium Pay \$4.6 million
- County IT Infrastructure \$0.2 million
- Operational Support \$0.2 million

Final Budget vs. Actual Results:

Final budget to actual results include additional revenues of \$17.6 million or 6.2%.

Revenue Highlights

Property Tax - Property tax revenue exceeded budget by \$1.4 million or 1.0%. The majority of the overage is related to personal property tax which was higher than State estimates due to new businesses and an increase in inventories.

Local tax was over budget by \$24.3 million or 20.8%, primarily due to higher than budgeted income tax of \$18.5 million, or 17.7%, due to steady withholding and estimated payment growth that was unexpected throughout the pandemic. The County income tax rate decreased from 3.2% to 3.0% effective January 1, 2022. During FY2022, the Board of County Commissioners voted to reduce the income tax rate to 2.95% effective January 1, 2023. Recordation tax exceeded budget by \$5.6 million. This variance represents an increase in the number and value of real property transfers in the County and several large commercial transactions. Admission and Amusement Tax increase of \$0.2 million due to business reopening following pandemic related closures.

Other Revenue came in under budget by approximately \$8.0 million or 24.8%. This budget to actual variance is related to grants and shared revenues. Grant periods can span County fiscal years leaving budgeted funds unexpended.

Expenditure Highlights

Final budget to actual results include expenditures in excess of budget by \$6.3 million or 2.2%.

The largest deviation from final budget is the result of an additional transfer from the General fund to the Capital Projects fund in the amount of \$21 million, which is shown within the category of intergovernmental expenses. Use of this funding will be determined at a later date but will most likely be used for capital projects or other one-time costs.

The number and duration of vacancies within the county contributed to wage savings of \$1.4 million and benefit savings of \$3.6 million for FY2022. The County is self-insured for both health insurance and workers compensation, therefore, variances exist at the end of the fiscal year based on actual experience. For FY2022, health insurance and workers compensation costs were under budget by approximately \$2.3 million and \$0.1 million respectively. The remaining benefit variance is related to FICA, unemployment compensation, other insurance, employee recognition and development programs, and pension.

Departmental savings totaled \$0.2 million or less than 1% as a result of department heads' efforts to control spending.

Highway expenditures were \$0.9 million under budget due to less spending on road maintenance because of milder conditions and a shift towards more brine pretreatment, and fleet management expenditures.

Billable expenditures were over budget by \$0.3 million.



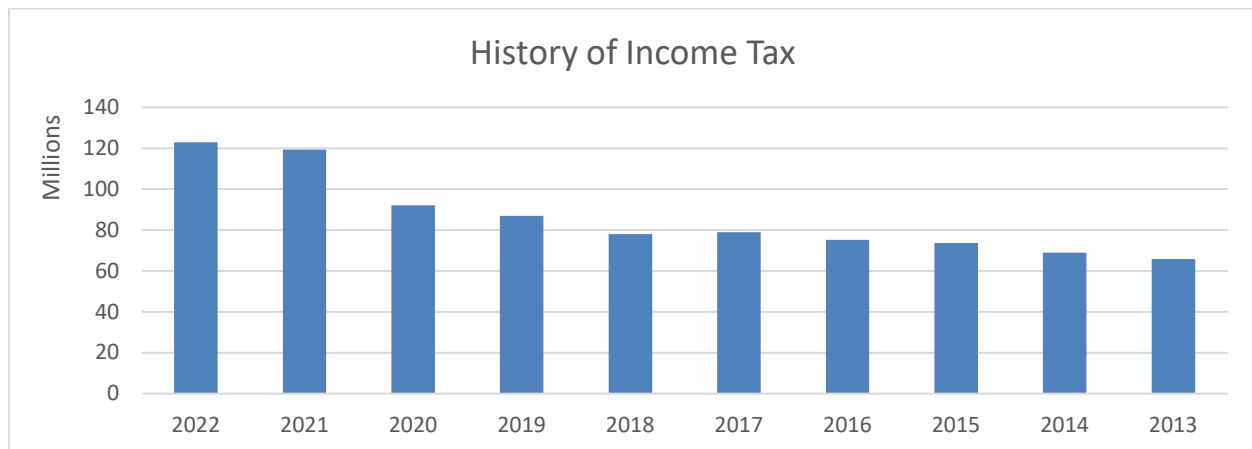
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Additional Information:

Income Tax

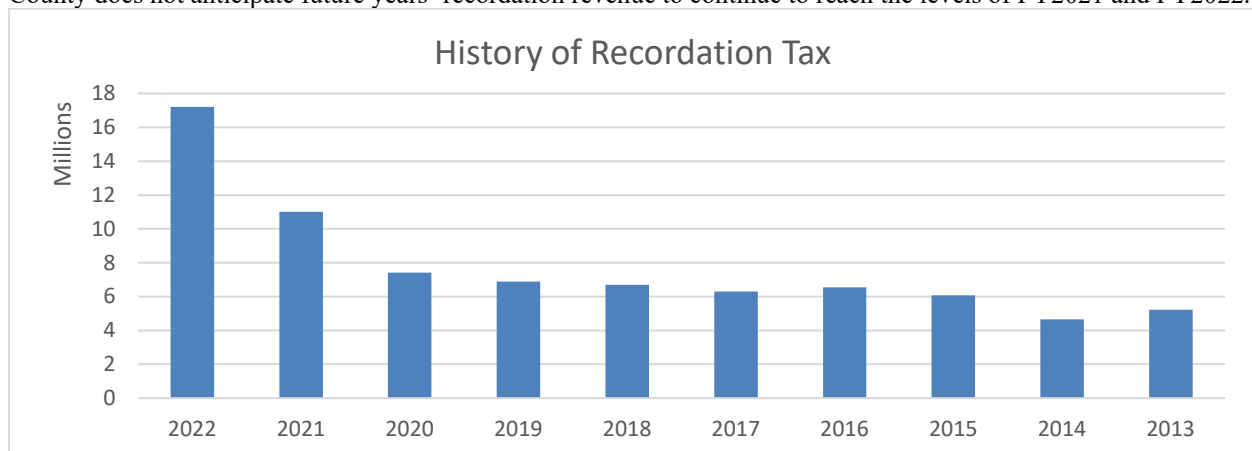
A comparison of actual income tax to the original budget shows a variance of \$23.6 million. Many factors impacted the development of the FY2022 budget. The budget was based on early estimates for FY2021 actuals, adjusted for conservative wage growth, and reduced by the estimated impact of the rate reduction from 3.2% to 3.0% effective January 1, 2022, as well as the anticipated reconciliation of previously taxed unemployment benefits that became untaxable as a result of the Governor's Relief Act of 2021. The budget variance is understandable since the FY2021 final revenue exceeded early estimates.

Legislation enacted at the 2020 session of the Maryland General Assembly created an entity level tax for PTEs in Maryland. Prior to this legislation, PTEs contributed estimated payments on behalf of their non-resident owners. Now, PTEs may pay on behalf of their resident owners as well. There was a surge in payments to the State in the last quarter of 2020, a result of PTEs taking advantage of federal tax breaks due to the enacted legislation. This result indicates that counties may start receiving a bulk payment for taxes relative to these owners rather than in quarterly installments. This may be a structural change to the timing of payments moving forward.



Recordation tax

Recordation Tax is applied to any instrument that transfers an interest in real property or that creates a security interest in real or personal property. The recordation tax rate for Washington County is \$3.80 for every \$500 or fraction of \$500 of consideration. Washington County generally receives between \$6 and \$7 million in recordation tax annually, but it can fluctuate as it is based on economic activity, the number of transfers, and the size of those transfers. The County does not anticipate future years' recordation revenue to continue to reach the levels of FY2021 and FY2022.





MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

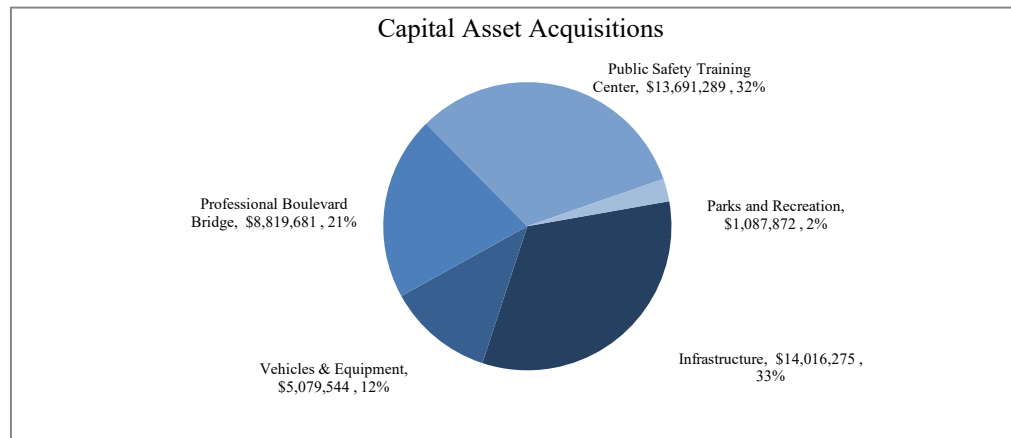
Capital Asset Administration – Government Wide Statements

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$687.5 million (net of depreciation and amortization). This investment in capital assets includes land, buildings, bridges, roads, equipment, and operational facilities.

Washington County, Maryland
Net Capital Assets
(Government Fund Basis)

Description	Governmental Activities		Business-type Activities		Total		% Change
	2022	2021	2022	2021	2022	2021	
<i>Land and Land Improvements</i>	\$116,106,292	\$108,592,844	\$40,085,289	\$46,399,621	\$156,191,581	\$154,992,465	0.8%
<i>Building and Improvements</i>	72,782,467	63,151,927	43,875,003	45,750,488	116,657,470	108,902,415	7.1%
<i>Facilities, Lines, and Mains</i>	-	-	85,085,794	86,185,988	85,085,794	86,185,988	(1.3%)
<i>Vehicles</i>	5,847,648	6,250,676	2,665,448	1,034,969	8,513,096	7,590,424	16.8%
<i>Infrastructure</i>	242,681,218	237,530,617	-	-	242,681,218	237,530,617	2.2%
<i>Machinery and Equipment</i>	3,957,500	4,052,602	2,206,511	2,407,572	6,164,011	8,334,741	(4.6%)
<i>Office/Computer Equipment</i>	2,503,809	3,073,398	291,363	351,143	2,795,172	3,424,541	(18.4%)
<i>Treatment Plants</i>	-	-	66,953,191	68,888,221	66,953,191	68,888,221	(2.8%)
<i>Right to Use – Vehicles & Equipment</i>	458,052	385,579	1,951,742	1,793,767	2,409,794	2,179,346	10.57%
Total	\$444,336,986	\$423,037,643	\$243,114,341	\$252,811,769	\$687,451,327	\$675,849,412	1.7%

Major capital asset events, excluding education, during the current fiscal year included the following:



Additional information on the County's capital assets can be found in note 5 on pages 57-60 of this report.

Debt Administration

At the end of the current fiscal year, the County had total outstanding debt, excluding capital leases, of \$197.6 million. This amount was comprised of debt backed by the full faith and credit of the County and user fees. The debt balance increased by a net of \$1.5 million, the result of net principal payments of \$13.9 million and new borrowings of \$15.8 million. Funds borrowed were used mainly for infrastructure and education projects.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Washington County, Maryland
Outstanding Debt
(Government – Wide)

Instrument Type	Governmental Activity		Business-type Activity		Total Outstanding Debt		% Change
	2022	2021	2022	2021	2022	2021	
General Obligation Bonds	\$148,755,486	\$149,730,708	\$41,977,645	\$37,477,966	\$190,733,131	\$187,208,674	1.88%
Maryland Water Quality Bonds	1,685,670	2,200,560	5,177,028	6,662,013	6,862,697	8,862,573	-22.57%
Total	\$150,441,156	\$151,931,268	\$47,154,673	\$44,139,979	\$197,595,828	196,071,247	0.01%

The County's credit ratings for fiscal year 2022 are as follows: 1) Standard and Poor's rated AA+, 2) Fitch rated AA+, and 3) Moody's Investors Service rated Aa1.

Under the Code of Public Local Law, the amount of general obligation debt the County may issue associated with water quality debt is limited to 10 percent of its total assessed valuation of all real estate in the County that is subject to taxation. The current estimated debt limitation for water quality is \$1.4 billion, which is significantly in excess of the County's current water quality general obligation debt.

Additional Information on the County's long-term debt can be found in note 8 on pages 63-69 of this report.

Economic and Other Factors

- ❑ Washington County's economy is showing signs of mixed economic performance for FY2022. The average price of a home sold increased by 13.3% in FY2022 to \$290,530. The number of units sold increased in FY2022 by 0.4% from 2,233 to 2,242. Active inventory on the market remains low bringing a premium to sellers in the market.
- ❑ Development projects in the County have continued despite the COVID-19 pandemic. Millions in investment will ultimately increase real estate and income taxes in the County. A portion of this development is offset initially with real estate tax credits.
- ❑ Inflation, as measured by the Consumer Price Index, is expected to increase which could impact pricing of goods and services within the County.
- ❑ Unemployment trends continue to show improvement and have reached pre-pandemic levels. Washington County's unemployment rate for the last three years is as follows:
 - June 2020 8.4%
 - June 2021 6.6%
 - June 2022 4.8%
- ❑ The Board of County Commissioners recently voted to reduce the income tax rate from 3.0% to 2.95% effective January 1, 2023. The County will experience the loss in revenue associated from the difference in the tax rate for six months of the year for FY2023. In FY2024, the County will experience the loss of revenue from the difference in the tax rate for the full year as well as a decrease in the disparity grant of about \$6 million. The full year reduction is estimated at \$7.6 million in revenue but could fluctuate based on varying circumstances related to taxpayers.



MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

- ❑ Water and Sewer rates were not increased for the 2023 budget year, however an increase of 3.5% was proposed. Recommended increases are based on financial information formulated annually from the County's cost of service model. The Sewer fund utilizes cash reserves in FY2023 to balance the budget but is expected to reach a self-supported status by FY2025 with projected annual rate increases of 3.5%. The Water Fund will not reach a self-supported status without a significant increase in customer base or reduction in expenditures. The General fund currently subsidizes the Water fund.
- ❑ Future economic development could be impacted if an agreement is not reached with The City of Hagerstown (the City) since they own and maintain the largest water system in the County. The City provides drinking water to citizens in and around the City, and the Towns of Williamsport, Funkstown, and Smithsburg. The limitations on new allocation enacted by the City based upon their estimates may limit the amount of future commercial, industrial, and residential development in the county.

COVID-19 Pandemic

In response to the initial occurrence of the COVID-19 pandemic, the Governor of the State of Maryland proclaimed a state of emergency and catastrophic health emergency within the State of Maryland on March 5, 2020 that was renewed several times throughout calendar years 2020 and 2021. On July 1, 2021, the Governor of Maryland rescinded all COVID-19 related executive orders.

The County's principal source of revenue is local taxes, which represents 95% of the General Fund budget: 53% from real property taxes, 39% from local income taxes and 3% from other local taxes. Income tax revenue growth continues to be positive, however, the extent to which stimulus funding has contributed to that growth is unknown.

Although the County does not currently anticipate that the levy and collection of property taxes during fiscal year 2023 will be materially affected, the potential impact of the COVID-19 pandemic cannot be fully determined at this time. It is possible that assessment appeals related to commercial property assessments could impact the County's property tax revenue in the short term.

The County received \$13.2 million in CARES Act funding in May 2020, which was used by the County to cover certain costs or distributed to qualifying recipients through a variety of County programs. Together We Rise, the largest program recipient, was a business stabilization effort that provided approximately \$8.5 million to over 800 local businesses. The County also distributed a portion of such CARES Act funds to various local non-profit organizations in the cumulative amount of \$2.5 million. An additional \$1.3 million provided for County-related information technology enhancements to assist teleworking activities to serve the public. Approximately \$400,000 was provided as reimbursement to the County and multiple municipalities for pandemic related costs. The remaining approximately \$500,000 was provided to the Convention and Visitors Bureau for tourism revitalization efforts.

The American Rescue Plan Act allocated \$60.5 million to multiple recipients in Washington County, with \$31.2 million being allocated to municipalities located in Washington County and \$29.3 million being retained by the County. The funding may be used to respond to or mitigate the COVID-19 health emergency or its negative economic impacts, including assistance to households, small businesses, nonprofits, and aid for tourism, travel and hospitality; to provide essential workers with premium pay; to cover revenue loss incurred as a result of the COVID-19 emergency; or to make necessary investments in water, sewer, or broadband infrastructure. The County has spent a portion of the \$29.3 million on premium pay for essential workers. The remaining portion of such total amount has been allocated to various projects that include broadband expansion, clean water infrastructure, aid for tourism, and assistance for small business and nonprofits. Of the County's allocation, \$15.7 million was appropriated through the fiscal year 2022, while the remaining \$13.6 million is budgeted in the fiscal year 2023 Capital Improvement Plan.



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Budget and Finance, 100 West Washington Street, Room 3100, Hagerstown, Maryland 21740. Questions concerning the Washington County Board of Education should be directed to their offices at 10435 Downsville Pike Hagerstown, Maryland 21740.

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COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position As of June 30, 2022

	Primary Government			Component Unit	
	Governmental activities	Business-type activities	Total	Board of Education	Total
ASSETS					
Cash and short-term investments	\$ 21,279,500	\$ 49,919,327	\$ 71,198,827	\$ 21,025,924	\$ 92,224,751
Investments	194,927,190	-	194,927,190	58,432,802	253,359,992
Property taxes receivable, net of allowance	578,624	-	578,624	-	578,624
Accounts receivable, net of allowance	2,792,747	1,419,181	4,211,928	421,250	4,633,178
Lease receivable	722,017	13,755,756	14,477,773	-	14,477,773
Interest receivable	383,574	28,095	411,669	-	411,669
Unbilled receivables	529,145	2,495,122	3,024,267	-	3,024,267
Internal balances	519,395	(519,395)	-	-	-
Due from other governmental agencies	77,862,147	1,386,469	79,248,616	18,509,222	97,757,838
Inventories	1,012,069	421,865	1,433,934	725,586	2,159,520
Other assets	4,054	12,068	16,122	2,220,904	2,237,026
Net OPEB asset	5,127,769	-	5,127,769	-	5,127,769
Recoverable disbursements	104,078	-	104,078	-	104,078
Notes receivable	255,114	301,478	556,592	-	556,592
Projects under construction	9,959,692	3,750,261	13,709,953	16,199,688	29,909,641
Right of use leased assets	139,429	1,951,742	2,091,171	-	2,091,171
Property, plant, and equipment, net	444,197,557	241,162,599	685,360,156	224,576,583	909,936,739
TOTAL ASSETS	760,394,101	316,084,568	1,076,478,669	342,111,959	1,418,590,628
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding	1,286,749	401,190	1,687,939	-	1,687,939
Net pension activity	15,332,064	-	15,332,064	6,649,772	21,981,836
Net OPEB activity	1,840,290	-	1,840,290	70,991,180	72,831,470
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,459,103	401,190	18,860,293	77,640,952	96,501,245
LIABILITIES					
Current Liabilities:					
Current maturities of long-term obligations	10,634,912	3,854,773	14,489,685	-	14,489,685
Current maturities of leases	149,208	441,386	590,594	442,942	1,033,536
Current maturities of installment purchase contracts	181,779	-	181,779	-	181,779
Accounts payable	14,242,126	1,036,519	15,278,645	5,363,905	20,642,550
Accrued expenses	921,418	375,872	1,297,290	24,147,475	25,444,765
Accrued interest	2,274,681	585,411	2,860,092	-	2,860,092
Reserves	2,256,202	-	2,256,202	-	2,256,202
Unearned revenue	25,778,024	21,903,182	47,681,206	5,689,040	53,370,246
Compensated absences	3,382,570	587,278	3,969,848	921,318	4,891,166
Landfill closure and post-closure costs	-	195,090	195,090	-	195,090
Other liabilities	2,793,990	114,735	2,908,725	58,451	2,967,176
Total current liabilities	62,614,910	29,094,246	91,709,156	36,623,131	128,332,287
Noncurrent Liabilities:					
Compensated absences	1,135,768	195,757	1,331,525	5,697,876	7,029,401
Post retirement benefits	-	-	-	127,508,848	127,508,848
Long-term debt obligations	139,806,243	43,299,900	183,106,143	162,591	183,268,734
Leases	310,495	881,303	1,191,798	1,944,309	3,136,107
Installment purchase contracts	578,436	-	578,436	-	578,436
Landfill closure and post-closure costs	-	16,574,688	16,574,688	-	16,574,688
Net pension liabilities	110,231,895	-	110,231,895	15,047,274	125,279,169
Total noncurrent liabilities	252,062,837	60,951,648	313,014,485	150,360,898	463,375,383
TOTAL LIABILITIES	314,677,747	90,045,894	404,723,641	186,984,029	591,707,670
DEFERRED INFLOWS OF RESOURCES					
Net pension activity	2,192,839	-	2,192,839	8,347,609	10,540,448
Net OPEB activity	7,363,216	-	7,363,216	168,285,780	175,648,996
Leases	707,790	13,633,817	14,341,607	-	14,341,607
TOTAL DEFERRED INFLOWS OF RESOURCES	10,263,845	13,633,817	23,897,662	176,633,389	200,531,051
NET POSITION					
Net investment in capital assets	363,793,008	210,809,736	574,602,744	238,167,978	812,770,722
Restricted for:					
John Howard Trust	255,525	-	255,525	-	255,525
Capital projects	39,704,803	13,957,773	53,662,576	-	53,662,576
Scholarships & Student Activities	-	-	-	4,082,141	4,082,141
Unrestricted	50,158,276	(11,961,462)	38,196,814	(186,114,626)	(147,917,812)
TOTAL NET POSITION	\$ 453,911,612	\$ 212,806,047	\$ 666,717,659	\$ 56,135,493	\$ 722,853,152

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Activities For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 22,644,496	\$ 6,562,454	\$ 5,685,256	\$ 163,743
Public safety	80,736,885	2,643,512	6,109,024	5,025
Health	2,339,270	-	-	-
Social services	446,010	-	-	-
Education	120,236,520	-	-	-
Parks, recreation and culture	8,710,969	187,106	-	2,385,960
Natural resources	3,909,810	-	2,523,318	-
Community promotion	28,803,412	-	17,258,653	-
Highways and streets	30,048,507	-	2,110,173	8,613,694
Interest on long-term debt	4,604,683	-	-	-
Total governmental activities	<u>302,480,562</u>	<u>9,393,072</u>	<u>33,686,424</u>	<u>11,168,422</u>
Business-type activities				
Water quality	15,035,913	14,033,557	-	526,680
Solid waste	7,443,086	9,164,136	-	-
Airport	8,854,924	2,757,668	1,413,687	276,883
Public transit	3,173,543	264,034	1,874,222	1,850,072
Black Rock golf course	1,284,649	1,009,838	-	64,474
Total business-type activities	<u>35,792,115</u>	<u>27,229,233</u>	<u>3,287,909</u>	<u>2,718,109</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 338,272,677</u>	<u>\$ 36,622,305</u>	<u>\$ 36,974,333</u>	<u>\$ 13,886,531</u>
Component unit:				
Board of Education	<u>\$ 380,879,017</u>	<u>\$ 13,797,313</u>	<u>\$ 114,898,686</u>	<u>\$ 108,019</u>
		General revenue:		
		Taxes		
		Property taxes		
		Local taxes		
		Income on investments		
		Reimbursed expenses		
		Miscellaneous		
		Unrestricted grants and contributions		
		Gain (loss) on disposal of capital assets		
		Transfers		
		TOTAL GENERAL REVENUE		
		CHANGE IN NET POSITION		
		NET POSITION - BEGINNING OF YEAR		
		NET POSITION - END OF YEAR		

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Activities For the Year Ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Board of Education	Total
\$ (10,233,043)	\$ -	\$ (10,233,043)	\$ -	\$ (10,233,043)
(71,979,324)	-	(71,979,324)	-	(71,979,324)
(2,339,270)	-	(2,339,270)	-	(2,339,270)
(446,010)	-	(446,010)	-	(446,010)
(120,236,520)	-	(120,236,520)	-	(120,236,520)
(6,137,903)	-	(6,137,903)	-	(6,137,903)
(1,386,492)	-	(1,386,492)	-	(1,386,492)
(11,544,759)	-	(11,544,759)	-	(11,544,759)
(19,324,640)	-	(19,324,640)	-	(19,324,640)
(4,604,683)	-	(4,604,683)	-	(4,604,683)
(248,232,644)	-	(248,232,644)	-	(248,232,644)
-	(475,676)	(475,676)	-	(475,676)
-	1,721,050	1,721,050	-	1,721,050
-	(4,406,686)	(4,406,686)	-	(4,406,686)
-	814,785	814,785	-	814,785
-	(210,337)	(210,337)	-	(210,337)
-	(2,556,864)	(2,556,864)	-	(2,556,864)
(248,232,644)	(2,556,864)	(250,789,508)	-	(250,789,508)
-	-	-	(252,074,999)	(252,074,999)
135,971,972	-	135,971,972	-	135,971,972
176,446,161	-	176,446,161	-	176,446,161
352,082	551,364	903,446	117,604	1,021,050
1,309,833	-	1,309,833	-	1,309,833
1,372,116	255,870	1,627,986	4,719,273	6,347,259
-	-	-	273,319,495	273,319,495
(220,160)	(484,829)	(704,989)	165,721	(539,268)
(3,954,253)	3,954,253	-	-	-
311,277,751	4,276,658	315,554,409	278,322,093	593,876,502
63,045,107	1,719,794	64,764,901	26,247,094	91,011,995
390,866,505	211,086,253	601,952,758	29,888,399	631,841,157
\$ 453,911,612	\$ 212,806,047	\$ 666,717,659	\$ 56,135,493	\$ 722,853,152

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Balance Sheet - Governmental Funds As of June 30, 2022

