

# Fiscal Year 2012 Budget



## Washington County, MD

### A Citizen's Guide to the 2012 Budget

This document is a “brief” look at the 2012 Washington County budget. We hope it will enhance your understanding of how Washington County is organized, the services it provides, and the funding sources used to provide those services. Our purpose is to deliver to the citizens of Washington County the very highest quality of services as efficiently and economically as possible, making every dollar count. Thank you for the opportunity to serve you and to be able to make Washington County government the best it can be.



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Washington County, Maryland
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# Washington County, Maryland Budget for Fiscal Year 2012

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



Vice President John F. Barr, Commissioner William B. McKinley, President Terry L. Baker, Commissioner Ruth Anne Callaham, Commissioner Jeff Cline

## Overview

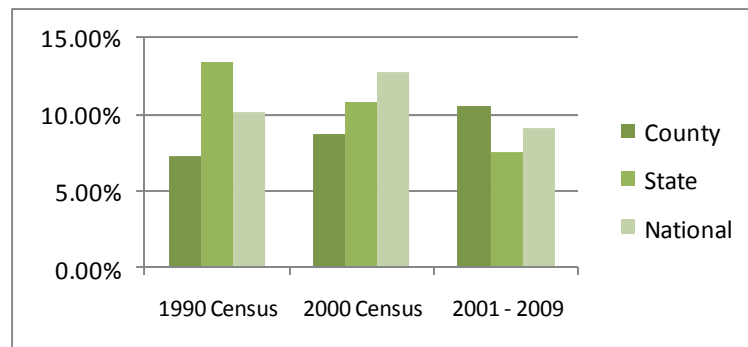
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, Maryland. Two major highways, Interstate 81 – running north and south, and Interstate 70 – running east and west, cross within Washington County's borders. The County is a body corporate and politic and is a mid-size multi-service local government serving the needs of approximately 149,000 residents with nine incorporated municipalities.



Under public local law both the executive and legislative functions of the County are vested in the elected, five member Board of County Commissioners of Washington County (Board). The County Commissioners are elected on a countywide basis and serve four-year terms. As authorized by the County Code, the Board appoints the County Administrator, County Clerk, and Director of Budget and Finance. Other elected County funded positions include County Sheriff, State's Attorney, and Treasurer.

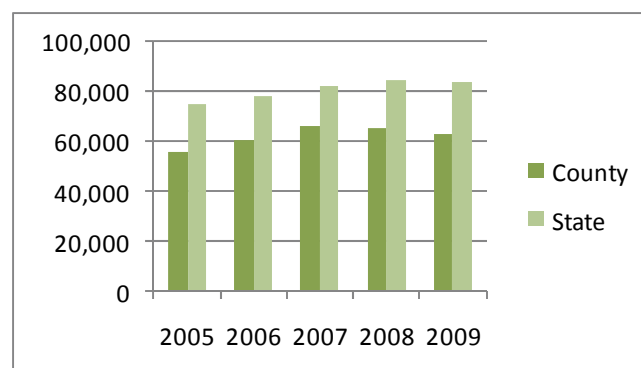
## Demographics

Washington County is currently home to an estimated 149,000 residents, making us the thirteenth largest in the State of Maryland. Between 1990 to 2009 Washington County grew in total by 22% or by an annual average of .8% year.



Sources: U.S. Department of Census and MD Department of Planning

Since 2006 the median family income for Washington County residents has increased by 11.5% as compared to 12.4% for the State of Maryland. The median family income in 2009 for Washington County was \$63,389 compared to the State of Maryland median family income of \$84,140.