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash	\$ 2,652,912	\$ 8,418,776	\$ 10,207,812	\$ 21,279,500
Investments	194,671,160	256,030	-	194,927,190
Property taxes receivable, net of allowance	578,624	-	-	578,624
Accounts receivable, net of allowance	1,417,113	1,050,793	324,841	2,792,747
Leases receivable	599,092	-	122,925	722,017
Interest receivable	383,360	39	175	383,574
Unbilled receivables	529,145	-	-	529,145
Due from other govt agencies	68,380,204	9,262,766	219,177	77,862,147
Due from other funds	-	107,985,633	-	107,985,633
Recoverable disbursements	104,078	-	-	104,078
Notes receivable	255,114	-	-	255,114
Other assets	4,054	-	-	4,054
Inventories	1,012,069	-	-	1,012,069
TOTAL ASSETS	\$ 270,586,925	\$ 126,974,037	\$ 10,874,930	\$ 408,435,892
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 9,311,689	\$ 2,132,947	\$ 2,797,489	\$ 14,242,125
Accrued expenses	911,857	59	9,502	921,418
Due to other funds	107,444,201	-	22,037	107,466,238
Liabilities for unpaid claims	2,256,202	-	-	2,256,202
Unearned revenue	24,764,271	-	1,013,753	25,778,024
Other liabilities	1,898,262	-	895,729	2,793,991
TOTAL LIABILITIES	146,586,482	2,133,006	4,738,510	153,457,998
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	50,045,183	-	-	50,045,183
Leases	587,558	-	120,232	707,790
TOTAL DEFERRED INFLOWS OF RESOURCES	50,632,741	-	120,232	50,752,973
FUND BALANCES				
Nonspendable	1,207,183	-	-	1,207,183
Restricted	677,513	39,704,803	403,961	40,786,277
Committed	71,427,162	85,136,228	950,789	157,514,179
Assigned	55,844	-	4,661,438	4,717,282
TOTAL FUND BALANCES	73,367,702	124,841,031	6,016,188	204,224,921
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 270,586,925	\$ 126,974,037	\$ 10,874,930	\$ 408,435,892

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position As of June 30, 2022

Fund balance governmental funds	\$	204,224,921
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Capital assets, net	444,336,986
Projects under construction	9,959,692

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are not reported in the funds:

Net other post employment benefits asset	5,127,769
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Revenues in the statement of activities that do not provide current
financial resources are not reported as revenue in the funds

Unavailable revenues	50,045,183
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Net deferred outflow of resources, including loss on refunding, net
deferred pension activity and net deferred OPEB activity are not
financial resources and therefore are not reported in the funds

8,903,048

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds:

Long-term obligations	(150,441,155)
Installment purchase obligations	(760,215)
Leases	(459,703)
Accrued interest payable - net of IRS subsidy	(2,274,681)
Compensated absences and net pension liabilities	(114,750,233)

Net position of governmental activities	\$	<u>453,911,612</u>
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The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2022

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUE				
General property tax	\$ 136,078,213	\$ -	\$ -	\$ 136,078,213
Other local tax	140,655,394	12,087,203	4,335,835	157,078,432
Licenses and permits	2,023,522	-	2,786,848	4,810,370
Court costs and fines	1,217,161	-	-	1,217,161
Charges for services	1,242,940	-	503,486	1,746,426
Reimbursed expenses	971,124	-	1,345	972,469
Interest income	351,988	-	-	351,988
Miscellaneous revenues	2,546,132	170,706	247,109	2,963,947
Grants and shared revenues	13,387,413	2,462,115	19,802,295	35,651,823
Highway	2,536,471	-	-	2,536,471
Total Revenue	301,010,358	14,720,024	27,676,918	343,407,300
EXPENDITURES				
Current:				
General government	27,452,546	-	-	27,452,546
Public safety	61,286,425	-	1,815,547	63,101,972
Health	2,339,270	-	-	2,339,270
Social services	446,010	-	-	446,010
Education	115,877,000	-	-	115,877,000
Parks, recreation and culture	6,776,064	-	253,374	7,029,438
Natural resources	735,160	-	3,146,809	3,881,969
Intergovernmental	38,543	-	-	38,543
General operations	5,094,259	-	891,423	5,985,682
Community promotion	8,139,793	-	20,659,346	28,799,139
Highways and streets	10,554,751	-	-	10,554,751
Debt service	14,905,563	-	-	14,905,563
Capital outlay:				
General government	-	4,265,787	-	4,265,787
Public safety	-	10,058,399	-	10,058,399
Highways and streets	-	11,044,042	-	11,044,042
Education	-	4,359,520	-	4,359,520
Parks and recreation	-	1,289,675	-	1,289,675
Total Expenditures	253,645,384	31,017,423	26,766,499	311,429,306
Excess (Deficiency) of Revenue Over Expenditures	47,364,974	(16,297,399)	910,419	31,977,994
OTHER FINANCING SOURCES (USES)				
Transfers in	-	33,002,090	958,599	33,960,689
Transfers out	(35,996,356)	(620,537)	(798,049)	(37,414,942)
Proceeds of bond sale	-	10,004,955	-	10,004,955
TOTAL OTHER FINANCING SOURCES (USES)	(35,996,356)	42,386,508	160,550	6,550,702
NET CHANGES IN FUND BALANCE	11,368,618	26,089,109	1,070,969	38,528,696
FUND BALANCES - BEGINNING OF YEAR	61,999,084	98,751,922	4,945,219	165,696,225
FUND BALANCES - END OF YEAR	\$ 73,367,702	\$ 124,841,031	\$ 6,016,188	\$ 204,224,921

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2022

Net changes in fund balances in governmental funds \$ 38,528,696

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay capitalized	\$ 21,514,695	
Depreciation	<u>(15,918,659)</u>	5,596,036

In the statement of activities, only the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (1,504,306)

Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond, capital lease and installment purchase principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.

Debt and lease proceeds	\$ (10,225,115)	
Payments of installment purchase principal	181,779	
Payments of lease principal	204,130	
Payments of debt principal	<u>11,495,068</u>	1,655,862

In the statement of activities, compensated absences and post-retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used. This year, compensated absences and post-retirement benefits earned exceeded financial resources used. (492,669)

Revenues and expenditures are reported in the statement of activities on the accrual basis and in the governmental funds when they provide or use current financial resources. This is the net difference of revenues and expenditures recognized between the governmental funds and statement of activities.

19,261,488

Change in Net Position of Governmental Activities	<u>\$ 63,045,107</u>
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The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Net Position - Proprietary Funds As of June 30, 2022

	Business Type Activities - Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
ASSETS					
Current Assets:					
Cash	\$ 24,601,662	\$ 19,812,534	\$ 3,520,915	\$ 1,984,216	\$ 49,919,327
Accounts receivable	1,249,269	109,286	49,623	11,003	1,419,181
Leases receivable	13,753,173	-	2,583	-	13,755,756
Interest receivables	28,095	-	-	-	28,095
Unbilled accounts	1,886,321	592,240	16,561	-	2,495,122
Due from other governmental agencies	-	-	719,296	667,173	1,386,469
Notes receivable	-	301,478	-	-	301,478
Inventories	113,846	13,585	79,206	215,228	421,865
Other Current Assets	10,450	1,618	-	-	12,068
	<u>41,642,816</u>	<u>20,830,741</u>	<u>4,388,184</u>	<u>2,877,620</u>	<u>69,739,361</u>
Noncurrent Assets:					
Projects under construction	2,332,636	100,749	1,252,402	64,474	3,750,261
Property, plant and equipment	236,461,388	68,592,450	169,078,143	13,676,729	487,808,710
Accumulated depreciation	(81,683,084)	(55,264,048)	(101,791,719)	(7,907,260)	(246,646,111)
Right of use leases	91,482	1,991,780	2,999	156,868	2,243,129
Accumulated amortization	(8,888)	(217,128)	(1,377)	(63,994)	(291,387)
Total noncurrent assets	<u>157,193,534</u>	<u>15,203,803</u>	<u>68,540,448</u>	<u>5,926,817</u>	<u>246,864,602</u>
TOTAL ASSETS	<u>198,836,350</u>	<u>36,034,544</u>	<u>72,928,632</u>	<u>8,804,437</u>	<u>316,603,963</u>
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refundings	<u>251,956</u>	<u>147,840</u>	<u>1,394</u>	<u>-</u>	<u>401,190</u>
LIABILITIES					
Current Liabilities:					
Current debt	2,204,670	1,536,773	113,330	-	3,854,773
Leases payable	17,373	363,359	1,386	59,268	441,386
Accounts payable	530,473	332,311	86,882	86,853	1,036,519
Accrued expenses	294,264	27,826	11,757	42,025	375,872
Accrued interest	415,929	165,804	3,387	291	585,411
Due to other funds	519,395	-	-	-	519,395
Unearned revenue	58,242	398,777	21,446,163	-	21,903,182
Compensated absences	341,031	96,062	38,119	112,066	587,278
Landfill closure costs	-	195,090	-	-	195,090
Other liabilities	9,900	-	47,525	57,310	114,735
Total current liabilities	<u>4,391,277</u>	<u>3,116,002</u>	<u>21,748,549</u>	<u>357,813</u>	<u>29,613,641</u>
Noncurrent Liabilities:					
Compensated absences	113,677	32,020	12,706	37,354	195,757
Debt and long term debt	35,109,732	8,129,525	60,643	-	43,299,900
Lease payable	54,961	786,104	232	40,006	881,303
Landfill closure costs	-	16,574,688	-	-	16,574,688
Total noncurrent liabilities	<u>35,278,370</u>	<u>25,522,337</u>	<u>73,581</u>	<u>77,360</u>	<u>60,951,648</u>
TOTAL LIABILITIES	<u>39,669,647</u>	<u>28,638,339</u>	<u>21,822,130</u>	<u>435,173</u>	<u>90,565,289</u>
DEFERRED INFLOWS OF RESOURCES					
Leases	<u>13,628,205</u>	<u>-</u>	<u>5,612</u>	<u>-</u>	<u>13,633,817</u>
NET POSITION					
Net investment in capital assets	133,503,296	4,649,317	68,364,857	4,292,266	210,809,736
Restricted - capital projects	13,696,498	261,275	-	-	13,957,773
Unrestricted	(1,409,340)	2,633,453	(17,262,573)	4,076,998	(11,961,462)
TOTAL NET POSITION	<u>\$ 145,790,454</u>	<u>\$ 7,544,045</u>	<u>\$ 51,102,284</u>	<u>\$ 8,369,264</u>	<u>\$ 212,806,047</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2022

	Business Type Activities - Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
OPERATING REVENUE					
Charges for services	\$ 14,033,557	\$ 9,164,136	\$ 2,757,668	\$ 1,273,872	\$ 27,229,233
Miscellaneous	43,813	118,458	74,045	19,554	255,870
TOTAL OPERATING REVENUE	<u>14,077,370</u>	<u>9,282,594</u>	<u>2,831,713</u>	<u>1,293,426</u>	<u>27,485,103</u>
OPERATING EXPENSES					
Salaries and wages	4,000,235	1,540,848	706,944	2,034,053	8,282,080
Fringe benefits	2,605,511	862,658	356,849	886,366	4,711,384
Utilities	1,175,296	48,000	206,324	77,001	1,506,621
Insurance	168,862	31,754	61,588	40,058	302,262
Repairs and maintenance	448,256	3,055	84,347	235,390	771,048
Supplies	301,635	173,341	10,960	45,024	530,960
Cost of goods sold	-	-	6,763	114,249	121,012
Contracted services	289,510	1,809,678	47,822	130,870	2,277,880
Rentals and leases	26,333	8,365	2,782	37,884	75,364
Other operating	1,263,426	1,012,286	144,780	491,025	2,911,517
Uncollectible accounts	3,046	9,603	(601)	-	12,048
Controllable assets	176,854	45,696	26,952	4,826	254,328
Depreciation and amortization	3,928,877	1,659,927	7,194,781	356,970	13,140,555
TOTAL OPERATING EXPENSES	<u>14,387,841</u>	<u>7,205,211</u>	<u>8,850,291</u>	<u>4,453,716</u>	<u>34,897,059</u>
OPERATING INCOME (LOSS)	<u>(310,471)</u>	<u>2,077,383</u>	<u>(6,018,578)</u>	<u>(3,160,290)</u>	<u>(7,411,956)</u>
OTHER INCOME (EXPENSE)					
Interest expense	(648,072)	(237,875)	(4,633)	(4,476)	(895,056)
Interest income	547,244	2,698	1,422	-	551,364
Gain (loss) on disposal of assets	(486,575)	1,746	-	-	(484,829)
TOTAL OTHER INCOME (EXPENSE)	<u>(587,403)</u>	<u>(233,431)</u>	<u>(3,211)</u>	<u>(4,476)</u>	<u>(828,521)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND GRANTS	<u>(897,874)</u>	<u>1,843,952</u>	<u>(6,021,789)</u>	<u>(3,164,766)</u>	<u>(8,240,477)</u>
OPERATING TRANSFERS	<u>577,147</u>	<u>450,000</u>	<u>56,049</u>	<u>1,426,520</u>	<u>2,509,716</u>
GRANTS FOR OPERATING	<u>-</u>	<u>-</u>	<u>1,413,687</u>	<u>1,874,222</u>	<u>3,287,909</u>
NET INCOME (LOSS) BEFORE CAPITAL TRANSFERS AND GRANTS	<u>(320,727)</u>	<u>2,293,952</u>	<u>(4,552,053)</u>	<u>135,976</u>	<u>(2,442,852)</u>
CAPITAL TRANSFERS	<u>1,145,537</u>	<u>-</u>	<u>176,000</u>	<u>123,000</u>	<u>1,444,537</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>526,680</u>	<u>-</u>	<u>276,883</u>	<u>1,914,546</u>	<u>2,718,109</u>
CHANGES IN NET POSITION	<u>1,351,490</u>	<u>2,293,952</u>	<u>(4,099,170)</u>	<u>2,173,522</u>	<u>1,719,794</u>
NET POSITION - BEGINNING OF YEAR	<u>144,438,964</u>	<u>5,250,093</u>	<u>55,201,454</u>	<u>6,195,742</u>	<u>211,086,253</u>
NET POSITION - END OF YEAR	<u>\$ 145,790,454</u>	<u>\$ 7,544,045</u>	<u>\$ 51,102,284</u>	<u>\$ 8,369,264</u>	<u>\$ 212,806,047</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Statement of Cash Flows – Proprietary Funds For the Year Ended June 30, 2022

	Enterprise Funds				
	Water Quality Fund	Solid Waste Fund	Airport Fund	Non-Major Funds	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 14,007,681	\$ 9,285,208	\$ 4,856,085	\$ 1,259,440	\$ 29,408,414
Payments to suppliers	(3,586,962)	(2,569,195)	(1,065,828)	(1,278,478)	(8,500,463)
Payments to employees	(6,711,792)	(2,443,183)	(1,401,398)	(2,980,403)	(13,536,776)
Net Cash Provided (Used) by Operating Activities	3,708,927	4,272,830	2,388,859	(2,999,441)	7,371,175
Cash Flows from Noncapital Financing Activities					
Operating contributions	577,147	450,000	1,469,736	3,300,742	5,797,625
Change in due to/from other funds	139,103	-	(15,116)	-	123,987
Net Cash Provided (Used) by Noncapital Financing Activities	716,250	450,000	1,454,620	3,300,742	5,921,612
Cash Flows from Capital and Related Financing Activities					
Interest paid on notes and bond payable	(657,600)	(257,548)	(6,761)	(4,476)	(926,385)
Acquisition and construction of capital assets	(1,650,434)	(349,434)	(662,834)	(1,885,556)	(4,548,258)
Grants for capital acquisition	1,672,217	-	452,883	2,037,546	4,162,646
Gain/(loss) on the sale of assets	(486,575)	1,746	-	-	(484,829)
Proceeds from notes and bonds payable	7,044,876	-	-	-	7,044,876
Payments on notes, bonds payable and leases	(2,331,856)	(1,808,581)	(107,574)	-	(4,248,011)
Net Cash Provided (Used) by Capital and Related Financing Activities	3,590,628	(2,413,817)	(324,286)	147,514	1,000,039
Cash Flows from Investing Activities					
Interest on investments	547,244	2,698	1,422	-	551,364
Net change in cash	8,563,049	2,311,711	3,520,615	448,815	14,844,190
Cash, Beginning of Year	16,038,613	17,500,823	300	1,535,401	35,075,137
Cash, End of Year	\$ 24,601,662	\$ 19,812,534	\$ 3,520,915	\$ 1,984,216	\$ 49,919,327
Non-Cash Operating Activities					
Loss on refunding	\$ 251,956	\$ 147,840	\$ 1,394	\$ -	\$ 401,190
Reconciliation of Operating Loss to Net Cash from Operating Activities					
Operating income (loss)	\$ (310,471)	\$ 2,077,383	\$ (6,018,578)	\$ (3,160,290)	\$ (7,411,956)
Adjustments to reconcile operating loss to net cash from operating activities:					
Depreciation and amortization	3,928,877	1,659,927	7,194,781	356,970	13,140,555
Changes in assets and liabilities:					
Accounts receivable	(151,109)	(18,135)	(18,456)	(9,148)	(196,848)
Unbilled receivables	(127,715)	24,496	10,491	40	(92,688)
Due to/from other government entities	235,572	-	2,832,339	(82,188)	2,985,723
Inventories	61,666	5,061	(11,750)	(17,690)	37,287
Accounts payable and other liabilities	204,590	160,692	(743,440)	(84,461)	(462,619)
Accrued expenses	(154,864)	(57,324)	(67,666)	(84,508)	(364,362)
Landfill closure	-	406,830	-	-	406,830
Unearned revenue	(26,437)	(3,747)	(800,002)	57,310	(772,876)
Compensated absences	48,818	17,647	11,140	24,524	102,129
Net Cash Provided (Used) by Operating Activities	\$ 3,708,927	\$ 4,272,830	\$ 2,388,859	\$ (2,999,441)	\$ 7,371,175

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

**Statement of Net Position – Fiduciary Funds
As of June 30, 2022**

	<u>Pension Trust</u>	<u>LOSAP Trust</u>	<u>OPEB Trust</u>	<u>Total Pension and OPEB Trust Funds</u>
ASSETS				
Cash and short-term investments	\$ 2,193,250	\$ 140,570	\$ 336,549	\$ 2,670,369
Investments, at fair value:				
Corporate bonds and obligations	2,437,341	-	-	2,437,341
Fixed income securities	45,559,986	3,334,033	6,834,902	55,728,921
Real Estate investment	14,204,803	-	1,708,039	15,912,842
Equity funds	97,711,586	7,132,135	17,881,915	122,725,636
Accounts receivable	5,108,000	8,450	12,719	5,129,169
TOTAL ASSETS	<u>167,214,966</u>	<u>10,615,188</u>	<u>26,774,124</u>	<u>204,604,278</u>
LIABILITIES				
Accounts payable	-	-	209,579	209,579
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>209,579</u>	<u>209,579</u>
NET POSITION				
Held in trust for pension and OPEB	167,214,966	10,615,188	26,564,545	204,394,699
NET POSITION	<u>\$ 167,214,966</u>	<u>\$ 10,615,188</u>	<u>\$ 26,564,545</u>	<u>\$ 204,394,699</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

**Statement of Changes in Net Position - Fiduciary Funds
For the Year Ended June 30, 2022**

	<u>Pension Trust</u>	<u>LOSAP Trust</u>	<u>OPEB Trust</u>	<u>Total Pension and OPEB Trust Funds</u>
ADDITIONS				
Contributions:				
Employer	\$ 17,370,433	\$ 386,634	\$ -	\$ 17,757,067
Plan members	2,667,465	-	-	2,667,465
Total Contributions	<u>20,037,898</u>	<u>386,634</u>	<u>-</u>	<u>20,424,532</u>
Investment Income:				
Realized and unrealized losses	(27,287,217)	(2,202,640)	(4,880,341)	(34,370,198)
Interest and dividends	1,456	101	431	1,988
Other income	7,486,384	628,317	1,474,754	9,589,455
Total Investment Income	<u>(19,799,377)</u>	<u>(1,574,222)</u>	<u>(3,405,156)</u>	<u>(24,778,755)</u>
TOTAL ADDITIONS	<u>238,521</u>	<u>(1,187,588)</u>	<u>(3,405,156)</u>	<u>(4,354,223)</u>
DEDUCTIONS				
Benefits	12,702,206	672,827	932,146	14,307,179
Administrative expenses	142,111	22,754	36,595	201,460
TOTAL DEDUCTIONS	<u>12,844,317</u>	<u>695,581</u>	<u>968,741</u>	<u>14,508,639</u>
CHANGES IN NET POSITION	<u>(12,605,796)</u>	<u>(1,883,169)</u>	<u>(4,373,897)</u>	<u>(18,862,862)</u>
NET POSITION - BEGINNING OF YEAR	<u>179,820,762</u>	<u>12,498,357</u>	<u>30,938,442</u>	<u>223,257,561</u>
NET POSITION - END OF YEAR	<u>\$ 167,214,966</u>	<u>\$ 10,615,188</u>	<u>\$ 26,564,545</u>	<u>\$ 204,394,699</u>

The accompanying notes are an integral part of this financial statement.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The primary government is the County Commissioners of Washington County, referred to herein as the County or the County Commissioners. The County is governed by an elected five-member board.

The accompanying financial statements are presented as of June 30, 2022 and for the year then ended, and have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the *GASB's Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification).

Reporting Entity

The accompanying financial statements comply with the provisions of the GASB Standards in that the financial statements include all organizations, activities, functions and component units for which the County (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

Based on the foregoing, the County's financial reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, and the component units discussed below.

Blended Component Units - The Washington County Public Golf Corporation (Black Rock Golf Course) is governed by a five-member board appointed by the County Commissioners. Although it is legally separate from the County, the Washington County Public Golf Corporation is reported as if it were part of the primary government because its sole purpose is to operate the golf course which is owned by the County. Black Rock Golf Course is reported as an enterprise fund.

Discretely Presented Component Unit - The component unit column in the government-wide financial statements include the financial data of the County's other component unit, the Board of Education of Washington County (the Board, Board of Education or School System.) The Board of Education is elected by the voters of Washington County. The Board of Education operates the public schools in the County. The Board may not issue debt or levy taxes. The County issues debt and levies taxes to provide capital and operating funds to the Board. The State of Maryland also provides significant capital and operating funds to the Board.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Complete financial statements of the discretely presented individual component unit can be obtained from its administrative office:

Washington County Board of Education
10435 Downsville Pike
Hagerstown, Maryland 21740

Related Organizations - The County Commissioners are also responsible for appointing the members of the boards of various other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. Several of these other organizations are funded by Federal or state governments.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, income taxes, other local taxes, licenses, and interest associated with the current fiscal period are all recognized as revenue of the current fiscal period.

The County's pension plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities in the governmental funds. The Capital Projects Fund accounts for all capital improvements, which are financed by bond issues, government grants, and transfers from the General and Special Revenue Funds. Closed projects are capitalized in the appropriate fund.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government reports the following major proprietary funds:

The Water Quality Fund accounts for activities of the County's sewage treatment plants, sewage pumping stations and collection systems, and the water treatment plants and distribution systems.

The Solid Waste Fund is used to account for activities related to the safe disposal of solid waste, to meet all state, Federal, and county regulations and to provide for recycling.

The Airport Fund is used to account for activities at the Hagerstown Regional Airport that serves the air transportation and ancillary needs of the four-state region.

Additionally, the government reports the following fiduciary funds:

The County's Pension Trust Fund is used to account for activities related to the Employees' Retirement Plan of Washington County.

The County's Volunteer Length of Service Award Program Trust Fund (LOSAP) is used to account for activities related to the eligible volunteers' retirement, disability, and death benefits.

The Other Post-employment Benefits Trust Fund (OPEB) is used to account for activities related to the other post-employment benefit plan of Washington County.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from producing and delivering goods and providing services and use of properties in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are charges to customers for sales and services. The Water Quality Fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the County to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$10,000 or greater for all funds except for the Black Rock Golf Course and Public Transit Funds, which are \$5,000. All assets are recorded at historical cost or estimated historical cost, except for donated capital assets which are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Property, plant, equipment and infrastructure assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	15-50 years
Buildings and Improvements	10-40 years
Facilities	20-100 years
Vehicles	5-10 years
Infrastructure	10-100 years
Machinery and Equipment	5-20 years
Office Furniture and Equipment	5-10 years
Treatment Plants	25-100 years
Computer Equipment	5-10 years

Long-Term Obligations

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund statements of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources (uses). Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital outlay expenditures in the Capital Projects Fund.

Investments

Investments are stated at fair value based on quoted market values. Under the terms of repurchase agreements, the excess cash from checking accounts is invested in short-term investments. All deposits are insured by FDIC or a surety bond. Short-term investments in U.S. Treasury and agency obligations that have remaining maturities of 90 days or less, provided that the fair value of those investments is not significantly affected by impairment, are reported at amortized cost, which approximates market value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Retirement plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Inventories

Inventories of the General Fund, Special Revenue Funds and Enterprise Funds consist of expendable supplies held for consumption and items held for sale. These items are priced at cost using the first-in, first-out method, or average costing.

Employee Benefit Programs

The County's benefit program provides substantially all employees with group hospitalization, life insurance, disability income protection, and retirement plans. The cost of the retirement plans is accounted for in the General and Special Revenue Funds and in the Enterprise Funds of the County.

There are two employee retirement plans for County employees. The County plans cover all full-time employees other than those employed prior to July 1, 1972, who elected to retain membership in the Maryland State Retirement System. The Board of Education Retirement Plan is the Maryland State Retirement System. The assets of the County plans are held by a trustee.

Retirement plan costs for members of the County Retirement Plan are determined annually on an actuarial basis. Pension costs charged to expense equal the actuarially determined contributions, calculated in accordance with GASB Statement No.68. The County follows the practice of funding pension costs accrued.

Taxes and County Services

The County and its separate funds do not pay Federal, state or local taxes except social security taxes. Except for certain limited reimbursements of administrative expenses and employee benefits, the General Fund is not reimbursed by the other funds for general staff services.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Real Estate and Personal Property Taxes

The County's property tax is levied each July 1st, at rates enacted by the Board of County Commissioners based on the total assessed value as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings. A reassessment of all property is required to be completed every three years.

Property taxes are levied as of July 1st, and a discount of one-half percent is granted for property taxes paid by July 31st. Taxpayers also have the options of paying in full without interest by September 30th, or paying their tax bills semi-annually. Taxpayers electing the semi-annual method can pay the first installment without interest by September 30th. Beginning October 1st, interest is charged. The second semi-annual payment, including a service charge, is due by December 31st. Interest accrues at one percent monthly for delinquent property taxes.

Maryland law provides that unpaid real estate property taxes shall be a lien on the real property from the date the taxes become payable. If real estate property taxes remain unpaid, the collector shall sell the real properties at tax sale no later than two years from the date taxes are in arrears. The County estate tax sale is held annually on the first Tuesday in the month of June.

Rate of County Taxes:

Income tax	2.95% of Maryland taxable income (calendar year 2023)
Recordation tax	\$3.80 per \$500
Trailer park	As of March 1, 2020, the County Commissioners reduced the tax to 7.5% of gross rentals, with a \$20 per month per mobile home space cap on the tax.
Property taxes	\$0.928 per \$100 of assessable base (for Fiscal Year 2023)

Cash Flows

For the purposes of the Statement of Cash Flows, the proprietary funds have defined cash equivalents as all highly liquid deposits and other investment instruments that have a maturity of three months or less.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

The County's receivables consist of amounts due from County residents for property and other taxes, utilities, and miscellaneous services fees and amounts due from the Federal and state governments for grants and shared taxes. The Water Quality department provides sewage and water services for residential, commercial, and other entities in the Washington County, Maryland region. The department extends credit to its customers for sewer and water service charges.