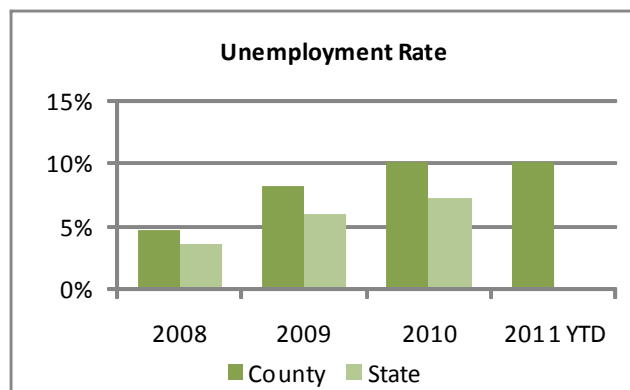
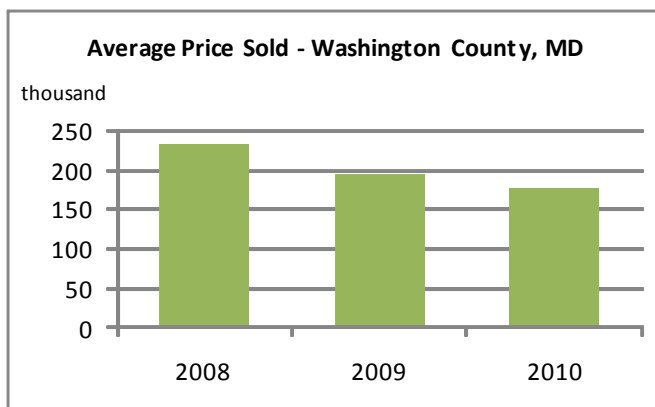
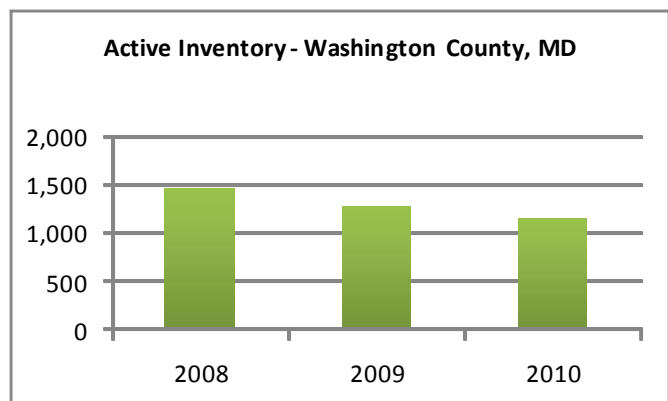
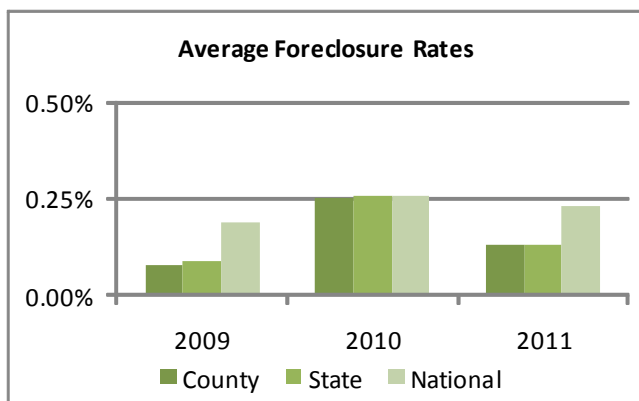


## Economic Indicators

Washington County continues to see improvement in the real estate market with leveling trends in several areas including declines in housing inventory and a steady decrease in our foreclosure rate. Real estate activity is an important economic indicator that greatly impacts the County's economy, planning, permits, construction, and revenue activity. The average price of homes sold continues to decline in 2011 over the previous fiscal year sales. However indications are starting to show a leveling off of price and realtors are reporting an increase in showings.