Net Position and Fund Equity

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary fund and fiduciary fund statements and "Fund Balance" on governmental fund statements. Net Position is broken into categories and classified as "Net Investment in Capital Assets," legally "Restricted" for a specific purpose or "Unrestricted" and available for appropriation for general purposes.

In the governmental fund financial statements, nonspendable and restricted fund balances represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Committed fund balance represents amounts that are reserved for a particular purpose by the County Commissioners of Washington County, and would require action by the Board to release the fund balance from its commitment. Assigned fund balance represents tentative management plans that are subject to change.

Leases

Lessee: The County is a lessee for noncancellable leases of vehicles, machinery and equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The County is a lessor for noncancellable leases of land, cell tower space, pretreatment facility and office space. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The County's budget process is key to its long-range strategic plan. With the adoption phase ending in May, the entire budget process encompasses nine months in preparation time. Financial forecasts, economic trends, policy reviews, and citizen input are all part of this process and result in the development of the operating and capital budgets for the year. The following describes the budget process and procedures established by the County. Budgets are adopted using the same basis of accounting as that used for reporting purposes.

Financial Capacity and Analysis Phase

The County develops statistical analysis of major revenue sources through various resources available. The County prepares and annually updates a long-range financial forecasting system which includes projections of revenue, expenditures, future costs, financing of capital improvements that are included in the Capital Improvement Budgets, Cost of Service Plans and the Operating Budget.

Financial Capacity and Analysis Phase (continued)

Revenue estimates are monitored to identify any potential trends, which would significantly impact the various revenue sources. The County reviews current construction trends, the number of building permits, mortgages rates, and other economic data that can impact revenue collections.

The County uses other financial modeling techniques that impact the long-term operations and rates for the Water Quality and Solid Waste Funds.

The County annually updates its financial ratio trends. Most of the financial trends include peer group median and historical data. Trend indicators are tracked for specific elements of the County's fiscal policies for evaluation.

Debt capacity is evaluated on an annual basis prior to the adoption of the Capital Improvement Budget. The County examines statistical measures and compares them to other counties, rating agency standards, and Washington County's historical measures to determine debt affordability.

The economic and financial trend analysis is an integral part of the County's decision-making process that includes short and long-term forecasts. The County's current financial condition as well as future financial capacity, long-range plans, and future goals and visions are evaluated. During this phase forecasting assumptions, policy and reserve reviews, compensation adjustments, and inflation assumptions are made.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Budget Development Start

The development of the budget starts with the on-line release of operational budgets and ten year capital improvement budget. The information distributed includes instructions on completing the budgets, due dates, and updated information on budgetary numbers, personnel positions, goals, and other pertinent information.

Budget Development Phase

Capital Improvement budget development begins in the winter after the development of the debt capacity and financial trend and economic trend analysis. The Capital Improvement Program (CIP) provides a comprehensive approach to planning and impacts all facets of County operations. The County Administrator, the Chief Financial Officer, the Director of Planning, the Director of Engineering, and the Director of Public Works comprise the Capital Improvements Program Committee (CIP Committee). From the time the CIP's initial annual review begins in October through its adoption in May of each fiscal year, there is constant interaction between departments, the CIP Committee, and the elected officials. This effort is characterized by cooperation and reflects a common goal of ensuring that the CIP meets the objectives of the County and remains affordable and achievable. The CIP is reviewed in conjunction with the annual debt affordability analysis with revenue projections inclusive of rate analysis, in order to determine funding availability. A financial analysis of funding sources and project costs is conducted for all proposed capital improvement projects.

It is the CIP Committee's responsibility to review all requests that County departments and agencies submit. All projects are ranked based on established criteria for priority ranking.

Considering current and future needs as developed in the ten-year capital plan, and available funding sources and the results of the priority ranking process, the CIP Committee determines which capital projects best meet established criteria for the current fiscal year Capital Improvement budget and the nine-year forecast. Operating impacts of current and proposed capital projects are also taken into consideration by staff when developing their Capital Improvement budget.

Operating budgets represent existing service levels and two years of prior historical information. Departments and agencies request funding for the upcoming fiscal year. Any increases in program and services require justification, as do all capital outlay requests. These requests are summarized with projected funding shortfalls or overruns calculated.

Review and Modification Phase

The Chief Financial Officer presents the Operating and Capital Improvement budgets to the County Commissioners. Preliminary recommendations are reviewed to ensure that

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

preliminary budgets address the County's goals and fiscal management policies. The County Administrator and the Chief Financial Officer work with the Commissioners on the proposed budget documents for adoption.

Adoption Phase

Proposed budgets are voted on by the County Commissioners to take to a public hearing to communicate to the general public for all operating and capital funds. The public hearing is advertised in the local newspaper and on the County web site. A presentation and handouts are prepared for the public.

Public hearings are held on the proposed budgets and the current tax levy. Local law requires a balanced budget to be adopted by July 1.

Start Up

Department Managers are responsible for their budgets throughout the fiscal year. Expenditure percentages are calculated and compared to the budget. Corrective action, if necessary, is taken if serious negative trends exist. Management and the County Commissioners have real-time budgeting reports available and provide quarterly updates on the County's website as well as updates on major events and/or issues.

Balanced Budget

Under County code, the County Commissioners' annual budget shall have a figure for the total of all appropriations and a figure for the total of all revenue available to pay the appropriations. The figure for total appropriations may not exceed the figure for total estimated revenue.

Costing of Services

In addition to accrual basis budgeting, several enterprise funds utilize a cost of service approach. Cost of service is a method of accounting, which identifies both the cost of the program and the portion of the cost that will be recovered through fees and charges. By using this financial technique, the County is able to assess the true cost of providing a service. Currently, water, sewer, and solid waste services use this approach to determine cost and rates.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

Amendment to the Budget

The County's operating budgets are adopted at the program and service level and the Capital Improvement budget is adopted at the project level. Transfers between programs or projects in excess of \$25,000 require County Commissioner's approval.

The Chief Financial Officer reviews capital projects before any issuance of debt. Any modifications to a project and/or the total debt to be issued based upon this review is required to be approved by the County Commissioners either for an increase or decrease in total borrowing amount or for a change in the total borrowing source.

The County maintains a cash and investment pool that is available for use by all funds, and is displayed on the Statement of Net Position as "cash and short-term investments."

Statutes authorize the County to invest in United States government bonds, obligations of the Federal government or agencies, savings accounts in Maryland banks, repurchase agreements and the Maryland Local Government Investment Pool.

3. CASH AND SHORT-TERM INVESTMENTS

Primary Government

Deposits

As of June 30, 2022, the carrying amount of the County's deposits was \$71,198,827 and the bank balances were \$72,724,587. All deposits are carried at cost plus accrued interest. There were no significant violations of the collateralization requirements during the year ended June 30, 2022. The County's deposit policy specifies that all deposits must be entirely covered by Federal depository insurance, deposit surety bond, or by collateral in the form of pledged securities, according to state statute. In order to anticipate market changes and provide a level of security for all funds, the collateralization level is required to be at least 102% of market value of principal and accrued interest.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk. As of June 30, 2022, the County's bank balance of \$72,724,587 was not exposed to custodial credit risk as \$250,000 of interest bearing accounts and \$250,000 of noninterest bearing accounts

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

are insured by FDIC, \$15,000,000 is covered by a short term line of credit, and the remainder is collateralized through the Bank of New York Mellon.

Investments

As of June 30, 2022, the County had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Investments held in County's name:					
U.S. government obligations, municipal and corporate bonds	\$ 194,927,190	\$ 194,927,190	\$ -	\$ -	\$ -
Total investments held in County's name	194,927,190	194,927,190	-	-	-
Investments held by trustee of					
Pension plan:					
U.S. government obligations, municipal and corporate bonds	2,437,341	2,437,341	-	-	-
Fixed income securities	45,559,986	45,559,986	-	-	-
Real estate investments	14,204,803	14,204,803	-	-	-
Equity funds	97,711,586	97,711,586	-	-	-
Money market funds	2,193,250	2,193,250	-	-	-
Total Investments held by trustee of pension plan	162,106,966	162,106,966	-	-	-
Investments held by trustee of					
LOSAP plan:					
U.S. government obligations and corporate bonds	-	-	-	-	-
Fixed income funds	3,334,033	3,334,033	-	-	-
Equity funds	7,132,135	7,132,135	-	-	-
Money market funds	140,570	140,570	-	-	-
Total Investments held by trustee of LOSAP plan	10,606,738	10,606,738	-	-	-
Investments held by trustee of					
OPEB plan:					
Real estate investments	1,708,039	1,708,039	-	-	-
Fixed income funds	6,834,902	6,834,902	-	-	-
Equity funds	17,881,915	17,881,915	-	-	-
Money market funds	336,549	336,549	-	-	-
Total Investments held by trustee of OPEB plan	26,761,405	26,761,405	-	-	-
Total investments	\$ 394,402,299	\$ 394,402,299	\$ -	\$ -	\$ -

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the County's investments are valued using quoted market prices (level 1 inputs).

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy specifies that funds shall be invested at all times in keeping with the daily and seasonal pattern of the County's cash balances, as well as any other special factors or needs, in order to assure the availability of funds on a timely and liquid basis. Cash flow projections will be monitored and updated on an ongoing basis by the Budget and Finance Department and communicated regularly to the County Administrator. On a periodic basis, the County will determine, based on cash flow projections, what the appropriate average weighted maturity of the portfolio should be.

Unless matched to a specific cash flow, the County will not invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturities of such instruments precede or coincide with the expected needs for funds and only with the prior approval of the Budget and Finance Department.

The County's Pension Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.

The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-25%	12%
Real Estate	0-10%	4%
Private Infrastructure	0-10%	4%
Private Credit/ High Yield	0-15%	7%
Fixed Income:		
Investment Grade	6-26%	16%
Money Market	0-10%	2%

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Primary Government (continued)

Investments (continued)

Credit Risk: It is the County's investment policy to only invest in U.S. Government Treasury obligations, agencies, and sponsored instrumentalities. Also the County's investment policy allows for investments in banks located in the State of Maryland (Certificates of Deposit) with the exception of Bankers Acceptances. Commercial banks must have a short-term rating of at least investment grade from the appropriate bank rating agencies. Bankers' Acceptances from domestic banks, which also include United States affiliates of large international banks, must have a rating of A1 from Standards and Poor's Corporation and P1 from Moody's Investor Services. As of June 30, 2022, the County's investments were 100% in U.S. Treasury and Agency obligations and certificates of deposit.

The County's Pension Plan Investment Policy allows for investing in the following investment types. Also, below is the benchmark used for rating each of the assets.

Investment Type	Evaluation Benchmark
Equities:	
Domestic	Russell 3000
International	MSCI ACWI ex U.S. IMI (net)
Options/ Defensive Equity	CBOE Covered Combo
Real Estate	NCREIF ODCE
Private Infrastructure	S&P Global Infrastructure
Private Credit/ High Yield	Bloomberg Barclays High-yield
Fixed Income:	
Investment Grade	Bloomberg Barclays Aggregate
Money Market	BofAML 90- Day T-Bill

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2022, none of the County's investments are exposed to custodial credit risk because they are held in the County's name.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education

Cash

Custodial Credit Risk: Maryland State Law prescribes that local government units, such as the School System, must deposit its cash in banks transacting business in the State of Maryland, and that such banks must secure any deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance levels with collateral whose market value is at least equal to the deposits. Any cash deposit exceeding the FDIC insurance level will require collateralization. The FDIC coverage limits are applied to total noninterest bearing accounts separately from interest-bearing accounts.

Compliance is summarized as follows:

<u>June 30, 2022</u>	<u>Governmental Activities and Business-Type</u>	<u>Fiduciary Responsibilities</u>	<u>Total</u>
Carrying amount of cash deposits	\$ 21,025,924	\$ 73,841	\$ 21,099,765
Bank balance of cash deposits	23,304,254	73,841	23,378,095
Amount covered by FDIC	1,514,011	73,841	1,587,852
Amount collateralized with securities held by an agent of the pledging financial institution in the School system's name	21,790,243	-	21,790,243

Investments

Credit Risk: Maryland statutes authorize the School System to invest in obligations of the United States government or agency obligations. As of June 30, 2022, the School System's operating investments in U.S Government Agencies were rated AAA and AA+ by Standard & Poor's. The School System's fiduciary investments in fixed income mutual funds and corporate bonds were not rated and rated A+, respectively, as of June 30, 2022.

Interest Rate and Custodial Risk: Investments are made in Federal government securities without risk of loss due to market conditions. The Board's investments, which include uninsured and unregistered investments, are held by a bank's trust department or agent in the School System's name. The Board's policy is generally to require delivery of the investments to a third-party custodian.

Foreign Currency Risk: Maryland law does not permit the School System to have or hold any type of international investment vehicle.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Retiree Health Plan Trust Investments: The investments of the MABE Trust are stated at fair value, are deposited with Fidelity, and are managed by GYL Financial Synergies, LLC. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. Although all investments of the MABE Trust are considered Level 1 and Level 2, the School System's membership in the MABE Trust is considered Level 2. As of June 30, 2022, the pooled net position of the MABE Trust was \$537,118,008 in total, of which the School System's allocated investment balance was \$98,386,452. The School System's allocated investments consist of the following:

Cash and Cash Equivalents	\$ 5,872,485
Interest Receivable	117,864
Corporate Bonds	14,002,871
Fixed Income Mutual Funds	8,217,638
Equity Securities	32,644,452
Mutual Funds	24,206,575
U.S. Government Agency	13,324,567
	<u>\$ 98,386,452</u>

The School System may terminate its membership in the MABE Trust and withdraw its allocated investment balance by providing written notification six months prior to the intended date of withdrawal.

Concentration of Credit Risk: The School System does not have a formal policy that places a limit on the amount or percent that may be invested in any one issuer. More than 5% of the School System's Governmental Activities investments are investments in the Federal Home Loan Mortgage Corp. This investment is 11%, respectively, of the Governmental Activities investments. More than 5% of the School System's General Fund investments are investments in the Federal Home Loan Mortgage Corp. This investment is 20% of the General Fund investments.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Market Risk: The School System's investments are exposed to various risks, such as interest rate, market, currency, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the financial statements. Agency bonds are not backed by the full faith and credit of the United States Government.

As of June 30, 2022, the School System had the following investments and maturities:

June 30, 2022	Governmental Activities	Business-Type Activities	Fiduciary Responsibilities	Total
United States Treasury Note - .125% matures December 31, 2022	\$ 6,749,642	\$ -	\$ -	\$ 6,749,642
United States Treasury Bill - .000% matures August 4, 2022	5,986,653	-	-	5,986,653
United States Treasury Note - .125% matures February 28, 2023	7,271,623	-	-	7,271,623
United States Treasury Note - .250% matures April 15, 2023	6,019,219	-	-	6,019,219
United States Treasury Note - .125% matures May 31, 2023	4,989,453	-	-	4,989,453
United States Treasury Note - 1.250% matures July 31, 2023	4,947,580	-	-	4,947,580
United States Treasury Note - .125% matures August 31, 2023	5,954,297	-	-	5,954,297
United States Treasury Note - 1.625% matures October 31, 2023	4,938,593	-	-	4,938,593
United States Treasury Note - .250% matures November 15, 2023	4,985,938	-	-	4,985,938
Federal Home Loan Mortgage Corp- .250% matures June 26, 2023	6,512,502	-	-	6,512,502
Income Fund of America	77,302	-	-	77,302
Retiree Health Plan Trust	-	-	98,386,452	98,386,452
	<u>\$ 58,432,802</u>	<u>\$ -</u>	<u>\$ 98,386,452</u>	<u>\$ 156,819,254</u>

Investment Type	Fair Value	Investment Maturities (in Years)			
	June 30, 2022	Less than 1	1-5	6-10	More than 10
U.S. Agencies	\$ 58,355,500	\$ 37,529,092	\$ 20,826,408	\$ -	\$ -
Income Fund of America	77,302	77,302	-	-	-
Retiree Health Plan Trust	35,545,076	8,217,638	14,002,872	-	13,324,566
	<u>\$ 93,977,878</u>	<u>\$ 45,824,032</u>	<u>\$ 34,829,280</u>	<u>\$ -</u>	<u>\$ 13,324,566</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

3. CASH AND SHORT-TERM INVESTMENTS (continued)

Board of Education (continued)

Investments (continued)

Investments and Fair Value – Investments are measured at fair value on a recurring basis in accordance with the framework established by GASB Statement No. 72, “Fair Value Measurement and Application”. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as below:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School System has the ability to access.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value of assets measured on a recurring basis as of June 30, 2022 are as follows:

	<u>Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Government Agency Securities	\$ 58,355,500	\$ -	\$ 58,355,500	\$ -
Mutual Fund - Income Fund	77,302	77,302	-	-
	<u>\$ 58,432,802</u>	<u>\$ 77,302</u>	<u>\$ 58,355,500</u>	<u>\$ -</u>

Mutual funds are valued using prices quoted in active markets for those securities. U.S. government agency securities are valued using quoted market prices for similar securities.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

4. RECEIVABLES

Receivables as of year-end for the government's funds, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities			
	General	Capital Projects	Non-Major	Total
Receivables:				
Taxes receivable	\$ 744,030	\$ -	\$ -	\$ 744,030
Accounts receivable	3,187,907	1,050,793	324,841	4,563,541
Gross receivables	3,931,937	1,050,793	324,841	5,307,571
Less: allowance for uncollectibles	(1,936,200)	-	-	(1,936,200)
Net Total Receivables	\$ 1,995,737	\$ 1,050,793	\$ 324,841	\$ 3,371,371

	Business-type Activities				
	Water Quality	Solid Waste	Airport	Non-Major	Total
Accounts receivable	\$ 1,266,741	\$ 414,924	\$ 50,123	\$ 11,003	\$ 1,742,791
Less: allowance for uncollectibles	(17,472)	(305,638)	(500)	-	(323,610)
Net Total Receivables	\$ 1,249,269	\$ 109,286	\$ 49,623	\$ 11,003	\$ 1,419,181

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned. As of the end of the current fiscal year unavailable revenue for delinquent property taxes receivable reported in the General Fund was \$339,234. Receivables do not include various taxes collected by the State of Maryland on behalf of the County, including income taxes. These amounts are included in Due From Other Governmental Agencies.

Lease Receivable

The County leases land, cell tower space, a pretreatment facility and office space to multiple third parties. The leases vary in length up to the year 2106 and the County will receive on average monthly payments of \$49,850. The County recognized \$270,010 in lease revenue and \$334,408 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the County's receivable for lease payments was \$14,477,773. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$14,341,607.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

Primary Government

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Governmental Activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 99,662,201	\$ 3,419,523	\$ (247,607)	\$ 102,834,117
Capital assets, being depreciated:				
Land improvements	16,740,788	4,904,922	-	21,645,710
Building and improvements	109,671,305	14,101,061	(2,357,100)	121,415,266
Vehicles	19,451,299	1,316,832	(1,056,297)	19,711,834
Infrastructure	1,206,132,638	13,856,136	-	1,219,988,774
Machinery and equipment	11,494,827	692,560	(343,207)	11,844,180
Office furniture and equipment	923,850	-	(1,623)	922,227
Computer equipment	35,863,514	254,416	(2,809,706)	33,308,224
Right to Use - Vehicles and Equipment	385,579	220,160	-	605,739
Total capital assets, being depreciated or amortized	1,400,663,800	35,346,087	(6,567,933)	1,429,441,954
Total Capital Assets	1,500,326,001	38,765,610	(6,815,540)	1,532,276,071
Accumulated depreciation and amortization for:				
Land improvements	(7,810,145)	(563,390)	-	(8,373,535)
Building and improvements	(46,519,378)	(3,257,478)	1,144,057	(48,632,799)
Vehicles	(13,200,623)	(1,694,953)	1,031,390	(13,864,186)
Infrastructure	(968,602,021)	(8,705,535)	-	(977,307,556)
Machinery and equipment	(7,442,225)	(787,662)	343,207	(7,886,680)
Office furniture and equipment	(887,602)	(18,124)	1,623	(904,103)
Computer equipment	(32,826,364)	(787,132)	2,790,957	(30,822,539)
Right to Use - Vehicles and Equipment	-	(147,687)	-	(147,687)
Total Accumulated Depreciation and Amortization	(1,077,288,358)	(15,961,961)	5,311,234	(1,087,939,085)
Governmental Activities Capital Assets, Net	\$ 423,037,643	\$ 22,803,649	\$ (1,504,306)	\$ 444,336,986
Projects Under Construction	\$ 27,167,306	\$ 26,657,903	\$ (43,865,517)	\$ 9,959,692

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

5. CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Business-type Activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 12,202,911	\$ 126,987	\$ -	\$ 12,329,898
Capital assets, being depreciated:				
Land improvements	153,058,873	18,249	(1,961)	153,075,161
Building and improvements	72,073,083	68,416	(41,000)	72,100,499
Facilities	126,978,679	1,079,748	(1,846,274)	126,212,153
Vehicles	7,927,167	2,502,939	(1,360,465)	9,069,641
Machinery and equipment	12,414,553	312,799	(221,022)	12,506,330
Office furniture and equipment	245,863	-	(7,070)	238,793
Computer equipment	2,492,012	-	(831,137)	1,660,875
Treatment plants	100,658,436	40,073	(83,149)	100,615,360
Right to use - vehicles and equipment	1,808,841	434,288	-	2,243,129
Total capital assets, being depreciated or amortized	477,657,507	4,456,512	(4,392,078)	477,721,941
Total Capital Assets	489,860,418	4,583,499	(4,392,078)	490,051,839
Accumulated depreciation and amortization for:				
Land improvements	(118,862,163)	(6,459,568)	1,961	(125,319,770)
Building and improvements	(26,322,595)	(1,927,557)	24,656	(28,225,496)
Facilities	(40,792,691)	(1,690,719)	1,357,051	(41,126,359)
Vehicles	(6,892,198)	(872,460)	1,360,465	(6,404,193)
Machinery and equipment	(10,006,981)	(513,701)	220,863	(10,299,819)
Office furniture and equipment	(245,863)	-	7,070	(238,793)
Computer equipment	(2,140,869)	(59,780)	831,137	(1,369,512)
Treatment plants	(31,770,215)	(1,949,987)	58,033	(33,662,169)
Right to use - vehicles and equipment	(15,074)	(276,313)	-	(291,387)
Total Accumulated Depreciation and Amortization	(237,048,649)	(13,750,085)	3,861,236	(246,937,498)
Business-type Activities Capital Assets, Net	\$ 252,811,769	\$ (9,166,586)	\$ (530,842)	\$ 243,114,341
Projects Under Construction	\$ 2,602,741	\$ 4,598,158	\$ (3,450,638)	\$ 3,750,261

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

5. CAPITAL ASSETS (continued)

Primary Government (continued)

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental Activities:

General Government	\$	12,084,781
Public Safety		2,288,734
Park, recreation and culture		344,268
Conservation of Natural Resources		26,632
Highways and streets		1,174,244
Total Depreciation and Amortization Expense - Governmental Activities	\$	15,918,659

Business-Type Activities:

Public Transit Fund	\$	189,937
Airport Fund		7,194,781
Golf Course Fund		167,033
Water Quality Fund		3,928,877
Solid Waste Fund		1,659,927
Total Depreciation and Amortization Expense – Business-Type Activities	\$	13,140,555

Board of Education

	Balance June 30, 2021	Additions	Deletions	Reclasses	Balance June 30, 2022
Government Activities					
Capital assets, not being depreciated:					
Land	\$ 9,749,615	\$ -	\$ -	\$ -	\$ 9,749,615
Facilities under construction	1,929,598	5,253,824	(733,349)	-	6,450,073
	<u>11,679,213</u>	<u>5,253,824</u>	<u>(733,349)</u>	<u>-</u>	<u>16,199,688</u>
Capital assets, being depreciated:					
Building and improvements	384,923,699	1,752,365	(28,910)	-	386,647,154
Leased building and improvements	437,113	-	-	-	437,113
Furniture and equipment	50,851,365	1,146,277	(2,872,546)	-	49,125,096
Leased furniture and equipment	3,694,177	501,861	-	-	4,196,038
Financed Equipment	51,428	252,854	-	-	304,282
	<u>439,957,782</u>	<u>3,653,357</u>	<u>(2,901,456)</u>	<u>-</u>	<u>440,709,683</u>
Accumulated depreciation:					
Building and improvements	(172,171,990)	(8,045,677)	23,791	-	(180,193,876)
Leased building and improvements	(114,290)	(43,711)	-	-	(158,001)
Furniture and equipment	(34,111,638)	(3,582,763)	2,850,466	-	(34,843,935)
Leased furniture and equipment	(1,896,200)	(375,438)	-	-	(2,271,638)
Financed Equipment	(25,624)	(49,687)	-	-	(75,311)
	<u>(208,319,742)</u>	<u>(12,097,276)</u>	<u>2,874,257</u>	<u>-</u>	<u>(217,542,761)</u>
Governmental Activities Capital Assets, Net	\$ 243,317,253	\$ (3,190,095)	\$ (760,548)	\$ -	\$ 239,366,610

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

5. CAPITAL ASSETS (continued)

Board of Education (continued)

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Business-type Activities				
Capital assets, being depreciated:				
Furniture and equipment	\$ 5,158,081	\$ 434,615	\$ (136,739)	\$ 5,455,957
Accumulated depreciation:				
Furniture and equipment	(3,881,100)	(295,708)	130,512	(4,046,296)
Business-type Activities Capital Assets, Net	\$ 1,276,981	\$ 138,907	\$ (6,227)	\$ 1,409,661

Depreciation/Amortization expense was charged to the functions/programs of the Board as follows:

Governmental activities:	
Other instructional costs	\$ 1,825,761
Student transportation services	1,831,439
Operation of plant	237,444
Depreciation - unallocated	8,202,632
Total Governmental Activities Depreciation Expense	\$ 12,097,276
Business-type activities:	
Food services	\$ 295,708

6. INTERFUND RECEIVABLES AND PAYABLES

Outstanding balances between funds are reported as “due to/from other funds” and are the result of the County’s central cash management and disbursement system. Other activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are also referred to in the fund statements as “due to/from other funds.”

Receivable Fund	Payable Fund	Amount
Capital Projects	General	\$ 107,444,201
	Pretreatment	519,395
	HEPMPO	22,037
Total		\$ 107,985,633

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

6. INTERFUND RECEIVABLES AND PAYABLES (continued)

Board of Education

Receivable Entity	Payable Entity	Amount
Component unit - Board of Education	Primary government - capital projects	\$ 569,363

All interfund receivables and payables are without interest.

7. INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions between funds. Usually these transfers are undertaken to enable the receiving funds to provide services that the government has determined to be in the best interest of the County. Transfers are reported as “Other Financing Sources (Uses)” in the governmental funds and as “Operating Transfers” or “Capital Transfers” in the enterprise funds. A summary of transfers follows:

Fund	Operating Transfers In	Operating Transfers Out	Capital Transfers In	Capital Transfers Out
General Fund:				
Capital Projects	\$ -	\$ -	\$ -	33,002,090
Highway Fund	-	-	-	-
Solid Waste	-	450,000	-	-
Public Transit	-	1,086,700	-	75,000
Water Quality	-	577,147	-	175,000
Grant Management	-	274,287	-	-
Agricultural Education Center	-	231,340	-	-
Golf Course	-	358,440	-	48,000
HEPMPO	-	10,030	-	-
Land Preservation	-	24,322	-	-
Airport	-	8,000	-	176,000
Cascade Town Centre	-	-	-	-
Capital Projects Fund:				
General Fund	-	-	32,502,090	-
Highway Fund	-	-	500,000	-
Airport Fund	-	-	-	-
Water Quality	-	-	-	220,537
Hotel Rental Fund	-	-	-	-
Golf Course	-	-	-	-
Transit	-	-	-	-
Land Preservation	-	-	-	400,000

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

7. INTERFUND TRANSACTIONS (continued)

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Capital Transfers In</u>	<u>Capital Transfers Out</u>
Solid Waste:				
General Fund	450,000	-	-	-
Public Transit:				
General Fund	1,086,700	-	-	-
HEPMPO	-	18,620	-	-
Capital Projects	-	-	75,000	-
Water Quality:				
General Fund	577,147	-	-	-
Capital Projects	-	-	395,537	-
Cascade Town Centre	-	-	750,000	-
Airport:				
General Fund	8,000	-	-	-
Hotel Rental	48,049	-	-	-
Capital Projects	-	-	176,000	-
Golf Course:				
General Fund	358,440	-	-	-
Capital Projects	-	-	48,000	-
Grant Management:				
General Fund	274,287	-	-	-
Agricultural Education Center:				
General Fund	231,340	-	-	-
HEPMPO:				
General Fund	10,030	-	-	-
Public Transit Fund	18,620	-	-	-
Hotel Rental:				
Airport	-	48,049	-	-
Cascade Town Centre	-	-	-	-
Land Preservation:				
General Fund	24,322	-	-	-
Capital Projects Fund	-	-	400,000	-
Cascade Town Centre:				
Water Quality	-	-	-	750,000
Total	<u>\$ 3,086,935</u>	<u>\$ 3,086,935</u>	<u>\$ 34,846,627</u>	<u>\$ 34,846,627</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

8. LONG-TERM DEBT AND LEASES

Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with different amounts of principal maturing each year. General obligation bonds and leases currently outstanding are as follows:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>						
Public Sale Bonds payable:						
General obligation bonds	1.4-5.5%	\$ 141,679,438	\$ 9,280,000	\$ 9,769,489	\$ 141,189,950	\$ 10,081,595
Unamortized bond premium		8,051,270	724,955	1,210,689	7,565,536	-
Total bonds payable		<u>149,730,708</u>	<u>10,004,955</u>	<u>10,980,178</u>	<u>148,755,486</u>	<u>10,081,595</u>
Other loans payable						
Direct Borrowing: Maryland Water Quality loans	1.0%	<u>2,200,560</u>	<u>-</u>	<u>514,890</u>	<u>1,685,670</u>	<u>553,317</u>
Total bonds and loans payable		<u>151,931,268</u>	<u>10,004,955</u>	<u>11,495,068</u>	<u>150,441,155</u>	<u>10,634,912</u>
Direct Borrowing: Agricultural Land Preservation	2.0%	941,993	-	181,779	760,215	181,779
Leases	.32-4.78%	443,673	220,160	204,130	459,703	149,208
Net pension liability		<u>81,216,017</u>	<u>29,269,111</u>	<u>253,233</u>	<u>110,231,895</u>	<u>-</u>
Governmental Activity Long-term Liabilities		<u>234,532,951</u>	<u>39,494,226</u>	<u>12,134,210</u>	<u>261,892,968</u>	<u>10,965,899</u>
<i>Business-type Activities</i>						
Public Sale Bonds payable:						
General obligation bonds	1.4-5.9%	34,700,562	6,535,000	2,145,511	39,090,050	2,278,406
Unamortized bond premium		2,777,404	509,876	399,685	2,887,595	-
Unamortized bond discount		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total bonds payable		<u>37,477,966</u>	<u>7,044,876</u>	<u>2,545,196</u>	<u>41,977,645</u>	<u>2,278,406</u>
Other loans payable:						
Direct Borrowing: Maryland Water Quality loans	.40-1.7%	<u>6,662,013</u>	<u>-</u>	<u>1,484,986</u>	<u>5,177,028</u>	<u>1,576,367</u>
Total bonds and loans payable		<u>44,139,979</u>	<u>7,044,876</u>	<u>4,030,182</u>	<u>47,154,673</u>	<u>3,854,773</u>
Leases	.32-2.58%	<u>1,316,180</u>	<u>434,288</u>	<u>427,780</u>	<u>1,322,687</u>	<u>441,386</u>
Business-type Activity Long-term Liabilities		<u>45,456,159</u>	<u>7,479,164</u>	<u>4,457,962</u>	<u>48,477,360</u>	<u>4,296,159</u>
<i>Total Combined Activities Long-term Liabilities</i>		<u>\$ 279,989,110</u>	<u>\$ 46,973,390</u>	<u>\$ 16,592,172</u>	<u>\$ 310,370,328</u>	<u>\$ 15,262,058</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

8. LONG-TERM DEBT AND LEASES (continued)

Primary Government (continued)

Summary of remaining debt service requirements for the years ended June 30, are as follows:

Year ending June 30,	Governmental Activities				Business-type Activities			
	General		Direct		General		Direct	
	Obligation Bonds		Borrowings		Obligation Bonds		Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 10,081,595	\$ 4,530,148	\$ 553,317	\$ 16,856	\$ 2,278,405	\$ 1,190,572	\$ 1,576,368	\$ 37,733
2024	10,830,960	4,280,589	278,877	11,324	2,474,041	1,217,244	379,213	24,973
2025	10,854,841	3,875,703	281,666	8,534	2,515,160	1,114,706	319,984	21,553
2026	10,478,068	3,472,730	284,483	5,718	2,591,932	1,012,043	225,537	18,711
2027	10,108,986	3,094,470	287,327	2,875	2,691,014	920,936	227,336	16,914
2028-2032	43,342,922	10,531,298	-	-	12,082,072	3,297,286	1,468,258	60,237
2033-2037	31,223,631	4,293,227	-	-	8,301,368	1,621,682	906,278	21,157
2038-2042	13,588,947	866,505	-	-	3,881,058	593,182	74,054	518
2043-2052	680,000	13,175	-	-	2,275,000	192,600	-	-
Total	<u>\$ 141,189,950</u>	<u>\$ 34,957,845</u>	<u>\$ 1,685,670</u>	<u>\$ 45,307</u>	<u>\$ 39,090,050</u>	<u>\$ 11,160,251</u>	<u>\$ 5,177,028</u>	<u>\$ 201,796</u>
Plus:								
Unamortized premium	<u>7,565,536</u>				<u>2,887,595</u>			
	<u>\$ 148,755,486</u>				<u>\$ 41,977,645</u>			

The County Commissioners have received bonding authority from the State Legislature to issue public facilities bonds for the purpose of financing various capital projects. As of June 30, 2022, the unused authorization was \$40,360,096.

Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received in the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. In accordance with governmental accounting standards, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$88,789,651.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

8. LONG-TERM DEBT AND LEASES (continued)

Primary Government (continued)

Agricultural Land Preservation Installments

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. Under the terms of the installment contracts, the County pays the property owner annual interest and principal payments over the ten-year term of the contract. The primary source of revenue for repayment of the indebtedness is a portion of the transfer tax on all transfers of real property in the County. The annual requirements to amortize agricultural preservation installments outstanding as of June 30, 2022, are as follows:

As of June 30,	Principal	Interest	Total Requirement
2023	\$ 181,779	\$ 15,204	\$ 196,983
2024	181,779	11,569	193,348
2025	181,779	7,933	189,712
2026	181,779	4,297	186,076
2027	33,099	662	33,761
Total	\$ 760,215	\$ 39,665	\$ 799,880

For the year ended June 30, 2022, total principal and interest incurred related to agricultural land preservation installments was \$181,779 and \$18,840, respectively.

Leases

County as Lessee

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County has entered into various lease agreements as lessee primarily for vehicles and machinery/equipment. All leases have a maximum term of five years. Leases with variable lease payments include those for exceeding an allotted amount per the terms of the contract. The interest rate assigned is the interest rate on the contract. If one is not noted, the County utilizes its incremental borrowing rate to discount the lease payments.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

8. LONG-TERM DEBT AND LEASES (continued)

Leases

At June 30, 2022, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Right of use of leased assets:			
Vehicles	\$ 340,267	\$ -	\$ 340,267
Machinery and equipment	265,472	2,243,129	2,508,601
Total Right of Use Leased Assets	605,739	2,243,129	2,848,868
Less Accumulated Amortization for:			
Right of use of leased assets:			
Vehicles	73,210	-	73,210
Machinery and equipment	74,477	291,387	365,864
Total Accumulated Amortization	147,687	291,387	439,074
Total Right of use leased assets, net:			
Vehicles	267,057	-	267,057
Machinery and equipment	190,995	1,951,742	2,142,737
Total	\$ 458,052	1,951,742	\$ 2,409,794

The future principal and interest lease payments as of June 30, 2022 were as follows:

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total
2023	\$ 149,837	\$ 12,608	\$ 162,445
2024	108,138	8,992	117,130
2025	74,137	5,610	79,747
2026	66,936	2,820	69,756
2027	60,655	23	60,678
Total	\$ 459,703	\$ 30,053	\$ 489,756

Business-Type Activities			
Fiscal Year	Principal Payments	Interest Payments	Total
2023	\$ 441,387	\$ 43,202	\$ 484,579
2024	430,625	28,285	458,911
2025	406,339	14,766	421,105
2026	34,353	1,151	35,504
2027	9,986	122	10,107
Total	\$ 1,322,690	\$ 87,526	\$ 1,410,216

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

8. LONG-TERM DEBT AND LEASES (continued)

County as Lessor

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County leases land, cellular space and buildings. Most land leases are a five year term. Building and cellular space leases vary with a maximum term of 99 years. The county has included any renewal.

The total amount of inflows of resources related to leases recognized in the current fiscal year are as follows:

	Governmental Activities		Business-type Activities		Total
Lease revenue	\$	119,936	\$	150,074	\$ 270,010
Interest revenue	\$	12,919	\$	350,638	\$ 363,557

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

8. LONG-TERM DEBT AND LEASES (continued)

At June 30, 2022, the principal and interest requirements to maturity for the leases receivable are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2023	\$ 103,869	\$ 11,877	\$ 115,746	\$ 118,598	\$ 349,758	\$ 468,356
2024	53,834	10,930	64,764	115,777	347,713	463,490
2025	56,182	10,052	66,234	90,894	345,731	436,625
2026	44,155	9,185	53,340	96,897	343,728	440,625
2027	45,231	8,360	53,591	101,799	341,606	443,405
2028-2032	265,284	27,774	293,058	436,440	1,675,854	2,112,294
2033-2037	153,462	4,126	157,588	485,374	1,620,571	2,105,945
2038-2042	-	-	-	627,367	1,549,894	2,177,261
2043-2047	-	-	-	803,892	1,459,078	2,262,970
2048-2052	-	-	-	552,652	1,366,875	1,919,527
2053-2057	-	-	-	561,713	1,298,922	1,860,635
2058-2062	-	-	-	653,183	1,220,715	1,873,898
2063-2067	-	-	-	686,192	1,131,682	1,817,874
2068-2072	-	-	-	682,292	1,045,708	1,728,000
2073-2077	-	-	-	776,245	951,755	1,728,000
2078-2082	-	-	-	883,137	844,863	1,728,000
2083-2087	-	-	-	1,004,747	723,253	1,728,000
2088-2092	-	-	-	1,143,104	584,896	1,728,000
2093-2097	-	-	-	1,300,512	427,488	1,728,000
2098-2102	-	-	-	1,479,596	248,404	1,728,000
2103-2107	-	-	-	1,155,345	54,253	1,209,598
Total	\$ 722,017	\$ 82,304	\$ 804,321	\$ 13,755,756	\$ 17,932,747	\$ 31,688,503

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

8. LONG-TERM DEBT AND LEASES (continued)

Primary Government (continued)

Leases (continued)

Board of Education

The Board of Education has various capital lease agreements for certain building data processing and communications equipment. Information for assets acquired from capital leases is not available. The future minimum payments under these agreements are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>
2023	\$ 442,942
2024	422,847
2025	351,648
2026	283,225
2027	285,593
2028-2032	600,996
	<u>\$ 2,387,251</u>

Advance Refunding

In prior years, the County has partially defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for certain future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the partially defeased bonds are not included in the County's financial statements. As of June 30, 2022, \$10,315,000 of long-term obligations outstanding are considered defeased.

9. SERVICE CONCESSION ARRANGEMENTS

Primary Government

During fiscal year 2004, the County entered into a lease agreement whereby the lessee constructed a building and improvements on land owned at the Airport. The total cost of the building and improvements was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years. As of June 30, 2004, the building and improvements were estimated at \$2,500,000. During the year ended June 30, 2005, a revised cost was obtained reducing the value to \$2,000,000. The \$500,000 adjustment was recorded as a reduction to fixed assets and deferred inflow of resources in the June 30, 2005, financial statements. The terms of the original agreement which began June 30, 2004, allowed the lessee to use the property for a period of 25 years, with no additional payments due. During fiscal year 2006, this lease was amended with lease terms extended to 31 years and additional building and improvements valued at \$1,800,000 were capitalized as an asset in the Airport Fund with an estimated useful life of 40 years.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

9. SERVICE CONCESSION ARRANGEMENTS (continued)

Primary Government (continued)

During fiscal year 2009, a second amendment to the lease agreement allowed for additional building and improvements valued at \$400,000 and an extension of the lease through December 31, 2042. The addition was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years. Deferred inflow of resources in the amount of \$2,500,000 was recorded in the Airport Fund at the inception of this lease but was adjusted down to \$2,000,000 during year ended 2005, and was to be recognized as rental income over the original 25 year term of the lease. Since the amendments extending the lease term and the additional capitalization of building and improvements, the remaining deferred inflow of resources of \$3,587,724 as of June 30, 2010, will be amortized over 33 years. The terms of the agreement as amended in fiscal year 2009, allow the lessee to use the property for a period of 33 years. The terms of the lease agreement require that the lessee pay the County annual rent of \$5,250 beginning May 1, 2006, with an annual increase of 4% each May 1st thereafter. The lease also requires that the County credit the lessee \$127,500 for the lessee's incurred costs in excavating the site for the addition. The agreement allows an option for the lessee to continue the lease past the 33-year term at a rental payment equal to the fair market rental value of the leased property at that time.

During fiscal year 2006, the County entered into a lease agreement whereby the lessee constructed a building and improvements on land owned at the Airport. The total cost of the building and improvements was \$3,100,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2006. The terms of the agreement which began June 30, 2006, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of \$5,200 during the primary terms of the lease with an annual increase of 3% each year. The agreement allows an option for the lessee to continue the lease past the 39-year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$3,100,000 was recorded in the Airport Fund at the inception of the lease.

During fiscal year 2007, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$5,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2007. The terms of the agreement, which began December 1, 2006, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of \$15,750 during the primary terms of the lease with an annual increase of 4% each year. The agreement allows an option for the lessee to continue the lease past the 39-year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$5,500,000 was recorded in the Airport Fund on June 30, 2007.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

9. SERVICE CONCESSION ARRANGEMENTS (continued)

Primary Government (continued)

During fiscal year 2010, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$3,000,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2010. The terms of the agreement, which began June 1, 2009, allow the lessee to use the property for a period of 39 years (primary terms). The terms of the lease agreement require that the lessee pay the County annual rent of \$13,208 during the primary terms of the lease with an annual increase of 4% each year. Deferred inflow of resources in the amount of \$3,000,000 was recorded in the Airport Fund on June 30, 2010.

During fiscal year 2010, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$3,800,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2010. The terms of the agreement, which began November 1, 2009, allow the lessee to use the property for a period of 39 years (primary years). The terms of the lease agreement require that the lessee

pay the County annual rent of \$17,000 during the primary terms of the lease with an annual increase of 4% each year. The lease also requires that the County credit the lessee \$250,000 for the lessee's incurred costs in site preparation and excavation costs. The agreement allows for an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$3,800,000 was recorded in the Airport Fund as of June 30, 2010.

During fiscal year 2011, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$4,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2011. The terms of the agreement, which began July 1, 2010, allow the lessee to use the property for a period of 39 years (primary years). The terms of the lease agreement require that the lessee pay the County annual rent of \$15,985 during the primary terms of the lease with an annual increase of 4% each year. The agreement allows for an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$4,500,000 was recorded in the Airport Fund as of June 30, 2011.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

9. SERVICE CONCESSION ARRANGEMENTS (continued)

During fiscal year 2013, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$2,000,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2013. The terms of the agreement, which began January 1, 2013, allow the lessee to use the property for a period of 30 years (initial term) with no payments due during the first five years of the initial term of the lease. The terms of the lease agreement require that the lessee pay the County annual rent of \$23,357 during the initial term of the lease with an annual increase of 2% each year. The agreement allows for an option for the lessee to continue the lease past the 30 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$2,000,000 was recorded in the Airport Fund as of June 30, 2013.

During fiscal year 2014, the County entered into a lease agreement whereby the lessee constructed a building and improvements for \$5,500,000, which was capitalized as an asset in the Airport Fund with an estimated useful life of 40 years on June 30, 2014. The terms of the agreement, which began November 1, 2013, allow the lessee to use the property for a period of 39 years (primary term). The terms of the lease agreement require that the lessee pay the County annual rent of \$13,881 during the primary term of the lease with an annual increase of 2% each year. The agreement allows an option for the lessee to continue the lease past the 39 year term at a rental payment equal to the fair market rental value of the leased property at that time. Deferred inflow of resources in the amount of \$5,500,000 was recorded in the Airport Fund on June 30, 2014.

During the year ending June 30, 2022, rental income for the above leases of \$952,535 was recognized in the Airport Fund.

10. UNUSED VACATION AND SICK LEAVE

Primary Government

The County accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30, 2022, and is capped at 250 hours. The accrual of sick leave is based on payment upon termination of up to 40 hours at the individual rates in effect as of June 30, 2022, plus a rate of \$10 per day for each unused sick leave day up to a total of 130 days. Total unpaid vacation and sick leave accrued as of June 30, 2022, was \$3,695,144 and \$1,606,230, respectively. Unused vacation and sick leave will be liquidated by the respective government and enterprise funds where the current employee costs are recorded.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

10. UNUSED VACATION AND SICK LEAVE (continued)

Board of Education

The School System accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30. The accrual of sick leave is based on payment upon retirement at rates set forth in the various negotiated agreements. Sick leave is estimated to be earned once an employee has obtained 15 years of service or 55 years of age. Total unpaid vacation and sick leave accrued at June 30, 2022 amounted to \$6,619,194. At June 30, 2022, \$921,318 is considered payable with current resources and is included in accrued liabilities in the governmental fund level financial statements. This amount represents the pending payouts of unused leave owed to employees separated from active service as of the year ended June 30, 2022. The remaining amounts are estimated to be used in subsequent fiscal years, are maintained separately and represent a reconciling item between the fund and government-wide financial statement presentations.

11. RETIREMENT PLANS

Primary Government

Plan Description

The County Commissioners of Washington County Employees' Retirement Plan (the Plan) is a single-employer defined benefit pension plan established by the County Commissioners effective July 1, 1972, and adopted by ordinance. The County Commissioners have the power and authority to establish and amend the benefit provisions of the Plan. The Plan provides retirement benefits to Plan members.

Effective January 1, 1986, members are qualified to participate in the Plan if they are compensated on the basis of working at least 40 hours per week and 12 months in a calendar year. Participation classification is based on the employee's status as either "uniformed" or "non-uniformed". A uniformed employee may retire at the earlier of age 50 or 25 years of service. A non-uniformed employee may retire at the earlier of age 60 or 30 years of eligibility service. Vesting begins after 5 years of service. Retirement benefits for uniformed employees are calculated by a formula and provide approximately 50% of average pay after 25 years. Non-uniformed employees retirement benefits provide approximately 60% of average pay after 30 years of service.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

11. RETIREMENT PLANS (continued)

Primary Government (continued)

Plan Description (continued)

Effective July 1, 2013 the Employees' Retirement Plan was amended. The amendment affected only non-uniformed employees. Non-uniformed employees were required to make an election to either remain under the former plan provisions or opt to participate under the new rules. For employees electing to remain under the former plan rules, a non-uniformed employee may retire at the earlier of age 60 or 30 years of eligibility service. Non-uniformed employees retirement benefits provide approximately 60% of average pay after 30 years of service. Non-uniformed employees may take early retirement with reduced benefits at 25 years of service.

Under the amended plan a non-uniformed employee may retire at the earlier of age 60 or 25 years of service. Retirement benefits would provide approximately 50% of average pay after 25 years. There is no longer an early retirement option.

Employees hired after September 1, 2013 are required to participate in the amended plan.

The net pension liability by plan is as follows:

Retirement Plan	
Net Pension Liability	\$ 108,089,000
LOSAP Plan	
Net Pension Liability	<u>2,142,895</u>
Total	<u><u>\$ 110,231,895</u></u>

Investments

The County's Pension Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface. The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

11. RETIREMENT PLANS (continued)

Primary Government (continued)

Investments (continued)

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	25-45%	35%
International	10-30%	20%
Options/ Defensive Equity	0-25%	12%
Real Estate	0-10%	4%
Private Infrastructure	0-10%	4%
Private Credit/ High Yield	0-15%	7%
Fixed Income:		
Investment Grade	6-26%	16%
Money Market	0-10%	2%

Funding Policy

The contribution requirements of Plan members and the County are established and may be amended by the County Commissioners. Under the amended plan, all plan members are required to contribute 6%. Non-uniformed employees electing to remain under the old plan are required to contribute 5.5%.

All information that follows for the Plan is measured as of June 30, 2022, which is the latest actuarial report available.

Membership of the Plan

The membership consisted of the following as of June 30, 2022, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	485
Terminated Plan members entitled to but not yet receiving benefits	62
Active Plan members	<u>809</u>
Total	<u><u>1,356</u></u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

11. RETIREMENT PLANS (continued)

Primary Government (continued)

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2022 is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	5.3%
International Equity	20%	5.7%
Options / Defensive Equity	12%	4.5%
Private Real Estate	4%	5.0%
Private Infrastructure	4%	5.2%
Private Credit	7%	7.1%
Core Fixed Income	16%	1.8%
Cash	2%	0.0%
Inflation		2.3%
Total	100%	

Annual Pension Cost and Net Pension Obligation

The total pension liability for the current year was determined as part of the June 30, 2022, actuarial valuation using the projected unit credit cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) including inflation, and (b) projected salary increases which vary by participant service. The actuary was using the RP-2014 adjusted Total Dataset with Generational projection using scale MP-2015. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined by the market value of investments.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

11. RETIREMENT PLANS (continued)

Primary Government (continued)

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2022 is as follows:

Total pension liability	\$ 275,303,966
Net position	<u>(167,214,966)</u>
Net pension liability	<u>\$ 108,089,000</u>

Net position as a percentage of total pension liability is 60.74%.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan, calculated using a discount rate of 7.25% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net pension liability	<u>\$ 142,726,348</u>	<u>\$ 108,089,000</u>	<u>\$ 79,237,901</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the County recognized pension expense of \$12,148,289 for the Plan. As of June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 881,883	\$ 1,980,629
Change in assumptions	413,047	-
Net difference between projected and actual investment earnings	12,099,569	-
Total	<u>\$ 13,394,499</u>	<u>\$ 1,980,629</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

11. RETIREMENT PLANS (continued)

Primary Government (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in the pension expense as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2023	\$ 2,168,868
2024	1,770,185
2025	766,918
2026	6,531,524
2027	176,375
Total	<u><u>\$ 11,413,870</u></u>

Board of Education

Plan Description

The employees of the Board are covered by the Maryland State Retirement and Pension System (the System), which is a multiple-employer cost sharing employer defined benefit public employee retirement system. While there are five retirement and pension systems under the System, employees of the Board are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The Plans are administered by the State Retirement Agency. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publicly available financial report that can be obtained at <http://www.sra.state.md.us>. The System provides retirement allowances and other benefits to State teachers and employees of participating governmental units, among others. The School System participates in the Maryland Teachers' Retirement System (TRS), the Maryland Teachers' Pension System (TPS), the Maryland State Employee's Retirement System (ERS), and the Maryland State Employee's Pension System (EPS). Eligible professional and clerical personnel are covered under TRS or TPS. Eligible maintenance, custodial, and food service personnel are covered under ERS or EPS.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

11. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided

Maryland Teacher's Retirement System (TRS): Under TRS, the members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligible service regardless of age. The retirement allowance is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. Creditable service is based on a full normal working time for teachers – ten months equals one year. TRS members are eligible for early service retirement allowances upon accumulating at least 25 years prior to attaining age 60. The service retirement allowance is reduced by 0.005 for each month that date of retirement proceeds the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The ordinary disability benefit is 1/55th of average final compensation for the three highest years as a member for each of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be not greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60. TRS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions but cannot be greater than the average final compensation.

To be eligible for death benefits under the TRS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

11. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Teacher's Pension System (TPS): Under TPS, there are two membership classes. All employees who were members on or before June 30, 2011, participate in the Alternate Contributory Pension Selection (ACPS) and all employees who enroll after July 1, 2011 participate in the Reformed Contributory Pension Benefit (RCPB). ACPS members qualify for normal retirement benefits upon (a) completing 30 years of eligible service, (b) reaching 62 with 5 years of eligible service, (c) reaching age 63 with 4 years of eligible service, (d) reaching age 64 with 3 years of eligible service, or (e) reaching age 65 or older with 2 years of eligible service. ACPS members are eligible for early retirement benefits after attainment of the age 55 with at least 15 years of eligible service. RCPB members qualify for normal retirement benefits when they attain a combined age and eligibility service of 90 years or after reaching age 65 with 10 years of eligible service. RCPB members are eligible for early retirement after attaining the age of 60 with at least 15 years of eligible service. Benefits are generally equal to 0.8%-1.5% of the member's final average salary multiplied by the number of years of credited service, depending upon membership class.

Participants are eligible for ordinary disability retirement benefits after completing five years of service. The benefit allowance is computed on the basis that the service continues until age 62 without any change in rate of earnable compensation. If disability occurs after age 62 (age 65 for RCPB), the benefit is based on creditable service at time of retirement. Participants are eligible for accidental disability retirement benefits if the disability occurred in the actual performance of the employee's duty.

The accidental disability benefits are equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions, but cannot be greater than the average final compensation. To be eligible for death benefits under the TPS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

11. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Employee's Retirement System (ERS): Under ERS, the members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligible service regardless of age. The retirement allowance is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. ERS members are eligible for early service retirement allowances upon accumulating at least 25 years prior to attaining age 60. The service retirement allowance is reduced by 0.005 for each month that date of retirement proceeds the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The ordinary disability benefit is 1/55th of average final compensation for the three highest years as a member for each of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be not greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60. ERS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions but cannot be greater than the average final compensation.

To be eligible for death benefits under the ERS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions. If the member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

11. RETIREMENT PLANS (continued)

Board of Education (continued)

Benefits Provided (continued)

Maryland Employee's Pension System (EPS): Under the EPS plan, members are eligible for full service pension allowance upon accumulating 30 years of eligibility regardless of age. Absent 30 years eligible service, members must meet one of the following conditions to be eligible for full service pension allowance: (a) 62 with 5 years of eligible service, (b) age 63 with 4 years of eligible service, (c) age 64 with 3 years of eligible service, or (d) age 65 or older with 2 years of eligible service. Members are eligible for early service pension liability upon attaining age 55 with at least 15 years of service or attaining age 60 with 15 years of service, depending on plan. Allowances for both normal and early retirement are based on membership class.

They are also eligible for ordinary disability retirement allowance upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job function. The benefit is the service retirement allowance computed on the basis that service continues until age 62 (age 65 for RCPB) without any change in the rate of earnable compensation. EPS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they become totally and permanently disabled. The accidental disability benefit is equal to 66 2/3% of the employee's average final compensation for the three highest consecutive years (five years for RCPB) as a member plus the annuity provided by accumulated member contributions, but cannot be greater than the average final compensation.

To be eligible for death benefits under the EPS plan, members must have either accumulated at least one year of eligible service prior to date of death or died in the line of duty. Such benefits consist of a one-time lump sum payment equal to the member's annual earnable compensation at the time of death, plus accumulated member contributions.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

11. RETIREMENT PLANS (continued)

Board of Education (continued)

Contributions

The Board and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System and the Teachers' Retirement System are required to contribute between 5-7% annually (depending on the plan). Members of the Employees' Pension System and Employees' Retirement System are required to contribute 2-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers are established and may be amended by the Board of Trustees for the System.

Beginning in FY2017, the Board pays the normal cost for their teachers in the Teachers Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System, which for the year ended June 30, 2022 was \$8,784,498. The State's contributions on behalf of the Board for the year ended June 30, 2022 was \$17,058,121. The fiscal 2022 contributions made by the State on behalf of the Board have been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2022, was 10.56% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board made its share of the required contributions during the year ended June 30, 2022 of \$2,255,527.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2022, the School System reported a liability for its proportionate share of net pension liability that reflected a reduction for State pension support provided to the School System. The amount recognized by the School System as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the School System were as follows:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

11. RETIREMENT PLANS (continued)

Board of Education (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Teachers' Retirement and Pension System	Employees' Retirement and Pension System
School System's proportionate share of net pension liability	\$ -	\$ 15,047,274
State's proportionate share of net position liability associated with the School System	110,420,501	-
Total	\$ 110,420,501	\$ 15,047,274

For the year ended June 30, 2022, the School System recognized pension expense of \$730,591. As of June 30, 2022, the School System reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 2,912,529	\$ 322,515
Change in proportion	1,481,716	-
Net difference between projected and actual investment earnings	-	6,871,805
Difference between actual and expected experience	-	1,153,289
School System contributions subsequent to the measurement date	2,255,527	-
Total	\$ 6,649,772	\$ 8,347,609

The \$2,255,527 reported as deferred outflows of resources related to pensions resulting from the School System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

11. RETIREMENT PLANS (continued)

Board of Education (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2023	\$ (1,198,773)
2024	(966,880)
2025	(955,438)
2026	(1,256,499)
2027	424,226
Total	<u><u>\$ (3,953,364)</u></u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the plan, calculated using a discount rate of 6.80% as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.80%) or 1-percentage point higher (7.80%) than the current rate:

	<u>1.0% decrease</u>	<u>Current rate</u>	<u>1.0% increase</u>
	<u>5.80%</u>	<u>6.80%</u>	<u>7.80%</u>
Net pension liability	<u>\$ 25,627,617</u>	<u>\$ 15,047,274</u>	<u>\$ 6,270,950</u>

12. RISK MANAGEMENT

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance for claims in excess of deductible amounts for all risks of loss, except for employee health and workers' compensation. Settlements have not exceeded insurance coverages during the past three fiscal years.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

12. RISK MANAGEMENT (continued)

Primary Government (continued)

The County Commissioners have established a self-insurance plan for health benefits to its employees, retirees and to other governmental and non-profit agencies. Budgeted amounts are charged to each fund, and premiums are charged to retirees and other governmental and non-profit agencies for their share of the costs, which are intended to cover the estimated costs of claims and administrative expenses.

Contributions from employees, retirees and other governmental non-profit agencies are offset against budget amounts charged in the related fund. Under this plan, the County's General Fund bears all risk of loss.

The County has established claims liabilities based on estimates of the ultimate cost of settling the claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The liability for estimated claims was determined to be \$1,282,116 which is reflected in the accompanying financial statements as of June 30, 2022. Changes in the claims liability were as follows:

	Years Ended June 30,	
	2022	2021
Liability, beginning of year	\$ 967,496	\$ 786,154
Premiums collected and changes in estimates during the year	17,403,876	16,864,225
Claims and administrative costs paid	(17,089,256)	(16,682,883)
Liability, end of year	<u>\$ 1,282,116</u>	<u>\$ 967,496</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

12. RISK MANAGEMENT (continued)

Primary Government (continued)

The County uses a third-party administrator to process and pay claims. The County has purchased a stop-loss insurance policy in which the insurance company covers individual claims once they exceed \$175,000. Under this policy, the County was liable for the first 125% of expected claims paid in the current fiscal year. Any claims in excess of this amount are to be paid by the insurance company under the stop-loss policy.

The County Commissioners have also established a self-insurance plan for Workers' Compensation claims whereby the County is liable for the first \$600,000 per occurrence. As required by the State of Maryland, \$175,000 in U.S. Treasury Notes is held by the State Workers' Compensation Commission and is included in investments on the balance sheet. The County extends coverage under this plan to the employees of other governmental and nonprofit agencies. These agencies are charged a "premium", however the County bears the risk of loss. The liability for estimated claims was determined to be \$974,086, which is reflected in the accompanying financial statements as of June 30, 2022. Changes in the claims liability were as follows:

	Years Ended June 30,	
	2022	2021
Liability, beginning of year	\$ 726,071	\$ 694,972
Premiums collected and changes in estimates during the year	1,802,653	962,748
Claims and administrative costs paid	(1,554,638)	(931,649)
Liability, end of year	<u>\$ 974,086</u>	<u>\$ 726,071</u>

Board of Education

The School System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injury; and natural disaster. The School System is one of seventeen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Group Insurance Pool (the Pool), a public entity risk pool organized as a trust. The School System pays an annual premium to the Pool for its property, liability, and automobile coverage. Such premiums are actuarially calculated for the Pool as a whole based on loss data and are allocated to members based on student enrollment and number and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for legal liability covering claims aggregating \$3 million per School System per year.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

12. RISK MANAGEMENT (continued)

Board of Education (continued)

Additionally, the School System is one of seventeen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (the Fund). This Fund was established to provide worker's compensation indemnity and medical benefits coverage for participating school boards. The Fund is operated under regulations promulgated by the State's Workers' Compensation Commission (COMAR 14.09.02). Each Fund participant pays an annual premium calculated on its payroll according to the standard classifications, with an experience modification applied. Although premiums billed to the Fund members are determined on an actuarial basis, ultimate liability for claims remains with the respective members and accordingly, the insurance risks are not transferred to the Fund. Six months following the end of the Fund's fiscal year, the Fund's trustees declare unneeded funds as surplus and distribute 50% of the declared surplus as dividends to the Fund members. This dividend distribution is made no sooner than one year after the close of that fiscal year. Members dedicate the remaining 50% of the surplus each year to a surplus fund until it reaches 75% net annual premium. The Fund carries an excess insurance policy providing specific excess and employer liability protection coverage, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim.

Settled claims from these risks have not exceeded the planned coverage during any of the past three years.

The School System also offers a program of self-insured health, dental, and vision benefits to its employees and retirees. Charges are made to other funds, employees and retirees for their respective share of the costs in amounts planned to match the estimated claims, the cost of insurance premiums for coverage in excess of self-insured amounts and the administrative costs in providing the program. Such costs are also offset by interest income earned from investing receipts until they are paid out in the form of claims or expenses. Administrative costs directly related to the program are borne by the Self-Insurance Fund.

In accordance with the Governmental Accounting Standards Board's Statement No. 10 *"Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* charges to other funds must be accounted for as revenue by an internal service fund and expenditures/expenses by the other funds. The amounts of these charges were \$44,500,286 for the year ended June 30, 2022.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

12. RISK MANAGEMENT (continued)

Board of Education (continued)

The Self-Insurance Fund's accrued liabilities include an estimate of the amount to be paid for self-insured claims incurred prior to June 30, 2022 and 2021. This estimate is prepared based upon the School System's experience and other relevant facts. Changes in the Fund's claims liability amount were as follows:

	Years Ended June 30,	
	2022	2021
Liability, beginning of year	\$ 3,449,841	\$ 2,939,000
Claims and changes in estimates during the year	50,418,684	48,587,283
Claims paid and accrued	(50,438,466)	(48,076,442)
Liability, end of year	<u>\$ 3,430,059</u>	<u>\$ 3,449,841</u>

13. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by a third party. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are held in trust for the exclusive benefit of the plan participants. Therefore, the plan assets are not presented in the financial statements.

14. SEGMENT INFORMATION

The County has entered into loan agreements with the Maryland Water Quality Financing Administration. The loans are backed by the full faith and credit and taxing power of the County; however, the source of payment of the principal and interest of the loans is the sewer user charges and pretreatment facility user charges. The user charges are accounted for in the Water Quality Fund.

Summarized financial information for the Sewer and Pretreatment operations is presented below. The Water Quality Department operates the County's sewage treatment plants, sewage pumping stations, and collection systems and leases the pretreatment facility to a private company.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

14. SEGMENT INFORMATION (continued)

	Sewer Department	Pretreatment Department
CONDENSED STATEMENT OF NET POSITION		
ASSETS		
Current assets	\$ 21,301,691	\$ 11,852,846
Noncurrent assets	142,180,571	4,049,148
Total Assets	163,482,262	15,901,994
DEFERRED OUTFLOW OF RESOURCES		
	220,394	18,455
LIABILITIES		
Other current liabilities	2,899,787	970,159
Noncurrent liabilities	34,048,340	11,063
Total Liabilities	36,948,127	981,222
Net Position		
Net investment in capital assets	119,955,880	3,588,085
Unrestricted	(6,662,113)	(401,411)
Restricted - capital projects	13,460,762	-
Total Net Position	\$ 126,754,529	\$ 3,186,674
CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION		
Operating revenue	\$ 12,304,299	\$ -
Lease income	-	140,749
Operating transfer	-	-
Operating grant	-	-
Depreciation expense	(3,319,798)	(183,838)
Other operating expenses	(9,622,125)	(21,019)
Operating income	(637,624)	(64,108)
Non-operating revenue (expenses):		
Interest expense	(589,128)	(21,735)
Interest income	158,473	305,145
Capital contributions	1,323,680	-
Total non-operating revenue (expense)	893,025	283,410
Change in Net Position	255,401	219,302
Net Position, beginning of year	126,499,128	2,967,372
Net Position, End of Year	\$ 126,754,529	\$ 3,186,674
CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	\$ 6,958,317	\$ (44,244)
Capital and related financing activities	860,017	(94,859)
Net change	7,818,334	(139,103)
Cash and cash equivalents, beginning of year	10,666,725	(380,292)
Cash and Cash Equivalents, End of Year	\$ 18,485,059	\$ (519,395)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

15. CLOSURE AND POST-CLOSURE CARE COST

State and Federal laws and regulations require the County to place a final cover on its landfills when they stop accepting waste. The County is also required to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. Although closure and post-closure care costs will be paid only near the date or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a liability based on landfill capacity used as of each balance sheet date.

The Hancock Landfill was closed in 1993. The remaining estimated costs associated with the closure and post-closure care costs of \$124,344 are reported as a liability in the Solid Waste Fund. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2022.

The Resh Landfill has reported a landfill post-closure care liability of \$3,450,387 in the Solid Waste Fund. The total capacity has been used. The Resh Landfill was closed in December 2000. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2022.

The Rubble Landfill began operating during August 1995. The estimated cost associated with post-closure care of \$2,202,400 is reported as a liability in the Solid Waste Fund as of June 30, 2022. The Rubble Landfill was closed in December 2000. No current expense was recognized in the Solid Waste Fund for the year ended June 30, 2022.

The 40 West Landfill began operation in fiscal year 2001. The estimated life of the Landfill is based on the average cubic yards used. As of June 30, 2022, the approximate life of the Landfill is 94 years. It is estimated that approximately 23.36% of the capacity has been used. The estimated costs associated with closure and post-closure care of \$10,992,647 was reported as a liability in the Solid Waste Fund as of June 30, 2022. The County will recognize \$47,055,727 of estimated cost associated with the closure and post-closure care as capacity is filled. During the fiscal year 2012 engineering re-designed the cells at 40 West Landfill. This change in estimate increased the airspace by 4 million cubic yards. This change in accounting estimate has no effect on the total estimated cost but will extend the landfill life.

The above estimates are based on estimated current costs to perform all closure and post-closure care. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in applicable laws or regulations. The County is required by state and Federal laws and regulations to meet certain closure and post-closure financial assurance requirements. The County has satisfied these requirements by demonstrating in information submitted by the CFO that they meet the Local Government Financial Test as of June 30, 2022, as specified in 40CFR258.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS

Primary Government

Plan Description

The County offers postretirement health care benefits to employees who retire from the County under normal or early retirement provisions of the pension plan. The health care benefits are provided until the retiree is eligible for Medicare. Retirees who exercise the one-time option for the health care benefits pay one-half of the estimated cost of the benefits. The County pays the remaining cost as part of its self-insurance program. Currently, 49 retirees are receiving benefits and 163 employees are retirement eligible. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported.

Investments

The County's OPEB Plan Investment Policy states that the assets are to be managed for total return, defined as dividend and interest income plus or minus capital gains and losses. Investments shall be diversified so as to minimize the risk of unacceptable losses. The portfolio is looked at as a whole rather than as individual securities. Investing for long term (preferably longer than 10 years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface. The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	28-48%	38%
International	12-32%	22%
Options/ Defensive Equity	5-25%	15%
Real Estate	0-10%	5%
Private Credit/ High Yield	0-15%	5%
Fixed Income:		
Investment Grade	3-23%	13%
Money Market	0-10%	2%

Funding Policy

The County intends to fund any annual short-fall between OPEB and actual pay-go expense into a legally executed trust fund. The trust fund will be invested as a long-term pension trust, using an appropriately balanced portfolio of equities and debt instruments, to prudently maximize long-term investment returns. The County funded \$12,832 which was \$12,832 over the actuarially determined contribution of \$0.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Net OPEB Liability (Asset)

The net OPEB liability (asset) is equal to the total OPEB liability minus the net position of the plan. The result as of June 30, 2022 is as follows:

Total OPEB liability	\$ 21,436,776
Net position	<u>(26,564,545)</u>
Net OPEB liability (asset)	<u>\$ (5,127,769)</u>

Net position as a percentage of total OPEB liability is 123.92%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Best estimates of arithmetic assumed rates of return for each class included in the OPEB plans' general target asset allocation as of June 30, 2022 is as follows:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Actuarial Methods and Assumptions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	5.7%
International Equity	22%	6.2%
Options / Defensive Equity	15%	4.8%
Private Real Estate	5%	5.4%
Private Credit	5%	7.4%
Core Fixed income	13%	2.1%
Cash	2%	0.3%
Inflation		2.0%
Total	100%	

In the actuarial valuation for the plan year ending June 30, 2022, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 4.9% initially, reduced by decrements to an ultimate rate of 4%. The actuarial value of assets was determined using a market value of assets valuation method. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percent of payroll. The remaining amortization period as of June 30, 2022, was 16 years.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plan, calculated using a discount rate of 7.25% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	<u>1.0% decrease 6.25%</u>	<u>Current rate 7.25%</u>	<u>1.0% increase 8.25%</u>
Net OPEB liability (asset)	<u>\$ (3,749,962)</u>	<u>\$ (5,127,769)</u>	<u>\$ (6,442,126)</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Primary Government (continued)

Sensitivity of the net OPEB liability to changes in the health care cost trend rate

The following presents the net OPEB liability of the Plan, calculated using trend rate as well as what the Plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1.0% decrease 3.0%	Trend rate 4.0%	1.0% increase 5.0%
Net OPEB liability (asset)	\$ (7,397,282)	\$ (5,127,769)	\$ (2,460,545)

For the fiscal year ended June 30, 2022, Washington County Government recognized an OPEB expense of \$4,972,050. As of June 30, 2022, Washington County Government reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 49,584	\$ 2,636,433
Change in assumptions	-	4,726,783
Net difference between projected and actual investment earnings	1,790,706	-
Total	\$ 1,840,290	\$ 7,363,216

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Years Ended June 30,	Amount
2023	\$ (1,873,693)
2024	(1,942,670)
2025	(2,106,299)
2026	764,435
2027	(185,889)
Thereafter	(178,810)
Total	\$ (5,522,926)

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education

In addition to providing the pension benefits described above, the School System provides postemployment health care and life insurance benefits (OPEB) for retired employees, their spouses and dependents, and surviving spouses and dependents. On April 15, 2008, the Board created the Board of Education of Washington County (the Trust) in order to arrange for the establishment of a reserve to pay health and welfare benefits for future retirees. The Trust is affiliated with the Maryland Association of Boards of Education Pooled OPEB Investment Trust, an agent multiple-employer public employee retirement system established by the Maryland Association of Boards of Education (MABE). The Board reserves the right to establish and amend the provisions of the Trust with respect to participants, any benefit provided thereunder, or its participation therein, in whole or in part at any time, by resolution of its governing body and upon advance written notice to the Trustees. The Maryland Association of Boards of Education Pooled OPEB Investment Trust issues an annual financial report for the Trust. That report may be obtained by writing to Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401, or by calling 1-800-841-8197.

Eligible participants include employees, former employees, or beneficiaries of Washington County Public Schools who are receiving pensions. Participants must meet the retirement eligibility requirements of the State of Maryland Employees' and Teachers' Pension System (EPS). Under EPS, members hired on or after July 1, 2011 are in the Reformed Contributory Pension System. The earliest retirement eligibility under the Reformed Contributory Pension System is the earlier of:

- Rule of 90 (age plus service is at least 90),
- Age 65 with 10 years of service, or
- Age 60 with 15 years of service.

For other members of EPS, the earliest retirement eligibility is the earlier of:

- Age 55 with 15 years of service,
- Age 62 with 5 years of service,
- Age 63 with 4 years of service,
- Age 64 with 3 years of service,
- Age 65 with 2 years of service, or
- 30 years of service (regardless of age).

Under EPS, there are two types of disability benefits, ordinary and accidental. Ordinary disability under EPS requires five (5) years of eligibility service. There is no service credit requirement for accidental disability.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Retirees can continue the same medical coverage they had (including family coverage) as active employees. Retirees receive a subsidy for their post-retirement medical insurance based on points (Age + Service). A minimum of 66 points (with 5 years of service) is required to receive a subsidy. The maximum subsidy of 85% is reached at 85 points (note this is a blended subsidy percentage based on the subsidy for each plan and the current enrollment distribution). Retirees with less than 66 points are allowed access, but must pay 100% of the published rates.

Contributions

The School System will contribute the higher of the budgeted pay-go amount or actual pay-go amount to the trust for fiscal year 2022. Because of the sponsor's funding policy, it is anticipated the sponsor's cash requirement will increase as time goes on. For the year ended June 30, 2022 and 2021, the School System's average contribution rate was 10.35% and 9.56%, respectively of covered payroll. Employees are not required to contribute to the plan. Total claims paid on behalf of retirees amounted to \$16,672,754 of which \$3,869,882 was reimbursed through contributions received from retirees for the year ended June 30, 2022. In addition, the School System contributed \$6,488,529 to the MABE Trust for the year ended June 30, 2022. Total claims paid on behalf of retirees amounted to \$15,531,704 of which \$3,802,919 was reimbursed through contributions received from retirees for the year ended June 30, 2021.

Plan Membership

The School System partially supports the group insurance plan for the retired employees. Eligibility is determined by a point system based on a retiree's age at the date of retirement and the number of years of service with the School System. The School System pays up to a maximum of 85% of the premium of the standard plan, based on the points earned. There were 3,061 active employees and 1,402 inactive employees or beneficiaries currently receiving benefit payments at the June 30, 2021, measurement date.

Investments

The MABE Trust's policy in regards to the allocation of invested assets is established and may be amended by the Trustees by a majority vote of its members. It is the policy of the Trust to pursue an investment strategy that emphasizes growth of principal while avoiding excess risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index. The MABE Trust's investment policy discourages the use of cash equivalents, except for liquidity purposes and aims to refrain from dramatically shifting asset class allocations over short time span. The following is the MABE Trust's adopted asset allocation policy as of June 30, 2022 and 2021:

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Investments (continued)

Asset Class	Target Allocation
U.S. Equity	33%
Non U.S. Equity	21%
Fixed Income	34%
Non U.S. Fixed Income	2%
Real Estate	5%
Cash	5%
Total	100%

Rate of Return

For the year ended June 30, 2022 and 2021, the annual money-weighted rate of return on investments, net of investment expense, was -13.35% and 24.52%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment in External Investment Pool

The School System has funds designated for Other Post-employment Benefits (OPEB) that are held by the Maryland Association of Board of Education (MABE) in the MABE OPEB Trust (MABE Trust). The MABE Trust is administered by the MABE and is a wholly-owned instrumentality of its members. The ten members who are sole contributors to the MABE Trust consist of Allegany Fiduciary Fund and the boards of education of the following counties in Maryland: Allegany, Caroline, Cecil, Charles, Harford, Kent, Prince George's, St. Mary's, and Washington.

The MABE Trust is audited annually by an independent CPA firm. The audit report is usually issued by September 1st of each year, a copy of which can be obtained by sending a request to the following address: Administrator of the MABE Pooled Investment Trust, 621 Ridgely Road, Suite 300, Annapolis, MD 21401-1112.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Net OPEB Liability

The components of the net OPEB liability of the School System as of June 30, 2022, were as follows:

Total OPEB liability	\$ 278,633,325
Net position	<u>(98,386,452)</u>
Net OPEB liability	<u>\$ 180,246,873</u>

Plan fiduciary net position as a percentage of the total OPEB liability was 35.31%.

Actuarial Methods and Assumptions

The actuarial assumption and related discount rate disclosures as required by GASB 74 are included in a separately issued report available from the Board of Education.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, calculated using a discount rate of 5.71% as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.71%) or 1-percentage point higher (6.71%) than the current rate:

	1.0% decrease 4.71%	Current rate 5.71%	1.0% increase 6.71%
Net OPEB liability (asset)	<u>\$ 226,836,000</u>	<u>\$ 180,246,873</u>	<u>\$ 142,850,000</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Plan, calculated using trend rate as well as what the Plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% decrease	Medical trend rate	1% increase
Net OPEB liability (asset)	<u>\$ 136,311,000</u>	<u>\$ 180,246,873</u>	<u>\$ 237,279,000</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

16. OTHER POSTRETIREMENT EMPLOYEE BENEFITS (continued)

Board of Education (continued)

Detailed OPEB plan information for the School System is available in a separately issued audited financial statements available on the School System's website.

17. CONTINGENCIES AND COMMITMENTS

Primary Government

In the normal course of operations, the County receives grant funds from various Federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The County Commissioners and the Sheriff of Washington County are defendants in various legal proceedings as of June 30, 2022. There are also certain unasserted claims that could possibly be asserted. The Commissioners intend to defend all litigations against them. In the Commissioners' opinion, the liability, if any, in or arising from these litigations or any other legal proceedings in which the County is involved, will not have a material adverse effect on its financial condition.

The County is committed under various contracts for the construction or acquisition of fixed assets. These projects are generally budgeted in the Capital Projects Fund, and funding has been provided for their completion.

On June 23, 2014, the Board of County Commissioners of Washington County, Maryland entered into a \$4 million loan agreement with the Maryland Department of Business and Economic Development and Mack Trucks, Inc. The loan proceeds were made for eligible project costs and does not require repayment unless specific employment levels are not met. If such a condition occurs, repayments are guaranteed to DBED by the County. Mack Trucks, Inc. is contractually obligated to the County to reimburse any payments occurring as a result of the guarantee. As of June 30, 2022, there is no effect on amounts reported on the County's statement of net position or statement of activities as a result of this guarantee.

The Board of County Commissioners designated \$3 million of the surplus to be used for additional funding of non-profits.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

17. CONTINGENCIES AND COMMITMENTS (continued)

Board of Education

In the normal course of operations, the School System is subject to lawsuits and claims. In the opinion of management, the disposition of such lawsuits and claims will not have a material effect on the School System's financial position or results of operations.

As of June 30, 2022, the School System had entered into various school construction commitments, that will be funded by the State of Maryland or County sources, totaling approximately \$18,128,552 and are included in encumbrances.

As of June 30, 2022, the School System had outstanding purchase orders and contracts of \$27,766,189. These amounts are partially included in assigned fund balance in the appropriate funds.

Current expense fund - unrestricted	\$ 10,513,938
Current expense fund - restricted	5,624,483
Capital projects fund	11,233,860
Food services fund	393,908

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

18. FUND BALANCES

Fund balances reflected in the governmental funds balance sheet as of June 30, 2022 are categorized as follows:

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Non-Spendable				
Inventory	\$ 1,012,069	\$ -	\$ -	\$ 1,012,069
Long-term receivable	195,114	-	-	195,114
Restricted				
Programs and activities	497,513	-	403,961	901,474
Workers compensation	180,000	-	-	180,000
Capital projects	-	39,704,803	-	39,704,803
Committed				
Contingencies	68,254,730	-	-	68,254,730
Programs and activities	3,172,432	-	950,789	4,123,221
Capital projects	-	85,136,228	-	85,136,228
Assigned				
Programs and activities	55,844	-	4,661,438	4,717,282
Totals	\$ 73,367,702	\$ 124,841,031	\$ 6,016,188	\$ 204,224,921

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

19. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS

On September 26, 2000, the Board of County Commissioners approved the Volunteer Length of Service Award Program (LOSAP), a defined benefit plan for eligible volunteers of Washington County fire, rescue, emergency medical services or support organizations. LOSAP, which will be funded entirely by the County General Fund, provides benefit payments to volunteers who have completed certain eligibility and years of service requirements. An active volunteer who has attained age 62 and has been credited with a minimum of 25 years of active LOSAP Service is eligible to receive, until his or her death, a monthly benefit payment of \$200, or may elect an actuarially reduced benefit in the form of a joint survivor annuity.

An active volunteer, who has completed more than 25 years of Active LOSAP Service Credit, is eligible to receive, until his or her date of death, an additional monthly benefit payment of \$15 for each year of active LOSAP service credit in excess of 25 years, not to exceed a total monthly benefit payment of \$350. No LOSAP benefits were paid before January 1, 2007. Generally, a volunteer must be an active volunteer on or after January 1, 2007, to be eligible for any benefit under LOSAP. LOSAP also provides for death and disability benefits.

Investments

The table below summarizes the target asset class weighting, along with the allowable ranges for each class.

<u>Investment Type</u>	<u>Range</u>	<u>Target</u>
Equities:		
Domestic	28-48%	38%
International	12-32%	22%
Options/ Defensive Equity	5-25%	15%
Private Credit/ High Yield	0-15%	10%
Fixed Income:		
Investment Grade	3-23%	13%
Money Market	0-10%	2%

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

19. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS (continued)

Investments (continued)

The long-term expected rate of return on pension plan investments was determined using a standard building block approach. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic assumed rates of return for each class included in the pension plans' general target asset allocation as of June 30, 2022 is as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	38%	5.3%
International Equity	22%	5.7%
Options / Defensive Equity	15%	4.5%
High Yield	10%	4.4%
Core Fixed Income	13%	1.8%
Cash	2%	0.0%
Inflation		2.3%
Total	100%	

Net pension liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of June 30, 2022 is as follows:

Total pension liability	\$ 12,758,083
Net position	(10,615,188)
Net pension liability	<u>\$ 2,142,895</u>

Net position as a percentage of total pension liability is 83.20%.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the plan, calculated using a discount rate of 7.25% as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1.0% decrease 6.25%	Current rate 7.25%	1.0% increase 8.25%
Net pension liability	<u>\$ 3,666,513</u>	<u>\$ 2,142,895</u>	<u>\$ 874,298</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

19. RETIREMENT PLAN - FIRE AND RESCUE VOLUNTEERS (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2022, the County recognized pension expense of \$(71,166). As of June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the length of service award program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 834,864	\$ 126,957
Change in assumptions	260,799	85,253
Net difference between projected and actual investment earnings	841,902	-
Total	<u><u>\$ 1,937,565</u></u>	<u><u>\$ 212,210</u></u>

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Years Ended June 30,	Amount
2023	\$ 457,692
2024	426,983
2025	190,833
2026	620,632
2027	21,235
Thereafter	7,980
Total	<u><u>\$ 1,725,355</u></u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

20. TAX ABATEMENTS

Washington County provides tax abatements and credits to encourage economic development: the Job Creation & Capital Investment Real Property Tax Credit, the New Jobs Tax Credit, Pad-Ready Stie Commercial Stimulus Credit, and the Enterprise Zone Tax Credit.

Job Creation & Capital Investment Real Property Tax Credit Program

This tax credit program ranges from six (6) years to fifteen (15) years in tax credits on the County portion of real estate taxes for qualified businesses that either expand or locate and increase employment in Washington County. There are three opportunities:

A. An existing business entity (1) must obtain at least an additional 1,500 square feet of new or expanded premises; (2) must employ at least one (1) individual in a new, permanent full-time position during a 12-month period during which the business entity must obtain and occupy the new or expanded premises. The tax credit is 52% during years one and two; 39% during years three and four; and 26% during years five and six.

B. (1) Must obtain at least 2,500 square feet; (2) employ at least five additional new, permanent full-time employees during a 24-month period. The tax credit is 30% during years one and two; 20% during years three and four; and 10% during years five and six.

C. (1) Must invest \$10,000,000 in capital improvements; (2) create 100 new, permanent full-time employees. Tax credit is 100% for each of the first five taxable years; 75% for year six through ten; 50% for years 11 through 15.

In FY2022, utilization of this program was not material.

New Jobs Tax Credit Program

This program provides a six-year tax credit for qualified businesses that either expand or relocate in Washington County. The credit applies to Washington County's real property tax on real property owned or leased by the business and on personal property owned by that business. The amount of the New Jobs Tax Credit a business may claim against County taxes imposed on the assessed value of the new or expanded premises in which the credit is allowed is:

- 52% during the first (1st) and second (2nd) taxable years
- 39% during the third (3rd) and fourth (4th) taxable years
- 26% during the fifth (5th) and sixth (6th) taxable years

To qualify for the program, a business must:

- Either construct or expand its operations in Washington County by a minimum of 10,000 square feet,
- Employ at least 25 persons in new, permanent full-time positions located at the new or expanded premises in Washington County,

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

20. TAX ABATEMENTS (continued)

- Pay 50% of those new jobs at least 135% of the average weekly wage per Washington County worker as reported by the Maryland Department of Labor at the end of the previous calendar years, and,
- Be in a Priority Funding Area as designated in Title 5, Subtitle 7B of the State Finance and Procurement Article.

In FY2022, there was no utilization of this program.

Pad-Ready Site Commercial Stimulus Program

A commercial property stimulus program that offers a qualified project a three-year tax credit against the County real property tax on four-tenths of one percent (0.004) of construction costs of the new improvement on the approved parcel.

This program is a valued part of our local business incentive package and considered integral in spurring economic growth in Washington County. Qualifying projects are entitled to priority plan review by the Washington County Development Advisory Committee, deferral of County Site Plan application and review fees and a real-estate tax credit issuance once buildings are constructed and occupied. The tax credit is to be 0.4 of a percent (.004%) of the construction cost of the new improvement as determined by this office and will apply for three consecutive years. The credit is limited to the lesser of three years or until the parcel is further developed.

In FY2022, there was immaterial utilization of this program.

21. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 87, *Leases*; Statement No. 89, *Auditors Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. These statements do not have a material effect on the County's financial statements.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Notes to the Financial Statements

June 30, 2022

21. NEW ACCOUNTING PRONOUNCEMENTS (continued)

The GASB has issued Statement No. 91, *Conduit Debt Obligations*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; Statement No. 99, *Omnibus 2022*; Statement No. 100, *Accounting Changes and Error Corrections*; and Statement No. 101, *Compensated Absences*, which will require adoption in the future, if applicable. The County will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Net OPEB Liability and Related Ratios June 30, 2022

	2022	2021	2020	2019	2018	2017
Total pension liability						
Service Cost: Retirement benefits Administration	\$ 713,184	\$ 756,448	\$ 782,686	\$ 983,258	\$ 1,025,563	\$ 954,012
Interest	930,069	961,217	961,904	1,577,724	1,680,908	1,546,680
Changes in benefit terms	7,402,719	-	-	-	-	-
Differences between expected and actual experiences	56,668	(1,490,139)	(367,885)	(239,377)	(3,216,054)	-
Changes of assumptions	-	(53,646)	(838,141)	(9,622,292)	(223,390)	-
Benefit payments	(932,146)	(631,096)	(533,287)	(641,700)	(655,923)	(147,184)
Net changes in total OPEB liability						
Total OPEB liability - beginning	8,170,494	(457,216)	5,277	(7,942,387)	(1,388,896)	2,353,508
Total OPEB liability - ending (a)	13,266,282	13,723,498	13,718,221	21,660,608	23,049,504	20,695,996
	<u>\$ 21,436,776</u>	<u>\$ 13,266,282</u>	<u>\$ 13,723,498</u>	<u>\$ 13,718,221</u>	<u>\$ 21,660,608</u>	<u>\$ 23,049,504</u>

Plan fiduciary net position						
Contributions - employer	\$ -	\$ 12,832	\$ 14,879	\$ 641,700	\$ 1,877,923	\$ 1,347,184
Net investment income	(3,405,156)	6,924,233	922,876	1,324,499	1,702,823	1,919,215
Benefit payments	(932,146)	(631,096)	(533,287)	(641,700)	(655,923)	(147,184)
Administrative expense	(36,595)	(22,037)	(46,687)	(108,008)	(21,763)	-
Net changes in plan fiduciary net position						
Plan fiduciary net positions - beginning	(4,373,897)	6,283,932	357,781	1,216,491	2,903,060	3,119,215
Plan fiduciary net positions - ending (b)	30,938,442	24,654,510	24,296,729	23,080,238	20,177,178	17,057,963
	<u>\$ 26,564,545</u>	<u>\$ 30,938,442</u>	<u>\$ 24,654,510</u>	<u>\$ 24,296,729</u>	<u>\$ 23,080,238</u>	<u>\$ 20,177,178</u>

County's net OPEB - liability - ending (a) - (b)	\$ (5,127,769)	\$ (17,672,160)	\$ (10,931,012)	\$ (10,578,508)	\$ (1,419,630)	\$ 2,872,326
Plan fiduciary net position as a percentage of total pension liability	123.92%	233.21%	179.65%	177.11%	106.55%	87.54%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expense	(11.01)%	28.09%	3.80%	5.74%	8.44%	11.25%

Notes to schedule:
This information is not available for FY16 and prior.

Benefit changes
None.

Change of assumptions
The discount rate was changed as follows:
The discount rate changes year-to-year: 7.25% 7.25% 7.25% 7.25% 7.50% 7.50%
The medical trend was updated to the latest model released by the SOA.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of OPEB Trust Fund Employer Contributions June 30, 2022

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 950,000	\$ 1,261,000
Contributions in relation to the actuarially determined contributions	-	12,832	14,879	641,700	1,877,923	1,347,184
Contributions deficiency (excess)	\$ -	\$ (12,832)	\$ (14,879)	\$ (641,700)	\$ (927,923)	\$ (86,184)
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule:

Benefit changes None.

Valuation date

1/1/2021

Changes of assumptions

The medical trend was updated to the latest model released by the SOA and excludes the impact of the Cadillac Tax.

Methods and assumptions used to determine contribution rates:

Valuation Date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Remaining amortization period	16 years for FYE 2022
Asset valuation method	Market Value of Assets
Investment rate of return	7.25% for FYE 2019 and after, 7.50% for FYE 2017 and 2018
Payroll growth rate	3.00%
Inflation	2.50%
Healthcare cost trend rate	The trend for 2022 is 5.10%. The ultimate trend is 4.00%.

This information is not available for FYE 16 and prior.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – General Employees’ Pension Fund June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service Cost: Retirement benefits Administration	\$ 7,446,422	\$ 6,949,190	\$ 7,011,877	\$ 6,564,304	\$ 5,050,740	\$ 4,903,615	\$ 3,124,202	\$ 3,508,850	\$ 6,922,217
Interest	18,464,711	17,648,545	17,001,079	16,190,295	15,612,649	11,595,913	10,745,024	10,252,003	7,708,164
Benefit payments, including refunds of member contributions	(12,702,206)	(11,241,936)	(15,048,127)	(9,973,991)	(8,172,571)	(8,860,156)	(7,789,289)	(6,880,888)	(6,004,033)
Changes of benefit terms	-	(1,368,197)	(1,937,366)	(299,442)	-	22,002,473	1,358,032	-	-
Differences between expected and actual experiences	1,088,260	-	-	1,239,143	3,555,655	3,657,687	6,532,000	-	-
Changes of assumptions	-	-	-	-	-	19,913,151	2,532,160	-	-
Net changes in total pension liability	14,267,187	11,987,602	7,027,463	13,720,309	16,046,473	53,212,683	16,502,129	6,879,965	8,626,348
Total pension liability - beginning	261,036,779	249,049,177	242,021,714	228,301,405	212,254,932	159,042,249	142,540,120	135,660,155	127,033,807
Total pension liability - ending (a)	<u>\$ 275,303,966</u>	<u>\$ 261,036,779</u>	<u>\$ 249,049,177</u>	<u>\$ 242,021,714</u>	<u>\$ 228,301,405</u>	<u>\$ 212,254,932</u>	<u>\$ 159,042,249</u>	<u>\$ 142,540,120</u>	<u>\$ 135,660,155</u>
Plan fiduciary net position									
Contributions - employer	\$ 17,370,433	\$ 19,210,540	\$ 12,137,468	\$ 11,825,000	\$ 10,510,000	\$ 7,010,000	\$ 6,621,156	\$ 6,786,549	\$ 6,017,521
Contributions - member	2,667,465	2,527,417	2,183,984	2,119,985	2,094,346	1,955,511	1,873,710	1,871,200	1,876,133
Net investment income	(19,799,377)	37,174,903	5,025,847	6,676,652	9,409,621	10,676,800	628,709	4,747,193	12,817,264
Receipts of In-kind	-	-	-	-	-	-	-	220,613	-
Benefit payments, including refunds of member contributions	(12,702,206)	(11,241,936)	(15,048,127)	(9,973,991)	(8,172,571)	(8,860,156)	(7,789,289)	(6,880,887)	(6,004,103)
Administrative expense	(142,111)	(138,164)	(172,390)	(175,860)	(150,795)	(130,631)	(98,464)	(604,197)	(238,016)
Net changes in plan fiduciary net position	(12,605,796)	47,532,760	4,126,782	10,471,786	13,690,601	10,651,524	1,235,822	6,140,471	14,468,799
Plan fiduciary net positions - beginning	179,820,762	132,288,002	128,161,220	117,689,434	103,998,833	93,347,309	92,111,487	85,971,016	71,502,217
Plan fiduciary net positions - ending (b)	<u>\$ 167,214,966</u>	<u>\$ 179,820,762</u>	<u>\$ 132,288,002</u>	<u>\$ 128,161,220</u>	<u>\$ 117,689,434</u>	<u>\$ 103,998,833</u>	<u>\$ 93,347,309</u>	<u>\$ 92,111,487</u>	<u>\$ 85,971,016</u>
County's net pension - liability - ending (a) - (b)	\$ 108,089,000	\$ 81,216,017	\$ 116,761,175	\$ 113,860,494	\$ 110,611,971	\$ 108,256,099	\$ 65,694,940	\$ 50,428,633	\$ 49,689,139
Plan fiduciary net position as a percentage of total pension liability	60.74%	68.89%	53.12%	52.95%	51.55%	49.00%	58.69%	64.62%	63.37%
Covered employee payroll	\$ 42,021,000	\$ 38,896,000	\$ 39,131,000	\$ 36,785,000	\$ 34,848,986	\$ 33,462,000	\$ 31,662,000	\$ 33,098,009	\$ 35,288,757
Net liability as a percentage of covered payroll	257.23%	208.80%	298.39%	309.53%	317.40%	323.52%	207.49%	152.36%	140.81%
Annual money-weighted rate of return, net of investment expense	(11.01)%	28.10%	3.92%	5.67%	9.05%	11.44%	0.68%	5.52%	17.93%

Notes to schedule:

This information is not available for FY13 and prior.

Benefit changes: None.

Change of assumptions: None.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of General Employees' Pension Fund Employer Contributions June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 11,148,000	\$ 11,183,000	\$ 10,916,000	\$ 11,819,000	\$ 10,510,000	\$ 7,009,000	\$ 6,621,000	\$ 6,786,549	\$ 6,442,087
Contributions in relation to the actuarially determined contributions	\$ 17,370,000	19,210,540	12,137,000	11,825,000	10,510,000	7,010,000	6,621,000	6,786,549	6,017,521
Contributions deficiency (excess)	\$ (6,222,000)	\$ (8,027,540)	\$ (1,221,000)	\$ (6,000)	\$ -	\$ (1,000)	\$ -	\$ -	\$ 424,566
Covered employee payroll	\$ 42,021,000	\$ 38,896,000	\$ 39,131,000	\$ 36,785,000	\$ 34,848,986	\$ 33,462,000	\$ 31,662,000	\$ 33,098,009	\$ 35,288,757
Contributions as a percentage of covered employee payroll	41.34%	49.39%	31.02%	32.15%	30.16%	20.95%	20.91%	20.50%	17.05%

Notes to schedule:

Valuation date

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year.
Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return
Retirement age
Mortality

Projected Unit Credit
Level Dollar Amount
18 years (closed)
5-year smoothed market
3.00%
Rates vary by participant service
7.25%, net of pension plan investment expense, including inflation
Rates vary by participant age and service
RP-2014 Total Dataset with fully generational projection using scale MP-2015

This information is not available for FY13 and prior.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Changes in Pension Fund Net Pension Liability and Related Ratios – Length of Service Award Fund June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service Cost: Retirement benefits Administration	\$ 266,527	\$ 246,501	\$ 237,335	\$ 226,280	\$ 244,565	\$ 234,716	\$ 157,984	\$ 143,037	\$ 147,049
Interest	863,381	826,896	823,402	707,838	702,309	580,130	968,187	922,814	872,518
Differences between expected and actual experiences	55,878	92,770	(222,174)	925,489	24,530	995,034	(6,285,232)	-	-
Changes of assumptions	-	-	(149,195)	343,476	-	356,243	906,099	-	-
Benefit payments, including refunds of member contributions	(672,827)	(653,016)	(629,306)	(588,909)	(555,590)	(518,538)	(490,872)	(461,316)	(431,634)
Net changes in total pension liability	512,959	513,151	60,062	1,614,174	415,814	1,647,585	(4,743,834)	604,535	587,933
Total pension liability - beginning	12,245,124	11,731,973	11,671,911	10,057,737	9,641,923	7,994,338	12,738,172	12,133,637	11,545,704
Total pension liability - ending (a)	\$ 12,758,083	\$ 12,245,124	\$ 11,731,973	\$ 11,671,911	\$ 10,057,737	\$ 9,641,923	\$ 7,994,338	\$ 12,738,172	\$ 12,133,637
Plan fiduciary net position									
Contributions - employer	\$ 386,634	\$ 564,557	\$ 564,557	\$ 460,000	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	\$ 600,000
Net investment income	(1,574,222)	2,866,396	347,769	503,259	721,822	852,460	55,233	381,511	1,074,025
Receipts of In-kind	-	-	-	-	-	-	-	-	15,232
Benefit payments, including refunds of member contributions	(672,827)	(653,016)	(629,306)	(588,909)	(555,590)	(518,538)	(490,872)	(461,316)	(431,634)
Administrative expense	(22,754)	(14,195)	(29,543)	(34,803)	(35,075)	(30,524)	(20,610)	(23,215)	(27,429)
Net changes in plan fiduciary net position	(1,883,169)	2,763,742	253,477	339,547	731,157	903,398	(456,249)	496,980	1,230,194
Plan fiduciary net positions - beginning	12,498,357	9,734,615	9,481,138	9,141,591	8,410,434	7,507,036	7,963,285	7,466,305	6,236,111
Plan fiduciary net positions - ending (b)	\$ 10,615,188	\$ 12,498,357	\$ 9,734,615	\$ 9,481,138	\$ 9,141,591	\$ 8,410,434	\$ 7,507,036	\$ 7,963,285	\$ 7,466,305
County's net pension - liability - ending (a) - (b)	\$ 2,142,895	\$ (253,233)	\$ 1,997,358	\$ 2,190,773	\$ 916,146	\$ 1,231,489	\$ 487,302	\$ 4,774,887	\$ 4,667,332
Plan fiduciary net position as a percentage of total pension liability	83.20%	102.07%	82.98%	81.23%	90.89%	87.23%	93.90%	62.52%	61.53%
Covered employee payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net liability as a percentage of covered payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA
Annual money-weighted rate of return, net of investment expense	(12.60)%	29.45%	3.67%	5.51%	8.58%	11.36%	0.69%	5.11%	17.22%

Notes to schedule:

This information is not available for FY13 and prior.

Benefit changes

Change of assumptions

None.

None.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Volunteer Length of Service Award Fund Employer Contributions June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 387,000	\$ 565,000	\$ 565,000	\$ 455,000	\$ 467,000	\$ 467,000	\$ -	\$ 600,000	\$ 585,843
Contributions in relation to the actuarially determined contributions	387,000	565,000	565,000	460,000	600,000	600,000	-	600,000	600,000
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ (5,000)	\$ (133,000)	\$ (133,000)	\$ -	\$ -	\$ (14,157)
Covered employee payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA
Contributions as a percentage of covered employee payroll	NA	NA	NA	NA	NA	NA	NA	NA	NA

Notes to schedule:

Valuation date

Actuarially determined contribution amounts are calculated as of the beginning of the calendar year (January 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll
Remaining amortization period	11 to 15 years (closed)
Asset valuation method	Market Value
Inflation	3.00%
Salary increases	None
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Normal retirement age
Mortality	Pub-2010 Safety Retirees Headcount-Weighted Mortality with fully generational projection using scale MP2019

This information is not available for FY13 and prior.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statements of Financial Schedules June 30, 2022

Non-Major Governmental Funds

The Grant Management Fund is a special revenue fund used to account for all activities conducted by this department of the County. The Grant Management core function is to coordinate services and identify needs of the children, youth and families of Washington County.

Cascade Town Centre is a special revenue fund used to account for certain maintenance related expenditures at the former Fort Ritchie Army site.

The Inmate Welfare Fund is a special revenue fund used to account for commissary activities at the Washington County Detention Center and other inmate related revenue and expenses.

The Contraband Fund is a special revenue fund used for the deposit and temporary holding of seized U.S. Currency related to Narcotics Investigations. These monies are held in escrow pending civil or criminal court proceedings or abandonment. Released funds are used for law enforcement related expenses within Washington County at the discretion of the Board of Directors for the Washington County Narcotics Task Force.

The Agricultural Education Center Fund is a special revenue fund used to account for all transactions of the Agricultural Education Center (Center). The purpose of this Center is to promote agricultural pursuits in Washington County and to educate the general public and members of the agricultural community in all areas regarding agriculture in the County.

The Hotel Rental Tax Fund is a special revenue fund for accounting of taxes collected on transient charges paid to a hotel or motel located in the County, and for the distribution of the tax revenue to the Hagerstown/Washington County Convention and Visitors Bureau, municipalities and for special projects for the County.

The Gaming Fund is a special revenue fund for accounting of permits and licensing fees, for tip jar and bingo gaming activity. The Gaming Fund distributes funds to the various fire and rescue companies and charitable organizations in the County.

The Land Preservation Fund is a special revenue fund established to account for State and County programs related to preserving agriculture land in the County. A portion of the County's transfer tax is used to purchase permanent easements through an installment purchase program and a portion of the transfer tax is remitted to the State for the purchase of easements and transferable development rights.

The Hagerstown/Eastern Panhandle Metropolitan Planning Organization (HEPMPO) Fund is a special revenue fund used to account for transportation planning activities. The objective of the organization is to ensure that a continuing, cooperative, and comprehensive approach for short- and long-range transportation planning is established and maintained for the metropolitan area.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statements of Financial Schedules (continued) June 30, 2022

Non-Major Proprietary Funds

The Public Transit Fund accounts for the activities of the public bus transportation system.

The Golf Course Fund accounts for activities at the Black Rock Golf Course including an 18-hole golf course, a full-service pro shop, and a snack bar.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Balance Sheet – Non-Major Governmental Funds As of June 30, 2022

	Grant Management	Cascade Town Centre	Inmate Welfare	Contraband	Agricultural Education Center	Hotel Rental Tax	Gaming	Land Preservation	HEPMPO	Total Non-major Funds
ASSETS										
Cash	\$ 27,496	\$ 952,921	\$ 438,137	\$ 494,368	\$ 47,379	\$ 2,030,588	\$ 2,084,223	\$ 4,132,700	\$ -	\$ 10,207,812
Accounts receivable	-	-	-	-	-	193,463	131,378	-	-	324,841
Interest receivables	-	175	-	-	-	-	-	-	-	175
Leases receivable	-	122,925	-	-	-	-	-	-	-	122,925
Due from other government agencies	141,652	-	-	-	-	-	-	-	77,525	219,177
TOTAL ASSETS	\$ 169,148	\$ 1,076,021	\$ 438,137	\$ 494,368	\$ 47,379	\$ 2,224,051	\$ 2,215,601	\$ 4,132,700	\$ 77,525	\$ 10,874,930
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 151,675	\$ 5,000	\$ 33,582	\$ -	\$ 13,571	\$ 298,199	\$ 2,026,546	\$ 248,673	\$ 20,243	\$ 2,797,489
Accrued expenses	4,198	-	594	-	806	-	2,687	1,180	37	9,502
Due to other funds	-	-	-	-	-	-	-	-	22,037	22,037
Unearned revenue	5,425	-	-	-	-	-	42,725	965,603	-	1,013,753
Other liabilities	-	-	-	443,417	-	-	-	452,312	-	895,729
TOTAL LIABILITIES	161,298	5,000	34,176	443,417	14,377	298,199	2,071,958	1,667,768	42,317	4,738,510
Deferred Inflow of Resources										
Leases	-	120,232	-	-	-	-	-	-	-	120,232
Total Deferred Inflow of Resources	-	120,232	-	-	-	-	-	-	-	120,232
FUND BALANCES										
Restricted	-	-	403,961	-	-	-	-	-	-	403,961
Committed	-	950,789	-	-	-	-	-	-	-	950,789
Assigned	7,850	-	-	50,951	33,002	1,925,852	143,643	2,464,932	35,208	4,661,438
TOTAL FUND BALANCES	7,850	950,789	403,961	50,951	33,002	1,925,852	143,643	2,464,932	35,208	6,016,188
TOTAL LIABILITIES AND FUND BALANCES	\$ 169,148	\$ 1,076,021	\$ 438,137	\$ 494,368	\$ 47,379	\$ 2,224,051	\$ 2,215,601	\$ 4,132,700	\$ 77,525	\$ 10,874,930

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds For the Year Ended June 30, 2022

	Grant Management	Cascade Town Centre	Inmate Welfare	Contraband	Agricultural Education Center	Hotel Rental Tax	Gaming	Land Preservation	HEPMPO	Total Non-major Funds
REVENUE										
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,584,873	\$ -	\$ 1,750,962	\$ -	\$ 4,335,835
Licenses and permits	-	-	-	-	-	-	2,786,848	-	-	2,786,848
Charges for services	-	-	456,449	-	47,037	-	-	-	-	503,486
Reimbursed expenses	-	-	-	-	1,345	-	-	-	-	1,345
Miscellaneous revenues	5,000	24,906	166,163	20,242	-	-	-	-	30,798	247,109
Shared taxes and grants	16,757,496	-	-	-	-	-	-	2,523,318	521,481	19,802,295
TOTAL REVENUE	16,762,496	24,906	622,612	20,242	48,382	2,584,873	2,786,848	4,274,280	552,279	27,676,918
EXPENDITURES										
Public safety	-	-	520,041	-	-	-	1,295,506	-	-	1,815,547
Parks, recreation and culture	-	-	-	-	253,374	-	-	-	-	253,374
Land preservation	-	-	-	-	-	-	-	3,146,809	-	3,146,809
General operations	154,287	29,280	-	-	-	531,153	176,703	-	-	891,423
Community promotion	16,882,496	150,000	-	-	-	1,747,761	1,295,506	-	583,583	20,659,346
TOTAL EXPENDITURES	17,036,783	179,280	520,041	-	253,374	2,278,914	2,767,715	3,146,809	583,583	26,766,499
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(274,287)	(154,374)	102,571	20,242	(204,992)	305,959	19,133	1,127,471	(31,304)	910,419
OTHER FINANCING SOURCES										
Transfers in	274,287	-	-	-	231,340	-	-	424,322	28,650	958,599
Transfers out	-	(750,000)	-	-	-	(48,049)	-	-	-	(798,049)
TOTAL OTHER FINANCING SOURCES (USES)	274,287	(750,000)	-	-	231,340	(48,049)	-	424,322	28,650	160,550
NET CHANGES IN FUND BALANCES	-	(904,374)	102,571	20,242	26,348	257,910	19,133	1,551,793	(2,654)	1,070,969
FUND BALANCES - BEGINNING OF YEAR	7,850	1,855,163	301,390	30,709	6,654	1,667,942	124,510	913,139	37,862	4,945,219
FUND BALANCES - END OF YEAR	\$ 7,850	\$ 950,789	\$403,961	\$ 50,951	\$ 33,002	\$ 1,925,852	\$ 143,643	\$ 2,464,932	\$ 35,208	\$ 6,016,188

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Net Position – Non-Major Proprietary Funds As of June 30, 2022

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
ASSETS			
Current Assets:			
Cash	\$ 1,028,691	\$ 955,525	\$ 1,984,216
Accounts receivable	-	11,003	11,003
Due from other governmental agencies	602,311	64,862	667,173
Inventories	192,129	23,099	215,228
Total current assets	1,823,131	1,054,489	2,877,620
Noncurrent Assets:			
Projects under construction	-	64,474	64,474
Property plant and equipment	8,580,463	5,096,266	13,676,729
Accumulated depreciation	(4,673,526)	(3,233,734)	(7,907,260)
Right-to-use leased equipment	2,820	154,048	156,868
Accumulated amortization	(1,030)	(62,964)	(63,994)
Total noncurrent assets	3,908,727	2,018,090	5,926,817
TOTAL ASSETS	5,731,858	3,072,579	8,804,437
LIABILITIES			
Current Liabilities:			
Leases payable	1,059	58,209	59,268
Accounts payable	59,375	27,478	86,853
Accrued expenses	25,090	16,935	42,025
Accrued interest	-	291	291
Compensated absences	80,171	31,895	112,066
Unearned revenue	-	57,310	57,310
Total current liabilities	165,695	192,118	357,813
Noncurrent Liabilities:			
Compensated absences	26,724	10,630	37,354
Leases payable	710	39,296	40,006
Total noncurrent liabilities	27,434	49,926	77,360
TOTAL LIABILITIES	193,129	242,044	435,173
NET POSITION			
Net investment in capital assets	2,332,087	1,960,179	4,292,266
Unrestricted	3,206,642	870,356	4,076,998
TOTAL NET POSITION	\$ 5,538,729	\$ 2,830,535	\$ 8,369,264

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Revenue, Expenses and Changes in Fund Net Position – Non-Major Proprietary Funds For the Year Ended June 30, 2022

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
OPERATING REVENUE			
Charges for services	\$ 264,034	\$ 1,009,838	\$ 1,273,872
Miscellaneous	2,997	16,557	19,554
TOTAL OPERATING REVENUE	<u>267,031</u>	<u>1,026,395</u>	<u>1,293,426</u>
OPERATING EXPENSES			
Salaries and wages	1,563,222	470,831	2,034,053
Fringe benefits	665,072	221,294	886,366
Utilities	26,335	50,666	77,001
Insurance	30,215	9,843	40,058
Repairs and maintenance	142,244	93,146	235,390
Supplies	41,426	3,598	45,024
Cost of goods sold	-	114,249	114,249
Contracted services	120,422	10,448	130,870
Rentals and leases	36,641	1,243	37,884
Other operating	356,364	134,661	491,025
Controllable assets	1,665	3,161	4,826
Depreciation and amortization	189,937	167,033	356,970
TOTAL OPERATING EXPENSES	<u>3,173,543</u>	<u>1,280,173</u>	<u>4,453,716</u>
OPERATING LOSS	<u>(2,906,512)</u>	<u>(253,778)</u>	<u>(3,160,290)</u>
OTHER INCOME			
Interest, penalties & fees	-	(4,476)	(4,476)
TOTAL OTHER INCOME	<u>-</u>	<u>(4,476)</u>	<u>(4,476)</u>
LOSS BEFORE OPERATING TRANSFERS AND GRANTS	<u>(2,906,512)</u>	<u>(258,254)</u>	<u>(3,164,766)</u>
OPERATING TRANSFERS IN	1,068,080	358,440	1,426,520
GRANTS FOR OPERATIONS	<u>1,874,222</u>	<u>-</u>	<u>1,874,222</u>
LOSS BEFORE CAPITAL TRANSFERS AND GRANTS	35,790	100,186	135,976
CAPITAL TRANSFERS	75,000	48,000	123,000
GRANTS FOR CAPITAL PROJECTS	<u>1,850,072</u>	<u>64,474</u>	<u>1,914,546</u>
CHANGES IN NET POSITION	1,960,862	212,660	2,173,522
NET POSITION - BEGINNING OF YEAR	<u>3,577,867</u>	<u>2,617,875</u>	<u>6,195,742</u>
NET POSITION - END OF YEAR	<u>\$ 5,538,729</u>	<u>\$ 2,830,535</u>	<u>\$ 8,369,264</u>

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Combining Statement of Cash Flows – Non-Major Proprietary Funds For the Year Ended June 30, 2022

	Public Transit Fund	Golf Course Fund	Total Non-Major Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 249,775	\$ 1,009,665	\$ 1,259,440
Payments to suppliers	(759,318)	(519,160)	(1,278,478)
Payments to employees	(2,268,152)	(712,251)	(2,980,403)
Net Cash Used by Operating Activities	<u>(2,777,695)</u>	<u>(221,746)</u>	<u>(2,999,441)</u>
Cash Flows from Noncapital Financing Activities			
Operating contributions	2,942,302	358,440	3,300,742
Net Cash Provided by Noncapital Financing Activities	<u>2,942,302</u>	<u>358,440</u>	<u>3,300,742</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(1,764,829)	(120,727)	(1,885,556)
Gain/(loss) on the sale of assets	-	-	-
Interest Expense	-	(4,476)	(4,476)
Contribution for capital acquisitions	1,925,072	112,474	2,037,546
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>160,243</u>	<u>(12,729)</u>	<u>147,514</u>
Cash Flows from Investing Activities			
Interest on investments	-	-	-
Net change in cash	324,850	123,965	448,815
Cash, beginning of year	703,841	831,560	1,535,401
Cash, End of Year	<u>\$ 1,028,691</u>	<u>\$ 955,525</u>	<u>\$ 1,984,216</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (2,906,512)	\$ (253,778)	\$ (3,160,290)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	189,937	167,033	356,970
Changes in assets and liabilities:			
Accounts receivable	30	(9,178)	(9,148)
Unbilled receivables	40	-	40
Due to/from other government entities	(17,326)	(64,862)	(82,188)
Inventories	(22,595)	4,905	(17,690)
Accounts payable and other liabilities	18,589	(103,050)	(84,461)
Accrued expenses	(56,245)	(28,263)	(84,508)
Unearned revenue	-	57,310	57,310
Compensated absences	16,387	8,137	24,524
Net Cash Used by Operating Activities	<u>\$ (2,777,695)</u>	<u>\$ (221,746)</u>	<u>\$ (2,999,441)</u>

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BUDGET AND ACTUAL SCHEDULE

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUE				
Property Taxes				
Real property tax	\$ 121,831,450	\$ 121,831,450	\$ 120,196,963	\$ (1,634,487)
Personal property tax	14,510,190	14,510,190	17,312,793	2,802,603
Property tax interest income	395,000	395,000	414,117	19,117
Other property tax	966,870	966,870	1,074,355	107,485
State administrative fees	(520,000)	(520,000)	(551,733)	(31,733)
Property tax discounts and credits	(2,512,270)	(2,512,270)	(2,368,282)	143,988
Total Property Taxes	134,671,240	134,671,240	136,078,213	1,406,973
Other Local Taxes				
Income tax	99,282,670	104,432,670	122,923,784	18,491,114
Admissions and amusement tax	150,000	150,000	319,188	169,188
Recordation tax	6,500,000	11,570,000	17,203,855	5,633,855
Trailer tax	250,000	250,000	208,567	(41,433)
Total Other Local Taxes	106,182,670	116,402,670	140,655,394	24,252,724
Other Revenues				
Licenses and permits	1,182,500	1,182,500	2,023,522	841,022
Court costs and fines	1,573,000	1,573,000	1,217,161	(355,839)
Charges for services	1,350,720	1,350,720	1,242,940	(107,780)
Reimbursed expenses	989,970	989,970	971,124	(18,846)
Miscellaneous revenues	416,970	2,366,900	2,546,132	179,232
Grant and shared revenues	5,068,030	21,963,544	13,387,413	(8,576,131)
Interest income	500,000	500,000	351,988	(148,012)
Highway revenues	2,338,500	2,339,810	2,536,471	196,661
Total Other Revenues	13,419,690	32,266,444	24,276,751	(7,989,693)
TOTAL REVENUE	254,273,600	283,340,354	301,010,358	17,670,004
EXPENDITURES				
General Government				
Legislative				
County Commissioners	371,210	371,210	379,186	(7,976)
County Clerk	129,070	129,070	148,885	(19,815)
County Administrator	383,220	383,220	349,381	33,839
Public Relations & Marketing	485,340	487,670	484,159	3,511
Purchasing	519,640	519,640	509,081	10,559
Total Legislative	1,888,480	1,890,810	1,870,692	20,118
Judicial				
Circuit Court	2,011,540	2,011,540	1,837,334	174,206
Orphan's Court	36,150	36,150	36,789	(639)
State's Attorney	4,139,010	4,139,010	3,851,579	287,431
Sheriff - Judicial	3,084,340	3,371,960	3,210,572	161,388
Sheriff - Process Servers	170,700	170,700	126,360	44,340
Grants	-	1,028,455	581,246	447,209
Total Judicial	9,441,740	10,757,815	9,643,880	1,113,935

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Election Board	\$ 1,667,570	\$ 1,287,490	\$ 1,208,851	\$ 78,639
Financial Administration				
Budget and Finance	1,670,840	1,670,840	1,529,748	141,092
Independent Auditing	70,000	70,000	63,707	6,293
Treasurer	546,760	546,760	518,374	28,386
Information Technologies	3,194,470	3,194,470	2,938,818	255,652
Total Financial Administration	5,482,070	5,482,070	5,050,647	431,423
County Attorney	767,920	767,920	670,566	97,354
Human Resources	1,127,220	1,127,220	1,103,341	23,879
Planning and Zoning				
Planning and Zoning	830,080	1,150,930	1,100,073	50,857
Board of Zoning Appeals	55,740	55,740	52,371	3,369
Total Planning and Zoning	885,820	1,206,670	1,152,444	54,226
Public Works				
Department of Public Works	256,950	256,950	251,227	5,723
Plan Review and Permitting	1,543,690	521,292	365,325	155,967
Engineering	2,307,280	2,558,531	2,457,073	101,458
Construction	2,218,570	2,663,407	2,334,077	329,330
Total Public Works	6,326,490	6,000,180	5,407,702	592,478
County Owned Buildings				
Martin Luther King Center	99,420	104,420	121,228	(16,808)
Administrative Building	319,710	319,710	285,128	34,582
Court House	291,030	291,030	292,317	(1,287)
County Office Building	226,050	226,050	220,292	5,758
Administration Annex	55,450	55,450	74,427	(18,977)
Central Services	130,850	130,850	106,787	24,063
Rental Properties	6,020	6,020	855	5,165
Library Maintenance	44,000	44,000	30,910	13,090
Dwyer Center	33,450	28,450	20,477	7,973
Election Board Facility	100,740	100,740	96,738	4,002
Senior Center	11,000	11,000	8,498	2,502
Public Facilities Annex	81,840	81,840	86,766	(4,926)
Total County Owned Buildings	1,399,560	1,399,560	1,344,423	55,137
Community Promotion				
Contributions to Non-profits	1,794,530	1,916,566	1,884,278	32,288
Business Development	715,840	715,840	707,025	8,815
Grants	-	11,439,680	5,548,490	5,891,190
Total Community Promotion	2,510,370	14,072,086	8,139,793	5,932,293
Total General Government	31,497,240	43,991,821	35,592,339	8,399,482

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Public Safety				
Sheriff Departments				
Patrol	\$ 13,155,720	\$ 14,153,833	\$ 13,259,210	\$ 894,623
Sheriff Auxiliary	40,000	40,000	90,154	(50,154)
Narcotics Task Force	989,760	989,760	848,028	141,732
Wash. County Police Academy	59,840	59,840	57,318	2,522
Grants	-	717,951	531,899	186,052
Total Sheriff Departments	14,245,320	15,961,384	14,786,609	1,174,775
Fire Operations				
Volunteer Fire and Rescue - County Grants	9,012,160	8,947,160	8,677,223	269,937
Air Unit	28,060	28,060	31,277	(3,217)
Special Operations	194,540	200,670	179,126	21,544
Total Fire and Rescue Services	9,234,760	9,175,890	8,887,626	288,264
Corrections				
Detention Center	16,237,630	17,518,450	18,106,685	(588,235)
Central Booking	1,084,260	1,209,850	1,286,962	(77,112)
Day Reporting Center	471,240	487,310	474,727	12,583
Total Corrections	17,793,130	19,215,610	19,868,374	(652,764)
Other Public Safety				
911 - Communications	6,276,090	6,215,210	5,756,691	458,519
Wireless Communications	1,376,980	1,425,060	1,335,369	89,691
Emergency Management	215,490	215,490	197,863	17,627
EMS Operations	2,584,350	2,584,350	2,687,573	(103,223)
Fire Operations	4,823,100	4,823,100	4,496,768	326,332
Public Safety Training Center	167,740	142,740	98,032	44,708
Forensic Investigator	30,000	30,000	28,600	1,400
Civil Air Patrol	3,600	3,600	3,600	-
Animal Control	1,436,640	1,506,640	1,506,640	-
Grants	-	3,709,419	1,632,680	2,076,739
Other Public Safety	16,913,990	20,655,609	17,743,816	2,911,793
Total Public Safety	58,187,200	65,008,493	61,286,425	3,722,068
Health	2,339,270	2,339,270	2,339,270	-
Social Services	446,010	446,010	446,010	-
Education	115,877,000	115,877,000	115,877,000	-
Parks, Recreation, and Culture				
Total Contributions to Other Agencies	3,261,560	3,261,560	3,261,560	-
Buildings, Grounds & Facilities	2,344,710	2,194,710	1,914,470	280,240
Martin L. Snook Park Pool	155,830	155,830	133,419	22,411
Parks and Recreation	1,314,640	1,497,580	1,466,615	30,965
Total Parks, Recreation, and Culture	7,076,740	7,109,680	6,776,064	333,616

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Schedule of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual General Fund (continued) For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Conservation of Natural Resources				
Weed Control	\$ 320,980	\$ 320,980	\$ 186,953	\$ 134,027
Agricultural Extension Service	244,930	244,930	244,930	-
Cooperative Extension	38,730	38,730	38,730	-
Soil Conservation Service	223,680	223,680	223,680	-
Environmental Pest Management	45,500	45,500	40,867	4,633
Total Conservation of Natural Resources	<u>873,820</u>	<u>873,820</u>	<u>735,160</u>	<u>138,660</u>
Highway	<u>11,476,800</u>	<u>11,478,110</u>	<u>10,554,751</u>	<u>923,359</u>
General Operations	<u>3,955,200</u>	<u>725,740</u>	<u>1,059,285</u>	<u>(333,545)</u>
Unallocated Employee Insurance and Benefits	<u>125,000</u>	<u>5,067,780</u>	<u>3,771,984</u>	<u>1,295,796</u>
Intergovernmental				
Golf Course operating transfer	349,820	358,440	358,440	-
HEPMPO operating transfer	10,030	10,030	10,030	-
Land Preservation operating transfer	28,930	28,930	24,322	4,608
Utility Administration operating transfer	425,470	425,470	389,867	35,603
Water operating transfer	187,280	187,280	187,280	-
Public Transit operating transfer	1,046,100	1,086,700	1,086,700	-
Airport operating transfer	-	8,000	8,000	-
Capital Projects operating transfer	4,030,000	11,976,090	32,976,090	(21,000,000)
Solid Waste operating transfer	450,000	450,000	450,000	-
Grants Management operating transfer	349,010	349,010	274,287	74,723
Agricultural Education Center operating transfer	231,340	231,340	231,340	-
Municipality in lieu of bank shares	38,550	38,550	38,543	7
Total Intergovernmental	<u>7,146,530</u>	<u>15,149,840</u>	<u>36,034,899</u>	<u>(20,885,059)</u>
Billables	<u>-</u>	<u>-</u>	<u>262,990</u>	<u>(262,990)</u>
Debt Service	<u>15,272,790</u>	<u>15,272,790</u>	<u>14,905,563</u>	<u>367,227</u>
TOTAL EXPENDITURES	<u>254,273,600</u>	<u>283,340,354</u>	<u>289,641,740</u>	<u>(6,301,386)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>11,368,618</u>	<u>\$ 11,368,618</u>
FUND BALANCE - BEGINNING			<u>61,999,084</u>	
FUND BALANCE - ENDING			<u>\$ 73,367,702</u>	

OTHER SCHEDULE

COUNTY COMMISSIONERS OF WASHINGTON COUNTY

Local Management Board – Schedule of Revenue and Expenditures – Regulatory Basis For the Year Ended June 30, 2022

REVENUE

Community Partnership Agreement (CPA)	
Governor's Office for Children	\$ 652,664
Non- Community Partnership Agreement (Non-CPA)	
General Fund	274,287
Md State Department of Aging	17,940
Md State Department of Education	478,377
Dept. of Housing and Community Development	15,613,515
Total Non-Community Partnership Agreement Revenue	<u>16,384,119</u>
TOTAL REVENUE	<u>17,036,783</u>

EXPENDITURES

Community Partnership Agreement (CPA)	
Administrative :	
Salaries	69,475
Benefit Costs	43,355
Small office equipment	-
Office supplies	1,315
Printing expenses	-
Travel Expenses	-
Training	-
Controllable Assets	-
Total CPA Administrative Expenditures	<u>114,145</u>
Programs:	
Western MC Disconnected Youth	43,231
GOC-School Based Mental Health	231,446
Family Centered Support Services	75,825
IACM for Children of Incarcerated Parents	68,180
GOC - Local Care Team Coordinator	54,000
GOC - WC Reengagement Center for Disconnected Youth	65,838
Total CPA Program Expenditures	<u>538,520</u>
Non-Community Partnership Agreement (CPA)	
Administrative:	
Salaries	103,370
Benefit Costs	47,172
Advertising	428
Community Service Awards	-
Dues & Subscriptions	274
Office Supplies	1,269
Personal Mileage	-
Postage	-
Printing Expenses	66
Travel Expenses	-
Entertainment/business expense	-
Training	929
Copy Machine Rental	779
Telephone Expenses	-
Controllable Assets	-
Total Non-CPA Administrative Expenditures	<u>154,287</u>
Programs:	
School Based Mental Health	120,000
Commission on Aging	17,940
MSDE - Healthy Families	478,377
Dept. of Housing and Community Development	15,613,514
Total Non-CPA Program Expenditures	<u>16,229,831</u>
TOTAL EXPENDITURES	<u>17,036,783</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ -</u>

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE BONDS**

[Date of Issuance]

County Commissioners of Washington County
Hagerstown, Maryland

Dear County Commissioners:

We have acted as bond counsel to County Commissioners of Washington County (the “County”) in connection with the issuance of its \$13,890,000 County Commissioners of Washington County Public Improvement Bonds of 2023 (the “Bonds”), dated the date hereof. All capitalized terms not defined herein shall have the meanings set forth in the Bonds.

We have examined the law and such certified proceedings and other materials as we deem necessary to render the opinions set forth below. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

As to questions of fact material to our opinion letter, we have relied upon the certified proceedings of the County and certifications by public officials, without undertaking to verify the same by independent investigation.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities, and we have not independently verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We have assumed the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photocopies and the authenticity of the originals of such latter documents.

This opinion letter does not constitute or imply a recommendation of the market or financial value of the Bonds or an assessment of the strength or appropriateness of the covenants by the County, the possibility of default, the eligibility or suitability of the Bonds as an investment, or any other legal or financial aspect of the Bonds not expressly addressed herein.

We do not express any opinion herein regarding any law other than the law of the State of Maryland (the “State”) and the federal law of the United States of America.

With respect to the executed and authenticated Bond of the issue of Bonds that we have examined, and Bonds similarly executed and authenticated and identical thereto in form, except for numbers, interest rates, denominations, maturities and CUSIP numbers, we are of the opinion that, under existing Maryland and federal law as of the date hereof:

(a) The Bonds are valid and legally binding general obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes unlimited as to rate and amount upon all legally assessable property subject to assessment for unlimited taxation in Washington County.

(b) To provide for the payment of the principal of and interest on the Bonds, the County, by the adoption of the Resolution, has covenanted to levy ad valorem taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(c) By the terms of the Act, the Bonds, their transfer, the interest payable thereon, and any income derived therefrom (including any profit made in the sale thereof) shall be at all times exempt from State, county, municipal or other taxation of every kind and nature whatsoever in the State, but no opinion is expressed as to estate or inheritance taxes, or to any other taxes not levied or assessed directly on the Bonds, their transfer, the interest thereon or the income therefrom.

(d) Under existing statutes, regulations and decisions, and assuming the accuracy of certifications of the County, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. For tax years beginning after December 31, 2022, interest on the Bonds will be part of adjusted financial statement income, fifteen percent of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. Interest on the Bonds held by foreign corporations engaged in a trade or business in the United States may be subject to the branch profits tax imposed by the Internal Revenue Code of 1986, as amended (the "Code").

The opinions set forth in this paragraph (d) are subject to the condition that the County complies with all requirements that must be satisfied subsequent to the issuance of the Bonds so that interest on the Bonds continues to be excluded from gross income for federal income tax purposes. The County has covenanted and agreed to comply with each such requirement in its Tax Certificate and Compliance Agreement of even date herewith (the "Tax Certificate"). Failure to comply with certain requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We assume no responsibility for, and will not monitor, compliance by the County with the covenants and agreements contained in the Tax Certificate. In the event of noncompliance with such covenants and agreements, available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent the interest on the Bonds from becoming includable in gross income for federal income tax purposes.

Other than as set forth in the preceding paragraphs (c) and (d), we express no opinion regarding the federal or State income tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity. In addition, the rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to the valid exercise of constitutional powers of the United States of America and of the sovereign police and taxing powers of the State of Maryland or other governmental units having jurisdiction.

Our services as bond counsel have been limited to rendering the specific opinions expressed above based on our review of such information and proceedings as we deem necessary to opine as to the validity of the Bonds and the tax status of the interest payable on the Bonds as of their date of issuance. We have not been engaged and have not undertaken to express an opinion as to the accuracy, completeness or sufficiency of the Official Statement or other material relating to the Bonds and, accordingly, we express no opinion as to the accuracy, completeness or sufficiency of any such information that may have been relied upon by any person in making a decision to purchase the Bonds.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. This opinion letter is given as of its date and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

NOTICE OF SALE**WASHINGTON COUNTY, MARYLAND
(County Commissioners of Washington County)****\$15,100,000* PUBLIC IMPROVEMENT BONDS OF 2023****(Full Faith and Credit Obligations of the
County Commissioners of Washington County)****Dated Date of Delivery****DTC Book-Entry****Overview and Amortization**

Electronic bids only will be received via the applicable service of BidCOMP/Parity®/www.i-dealprospectus.com (as applicable, “Parity”) on behalf of County Commissioners of Washington County (the “County”) by the Chief Financial Officer of the County (the “CFO”) on Tuesday, May 23, 2023 until 10:45 a.m. prevailing eastern time (“Eastern Time”), unless postponed as described in this Notice of Sale (in either such case, the “Bid Date”) for the purchase of all (but not less than all) of the County’s Public Improvement Bonds of 2023 (the “Bonds”). The Bonds will be dated their date of delivery. Interest on the Bonds will be payable on January 1, 2024 and semiannually thereafter on July 1 and January 1 until maturity or earlier redemption.

The Bonds are issued under the provisions of Chapter 99 of the Laws of Maryland of 2018 and Title 6 of the Code of Public Local Laws of Washington County, Maryland (2019 Edition) (the “Water and Sewer Act”), each as amended as applicable. The Bonds are issued in accordance with Resolution No. RS-2023-14 adopted by the Board of County Commissioners of Washington County (the “Board”) on April 25, 2023.

Manufacturers and Traders Trust Company, Baltimore, Maryland and Buffalo, New York, will act as the Bond Registrar and Paying Agent for the Bonds.

The Bonds will be subject to principal amortization either through serial maturities or mandatory sinking fund redemptions or a combination thereof (see “Serial and/or Term Bonds” below) on July 1 in the years and principal amounts set forth below (the “Preliminary Amounts”), subject to the provisions of “Adjustments to Principal Amounts” herein:

*Preliminary; subject to change

<u>Maturing July 1*</u>	<u>Principal Amount*</u>	<u>Maturing July 1*</u>	<u>Principal Amount*</u>
2024	\$ 455,000	2034	\$ 750,000
2025	480,000	2035	785,000
2026	500,000	2036	830,000
2027	530,000	2037	870,000
2028	555,000	2038	915,000
2029	585,000	2039	955,000
2030	615,000	2040	995,000
2031	645,000	2041	1,035,000
2032	680,000	2042	1,080,000
2033	715,000	2043	1,125,000

*Preliminary; subject to change

Adjustments to Principal Amounts

Pre-sale, the County reserves the right to change the Preliminary Amounts from time to time up until 9:30 a.m. Eastern Time on the Bid Date, by changing the original aggregate principal amount of the Bonds and/or by changing or eliminating the original aggregate principal amount of one or more of the maturities of the Bonds, including (without limitation), because the County has reduced the original aggregate principal amount of the Bonds to be issued for any particular project or has determined not to use Bonds proceeds to fund a particular project. Should a revision to the original aggregate principal amount of the Bonds and/or the principal amortization schedule for the Bonds be made (the "Revised Amounts"), such revision will be published on Parity or TM3 News Service (www.tm3.com) ("TM3") not later than 9:30 a.m. Eastern Time on the Bid Date. In the event that no revisions are made or that such revisions are not published on Parity or TM3 before 9:30 a.m. Eastern Time on the Bid Date, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids for the Bonds and to select a winning bidder for the Bonds.

After selecting the winning bid for the Bonds, the maturity schedule for the Bonds may be adjusted as necessary in the determination of the County's financial advisor in increments of \$5,000. Any adjustments pursuant to this paragraph will not increase or reduce the Revised Amounts by more than 15% of the amount of the winning bid. The dollar amount bid for the Revised Amounts of the Bonds by the successful bidder will be adjusted proportionately to reflect any reduction or increase in the original aggregate principal amount of the Bonds, but the coupon rates specified by the successful bidder for all maturities of the Bonds will not change. Any such maturity schedule adjustments will be communicated to the successful bidder for the Bonds within six hours of the deadline for submitting bids. Any such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount or premium, if any, but will not change the underwriter's discount per \$1,000 of par amount of the Bonds from the underwriter's discount that would have been received based on the purchase price in the winning bid, the coupon rates or the initial offering prices (as defined herein) specified by the successful bidder. **The successful bidder for the Bonds as so adjusted may not withdraw its bid or change the interest rates bid or initial offering prices as a result of any changes made to the principal amounts of the Bonds within these limits.** ALL BIDS SHALL REMAIN FIRM UNTIL 5:00 P.M. EASTERN TIME.

The maximum par amount of the Bonds, as adjusted pre- or post-sale, may not exceed \$15,100,000.

Serial Bonds and/or Term Bonds

A bidder for the Bonds may designate in its bid two or more consecutive principal amounts of the Revised Amounts as a term bond, which matures on the maturity date of the last included principal amount of the sequence. More than one such sequence of principal amounts of the Revised Amounts for the Bonds may be designated as term bonds. Any term bond so designated shall be subject to mandatory redemption in each year on the principal payment dates and in the entire amount of each serial maturity designated for inclusion in such term bond (as such principal amounts may be adjusted as described in “Adjustments to Principal Amounts” above).

Purpose of Issue

The Bonds are being issued to provide financing for costs of certain infrastructure projects, education projects, public safety projects and environmental projects and for certain costs of issuance of the Bonds. A portion of the costs of such projects and certain costs of issuance of the Bonds will be paid by the County from other available funds.

Bid Specifications

Each bidder for the Bonds shall submit one bid on an “all or none” basis. Each bid must specify the amount bid for the Bonds, which amount may not be less than 100% of par or greater than 115% of par. Each bid for the Bonds must specify in multiples of one-eighth ($\frac{1}{8}$) or one-twentieth ($\frac{1}{20}$) of one percent (1%) the rate or rates of interest per annum that the Bonds are to bear but shall not specify (a) more than one interest rate for any Bonds having the same maturity, (b) a zero rate of interest, (c) any interest rate for any Bonds that exceeds the interest rate stated in such bid for any other Bonds by more than 300 basis points, or (d) any interest rate greater than five percent (5%).

Electronic Bids Only

Bids must be submitted by electronic bidding via Parity, in the manner described below, and must be submitted on the Bid Date by 10:45 a.m. Eastern Time. No bid for the Bonds will be accepted after the specified time for receiving bids. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact Parity at (212) 849-5021.

Disclaimer

Each prospective electronic bidder shall be solely responsible to submit its bid via Parity as described above. Each prospective electronic bidder shall be solely responsible to make necessary arrangements to access Parity for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor Parity shall have any duty or obligation to provide or assure access to Parity to any prospective bidder, and neither the County nor Parity shall be responsible for proper operation of or have any liability for any delays or interruptions of, or any damages caused by Parity. The County is using Parity as a communication mechanism, and not as the County’s agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid parameters specified in this Notice of Sale. All costs and expenses incurred by prospective bidders in connection with their submission of bids via Parity are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or withdrawing a bid for the Bonds, such bidder should telephone Parity at (212) 849-5021 and notify the County’s financial advisor, Davenport & Company LLC, by facsimile at (866) 932-6660 and by telephone at (410) 296-9426.

Electronic Bidding Procedures

Electronic bids must be submitted for the purchase of the Bonds via Parity. The deadline for submitting bids via Parity on the Bid Date is 10:45 a.m. Eastern Time. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via Parity, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the deadline for submitting bids for the Bonds occurs, each bid therefor will constitute an irrevocable offer to purchase the Bonds on the terms therein provided, subject to this Notice of Sale. The County shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, Parity, the use of such facilities being the sole risk of the prospective bidder. **For purposes of the electronic bidding process, the time as maintained on Parity shall constitute the Eastern Time.**

If any provision of this Notice of Sale shall conflict with the information provided by Parity as the approved provider of electronic bidding services, this Notice of Sale shall control.

Basis of Award

Bids will be communicated electronically on the Bid Date at 10:45 a.m. Eastern Time. Any award of the Bonds will be made on behalf of the County by the CFO. The successful bidder for the Bonds will be determined based on the lowest interest cost to the County. The lowest interest cost for the Bonds shall be determined in accordance with the true interest cost ("TIC") method by doubling the semiannual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid. If two or more bidders offer to purchase the Bonds at the same lowest interest cost, then such award will be made to the bidder offering the highest purchase price. If two or more bidders offer to purchase the Bonds at the same lowest interest cost, with the same purchase price, the County shall have the right to award all of the Bonds to one bidder. The CFO will execute and deliver an order of award after the apparent successful bidder for the Bonds pays the Good Faith Deposit provided for herein by federal funds wire transfer (see "Good Faith Deposit and Award" below). Notwithstanding the foregoing, the County, by the CFO, reserves the right to reject any and all bids for the Bonds and to waive any informality or irregularity in any bid, and the judgment of the CFO with respect to such matters shall be final and binding upon all bidders with respect to the form and adequacy of any bid received for the Bonds and as to its conformity to the terms of this Notice of Sale or with respect to the determination to reject any and all bids for the Bonds.

Good Faith Deposit and Award

The apparent successful bidder for the Bonds shall submit a good faith deposit in the amount of \$151,000 (the "Good Faith Deposit") as provided below. The Good Faith Deposit will secure the County from any loss resulting from the failure of the apparent successful bidder to comply with the terms of its bid. The apparent successful bidder for the Bonds shall transfer the Good Faith Deposit by wire transfer directly to the County upon notification of identification of the apparent successful bidder, but in any case, no later than 3:00 p.m. Eastern Time on the Bid Date (the "Deposit Deadline"). Wire instructions will be provided to the apparent successful bidder for the Bonds by the County's financial advisor upon verification of bids submitted, identification of the apparent successful bidder for the Bonds and prior to the Deposit Deadline.

The apparent successful bidder for the Bonds will provide as quickly as it is available evidence of the wire transfer to the County's financial advisor by providing to the County's financial advisor the federal funds reference number. Notification of the award of the Bonds, if made, will be indicated on Parity and shall not be made until after the County's financial advisor has confirmation of receipt of the Good Faith Deposit. If the apparent successful bidder fails to so deliver the Good Faith Deposit by the Deposit Deadline, the County will have the option to not award the Bonds without any liability to the apparent successful bidder and the apparent successful bidder shall be responsible to the County for all consequential damages arising from such failure. Formal award of the Bonds, if made, will be made by 5:00 p.m. on the Bid Date.

At the time of delivery of the Bonds, the Good Faith Deposit will be applied against the purchase price for the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its bid. The successful bidder for the Bonds shall have no right in or to the Good Faith Deposit if it fails to complete the purchase of, and payment in full of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the County. No interest will be paid upon the Good Faith Deposit to the successful bidder. Notwithstanding the foregoing, should the successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the County retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

If the original aggregate principal amount of the Bonds is adjusted as described above under “Adjustments to Principal Amounts”, no adjustment will be made to the Good Faith Deposit.

Establishment of Issue Price for the Bonds

The County expects and intends that the provisions of U.S. Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purpose of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds because (i) the County will disseminate this Notice of Sale to potential underwriters (as defined below) in a manner that is reasonably designed to reach potential underwriters, (ii) all bidders will have an equal opportunity to bid, (iii) the County may receive bids from at least three underwriters of municipal bonds that have established industry reputations for underwriting new issuances of municipal bonds, and (iv) the County anticipates awarding the sale of the Bonds to the bidder that submits a firm offer to purchase the Bonds at the lowest possible TIC, as set forth herein. If such competitive sale requirements are met, the successful bid for the Bonds will be treated as a “Qualified Competitive Bid”. If the competitive sale requirements are not met, the successful bid for the Bonds will be treated as a “Nonqualified Competitive Bid”. **It is noted that the procedures for a Nonqualified Competitive Bid may require the winning bidder and, if applicable, other underwriters of the Bonds, to hold the initial offering prices of the Bonds for some or all maturities of the Bonds for up to five (5) business days after the sale date (as defined below), as further specified below.**

By submitting a bid, each bidder (i) confirms that it was not given the opportunity to review other bids prior to submitting its bid, (ii) confirms that its bid is a firm offer for the purchase of the Bonds, on the terms set forth in its bid and this Notice of Sale (as this Notice of Sale may be modified in accordance with its terms), except as permitted by this Notice of Sale, and (iii) represents that it has an established industry reputation for underwriting new issuances of municipal bonds.

The County will advise the apparent successful bidder as promptly as possible after bids are received whether its bid constitutes a Qualified Competitive Bid or a Nonqualified Competitive Bid.

If the apparent successful bid is a Qualified Competitive Bid, as promptly as possible after bids are received, the County will notify the apparent successful bidder and such bidder, upon such notice, shall advise the County of the reasonably expected initial offering price to the public (as defined below) of each maturity of the Bonds.

If the apparent successful bid is a Nonqualified Competitive Bid, the County shall treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as of the date and time of award of the Bonds as the issue price of that maturity, if applicable, and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. If the apparent successful bid is a Nonqualified Competitive Bid, the successful bidder shall advise the County if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. Any maturity of the Bonds as to which the successful bidder has not so advised the County that the 10% test has been satisfied as of the date and time of award of the Bonds shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation if the hold-the-offering-price rule applies to any maturity of the Bonds. **Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.**

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer to sell the Bonds to the public on or before the date of sale at the offering price or prices (the “initial offering prices”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (1) the close of fifth (5th) business day after the sale date or (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price for that maturity to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

For a Nonqualified Competitive Bid, the successful bidder shall promptly advise the County when the underwriters have sold to the public 10% of any maturity subject to the hold-the-offering-price rule at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The County acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that any underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer that is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sale of any Bonds to any person that is a related party (as defined below) to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or related party to an underwriter;

(ii) “related party” generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly;

(iii) “sale date” means the date that the Bonds are awarded by the County to the successful bidder; and

(iv) “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) of this definition to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

The successful bidder must deliver to the County at closing an “issue price” or similar certificate establishing the issue price of the Bonds in accordance with U.S. Treasury Regulation Section 1.148-1, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit 1 (for a Qualified Competitive Bid) or Exhibit 2 (for a Nonqualified Competitive Bid), as applicable, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the County and bond counsel to the County.

All actions to be taken on behalf of the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County’s financial advisor, Davenport & Company LLC, and any notice or report to be provided to the County may be provided to the County’s financial advisor Davenport & Company LLC or bond counsel to the County.

Security

The full faith and credit and unlimited taxing power of the County are unconditionally pledged to the payment of the principal of the Bonds and the interest to accrue thereon.

Book-Entry Only

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity of the Bonds will be issued to Cede & Co., the nominee of The Depository Trust Company (“DTC”), and immobilized in DTC’s custody or in the custody of the Bond Registrar and Paying Agent. The book-entry system will evidence ownership of the Bonds in the principal amount of \$5,000 and integral multiples thereof, with transfers of ownership interest of each actual purchaser of a Bond effected on the records of DTC and its participants. The successful bidder for the Bonds, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with the Bond Registrar and Paying Agent to be held under DTC’s “FAST” system, registered in the name of Cede & Co., DTC’s nominee. All fees due DTC shall be paid by the successful bidder.

Principal and interest on the Bonds will be paid to Cede & Co., nominee of DTC, as registered owner of the Bonds on the dates such principal and interest are payable.

Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The County will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

DTC may determine not to continue to act as securities depository for the Bonds at any time by giving notice to the County. The County may determine to select a different securities depository for the Bonds, or the County may determine not to continue the book-entry system for the Bonds. If the County does not identify another qualified securities depository to replace DTC with respect to the Bonds, the County will deliver replacement bonds in the form of fully-registered certificates.

Optional Redemption

The Bonds that mature on or before July 1, 2033, are not subject to redemption at the option of the County prior to their maturities. The Bonds that mature on or after July 1, 2034, are subject to redemption at the option of the

County in whole or in part on any date on or after July 1, 2033, in any order of maturity directed by the County, at a redemption price of the principal amount of the Bonds (or portions thereof) to be redeemed, plus accrued interest on the principal amount being redeemed to the date fixed for redemption, without premium or penalty.

Legal Opinion

The Bonds will be issued and sold subject to approval as to legality by Funk & Bolton, P.A., Baltimore, Maryland, bond counsel. The approving opinion of Funk & Bolton, P.A. will be delivered, upon request, to the successful bidder for the Bonds, without charge, and the text of or a copy of the approving opinion will also be printed on, or attached to, each Bond. The substantially final form of the opinion of bond counsel is included in the Preliminary Official Statement referred to below as Appendix B.

CUSIP Numbers

CUSIP numbers for the Bonds will be applied for by the financial advisor to the County, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder for the Bonds to accept delivery or make payment for the Bonds.

Official Statement

Within seven business days after the award of the Bonds to the successful bidder therefor on the Bid Date, the County will authorize its Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. The Preliminary Official Statement has been deemed final by the County for the purpose of Rule 15c2-12 of the Securities and Exchange Commission, subject to revision, amendment and completion in a final Official Statement. The County will also issue any amendment or supplement to the Official Statement that may be necessary between the date of the Official Statement and the date of delivery of the Bonds. If requested and furnished to the County in writing by the successful bidder at or before the close of business on the Bid Date, the County will include in the Official Statement such pricing and other information relating to the reoffering of the Bonds, if any, as may be so furnished. If the successful bidder for the Bonds furnishes no such information, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. Whether or not any such information is included in the Official Statement, the successful bidder for the Bonds shall be responsible to the County and its officials in all respects for the accuracy, fairness and completeness of such information, and for all decisions made with respect to the use or omission of such information in any reoffering of the Bonds, including the presentation or exclusion of any such information in any documents, including the Official Statement. Within seven business days after the award of the Bonds, the successful bidder will also be furnished, without cost, with a reasonable number of copies of the Official Statement. The successful bidder will also be furnished with any amendment or supplement to the Official Statement, without cost, except to the extent any such amendment or supplement is required due to a change in the reoffering information or other information provided by or on behalf of the successful bidder.

Continuing Disclosure

In order to assist the successful bidder in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the County will undertake, pursuant to a continuing disclosure agreement, to provide certain information annually and notices of the occurrence of certain events. The substantially final form of Continuing Disclosure Agreement is included in the Preliminary Official Statement as Appendix D.

Delivery of the Bonds

Delivery of the Bonds will be made to the successful bidder through the facilities of DTC on or about June 6, 2023. Payment for the Bonds shall be made in immediately available funds.

The Bonds will be accompanied by the customary closing documents, including a no litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of the Bonds. It shall be a condition to the obligation of the successful bidder for the Bonds to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, the successful bidder shall be furnished a certificate of the President of the Board and the CFO to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the reoffering information and except as to information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed) as of the Bid Date and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the Bid Date and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement.

Amendment and Postponement

The County reserves the right to modify or amend this Notice of Sale prior to the Bid Date including, but not limited to, adjusting and changing the Preliminary Amounts for the Bonds, determining not to issue the Bonds, and/or changing the bid specifications for the Bonds; however, such modifications or amendments shall be made not later than 9:30 a.m. Eastern Time on the Bid Date and communicated through Parity or TM3.

The County reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be communicated through Parity or TM3. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative Bid Date will be announced via Parity or TM3 at least 24 hours prior to such alternative Bid Date. In addition, the County reserves the right, on the date established for the receipt of bids, to reject all bids for the Bonds and to then or later establish a subsequent date on which bids for the Bonds will again be received. If all bids for the Bonds are rejected and a subsequent date for receipt of bids established, notice of the subsequent Bid Date will be announced via Parity or TM3 at least 24 hours prior to such subsequent Bid Date. On any such alternative or subsequent Bid Date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with this official Notice of Sale except for the Bid Date and except for the changes announced by Parity or TM3.

Any bid submitted shall be made in accordance with this Notice of Sale, including any modifications, amendments or changes communicated via Parity or TM3 in accordance with the provisions of this Notice of Sale.

Additional Information

The Preliminary Official Statement relating to the Bonds, together with the official Notice of Sale, may be obtained by contacting Davenport & Company, LLC., The Oxford Building, 8600 LaSalle Road, Suite 618, Towson, Maryland 21286, or by telephone, (410) 296-9426 or by facsimile transmission, (866) 932-6660, or by email, sostazeski@investdavenport.com, the financial advisor to the County. The Preliminary Official Statement and the official Notice of Sale will also be made available via www.i-dealprospectus.com.

COUNTY COMMISSIONERS OF
WASHINGTON COUNTY

By: **/s/ John F. Barr, President**
Board of County Commissioners
of Washington County

**FORM OF ISSUE PRICE CERTIFICATE FOR
QUALIFIED COMPETITIVE BID**

**\$ _____
COUNTY COMMISSIONERS OF WASHINGTON COUNTY
PUBLIC IMPROVEMENT BONDS OF 2023**

ISSUE PRICE CERTIFICATE (Qualified Competitive Bid)

The undersigned, on behalf of [WINNING BIDDER] (the “Purchaser”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) to be issued by County Commissioners of Washington County (the “Issuer”). Certain capitalized terms used in this certificate are defined in paragraph 2 below.

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in Schedule A hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached hereto as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

(d) The Purchaser has an established industry reputation for underwriting new issuances of municipal bonds.

2. *Defined Terms.*

“Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates are treated as separate Maturities.

“Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

“Sale Date” means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is [SALE DATE TO BE INSERTED].

“Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and Compliance Agreement of the Issuer and with respect to compliance with the federal income tax rules affecting the Bonds, and by Funk & Bolton, P.A., bond counsel to the Issuer, in rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice bond counsel may give to the Issuer from time to time relating to the Bonds.

_____, as Purchaser

By: _____

Name:

Title:

(Authorized Signatory)

Dated: _____, 2023

SCHEDULE A
EXPECTED OFFERING PRICES

[To be Attached]

SCHEDULE B

COPY OF PURCHASER'S BID

[To be Attached]

**FORM OF ISSUE PRICE CERTIFICATE FOR
NONQUALIFIED COMPETITIVE BID**

**\$ _____
COUNTY COMMISSIONERS OF WASHINGTON COUNTY
PUBLIC IMPROVEMENT BONDS OF 2023**

ISSUE PRICE CERTIFICATE (Nonqualified Competitive Bid)

The undersigned, on behalf of [NAME OF THE WINNING BIDDER] (the “[SHORT FORM NAME OF WINNING BIDDER]”), [on behalf of itself and [NAMES OF MEMBERS OF THE UNDERWRITING SYNDICATE] (together, the “Underwriting Syndicate”)] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) to be issued by County Commissioners of Washington County (the “Issuer”). Certain capitalized terms used in this certificate are defined in paragraph 3 below.

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold by [SHORT FORM NAME OF WINNING BIDDER][the Underwriting Syndicate] to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The [SHORT FORM NAME OF WINNING BIDDER][Underwriting Syndicate] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [the SHORT FORM NAME OF WINNING BIDDER][the members of the Underwriting Syndicate] [has][have] agreed in writing that (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer that is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer that is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the Initial Offering Price for that Maturity of the Bonds during the Holding Period.

(c) The [SHORT FORM NAME OF WINNING BIDDER has][the members of the Underwriting Syndicate have] an established industry reputation for underwriting new issuances of municipal bonds.

3. ***Defined Terms.***

“General Rule Maturities” means those Maturities of the Bonds listed on Schedule A hereto as the “General Rule Maturities”.

“Hold-the-Offering-Price Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities”.

“Holding Period” means, with respect to each Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth (5) business day after the Sale Date, or (ii) the date of which the [SHORT FORM NAME OF WINNING BIDDER][Underwriting Syndicate] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering Price Maturity.

“Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates are treated as separate Maturities.

“Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

“Sale Date” means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is [SALE DATE TO BE INSERTED].

“Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and Compliance Agreement of the Issuer and with respect to compliance with the federal income tax rules affecting the Bonds, and by Funk & Bolton, P.A., bond counsel to the Issuer, in rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice bond counsel may give to the Issuer from time to time relating to the Bonds.

[NAME OF WINNING BIDDER] [, as Representative of the
Underwriting Syndicate]

By: _____
Name:
Title:
(Authorized Signatory)

Dated: _____, 2023

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

[To be Inserted or Attached]

INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

[To be Inserted or Attached]

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

[To be Attached]

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**PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

**13,890,000
COUNTY COMMISSIONERS OF WASHINGTON COUNTY
PUBLIC IMPROVEMENT BONDS OF 2023**

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by **COUNTY COMMISSIONERS OF WASHINGTON COUNTY** (the “Issuer”) in connection with the issuance of its \$13,890,000 Public Improvement Bonds of 2023 (the “Bonds”). The Bonds are being issued pursuant to Resolution No. RS-2023-14 adopted on April 25, 2023. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The Issuer’s obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

SECTION 2. Definitions. In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board. To the extent the Rule is amended to refer to any additional or different repositories, references in this Disclosure Agreement to the MSRB shall be deemed to such additional or different repositories to the extent required by the Rule. As of the date of execution and delivery of this Disclosure Agreement, any of the notices or materials required by this Disclosure Agreement to be filed with the MSRB shall be filed with the Electronic Municipal Market Access system maintained by the MSRB at <https://www.emma.msrb.org> in accordance with the Rule.

“Official Statement” shall mean the Official Statement dated May 23, 2023 relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The Issuer shall provide to the MSRB annual financial information and operating data generally consistent with the information contained in the charts or tables under the headings “General Fund Revenues and Expenditures”, “General Fund Balance Sheet” and “General Obligation and Revenue Bonds” in the Official Statement, such information to be made available within 240 days after the end of the Issuer’s fiscal year, commencing with the

fiscal year ending June 30, 2023. Any of such financial information or operating data required by this subsection (a) may be set forth in the Issuer's audited financial statements, including in the notes to, or any supplementary or additional information provided with, such audited financial statements. To the extent such financial information or operating data is provided in or with the Issuer's audited financial statements, including in the notes to, or any supplementary or additional information provided with, such audited financial statements, such provided financial information or operating data may not be in the same format as the applicable charts or tables set forth in the Official Statement and/or may contain details that were not included in the charts or tables referenced above that were included in the Official Statement.

(b) The Issuer shall provide to the MSRB annual audited financial statements for the Issuer, such information to be made available within 240 days after the end of the Issuer's fiscal year, commencing with the fiscal year ending June 30, 2023, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 240 days after the end of the Issuer's fiscal year (commencing with the fiscal year ending June 30, 2023), the Issuer will provide unaudited financial statements within said time period.

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the Official Statement, provided, that the Issuer may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Agreement pursuant to the provisions of Section 7 hereof. Changes in Generally Accepted Accounting Principles, where applicable to financial information to be provided by the Issuer, shall not require the Issuer to amend this Disclosure Agreement.

(d) If the Issuer is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the Issuer shall send in a timely manner a notice of such failure to the MSRB.

(e) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer would otherwise be required to provide financial information and operating data pursuant to this Section 3.

(f) The financial information and operating data to be provided pursuant to this Section 3 may be set forth in full in one or more documents or may be incorporated by specific reference to documents available to the public on the MSRB's Internet Website or filed with the Securities and Exchange Commission.

(g) All information provided to the MSRB pursuant to subsections (a), (b) or (d) of this Section 3 shall be in an electronic format or such other format as prescribed by the MSRB.

SECTION 4. Reporting of Listed Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Listed Events with respect to the Bonds:

- i) principal and interest payment delinquencies;
- ii) non-payment related defaults, if material;
- iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- v) substitution of credit or liquidity providers, or their failure to perform;
- vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- vii) modifications to rights of Bond holders, if material;
- viii) Bond calls, if material, and tender offers;
- ix) defeasances;
- x) release, substitution, or sale of property securing repayment of the Bonds, if material;

- xi) rating changes;
- xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- xvi) default, event of acceleration, termination event, modification of terms, or similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

For the purpose of the event identified in clause (xii) of this Section 4(a), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

For purposes of the events identified in clauses (xv) and (xvi) of this Section 4(a), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Notice of any of the Listed Events identified in Section 4(a) shall be given to the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event.

(c) All information provided to the MSRB pursuant to this Section 4 shall be in an electronic format or such other format as prescribed by the MSRB.

SECTION 5. Termination of Reporting Obligations. The Issuer’s obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the Issuer may terminate its obligations under this Disclosure Agreement if and when the Issuer no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

SECTION 6. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel, expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule. To the extent applicable, the reasons for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the amended operating data or financial information.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this

Disclosure Agreement. If the Issuer chooses to include any information in any disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 3(a) or (b) hereof or notice of occurrence of a Listed Event.

SECTION 9. Limitation of Remedies. The Issuer shall be given written notice at the address set forth below of any claimed failure by the Issuer to perform its obligations under this Disclosure Agreement, and the Issuer shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the Issuer shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the Issuer shall be given to the Chief Financial Officer, Washington County Administration Building, Room 3100, 100 W. Washington Street, Hagerstown, MD 21740, or at such alternate address as shall be specified by the Issuer with disclosures made pursuant to Section 3(a) or (b) hereof or a notice of occurrence of a Listed Event.

SECTION 10. Relationship to Bonds. This Disclosure Agreement constitutes an undertaking by the Issuer that is independent of the Issuer's obligations with respect to the Bonds; any breach or default by the Issuer under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

SECTION 11. Law of Maryland. This Disclosure Agreement, and any claim made with respect to the performance by the Issuer of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland.

SECTION 12. Limitation of Forum. Any suit or other proceeding seeking redress with regard to any claimed failure by the Issuer to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Washington County, Maryland.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the owners, including beneficial owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Compliance with MSRB Requirements. All documents provided to the MSRB pursuant to this Disclosure Agreement and the Rule shall be accompanied by identifying information as prescribed by the MSRB.

Date: _____, 2023

(SEAL)

ATTEST:

COUNTY COMMISSIONERS OF
WASHINGTON COUNTY

County [Clerk] [Administrator]

By: _____
John F. Barr, President
Board of County Commissioners
of Washington County