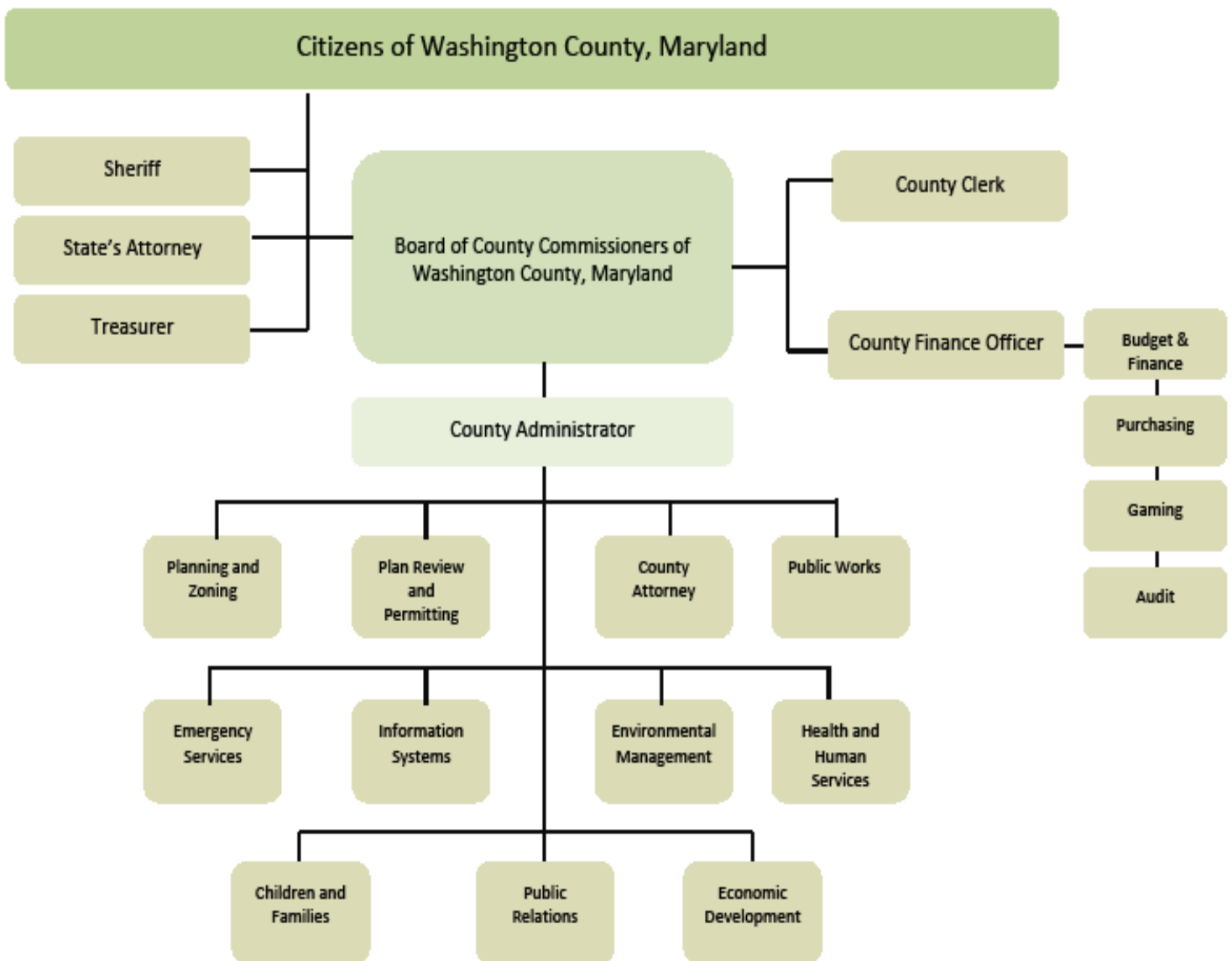


The County unemployment rate increased from an average 4.48% in FY 2007 to 10.12% in FY 2010. The current year-to-date average for FY 2011 is 10.05%. The State of Maryland unemployment rate increased from an average of 3.87% in FY 2007 to 7.29% in FY 2010 and is currently at a year-to-date average of 7.19% for FY 2011.



## Organizational Overview

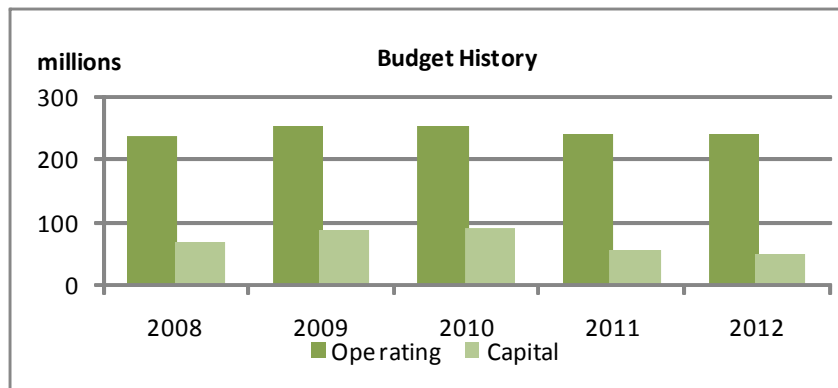
The County is a corporate body which performs all local government functions in Washington County except those performed by the nine incorporated municipalities within Washington County. Both executive and legislative functions are vested in the elected, five member Board of County Commissioners of Washington County. The Board may only exercise such powers as are conferred upon it by the General Assembly of Maryland, including authorization to issue debt to finance its capital projects. County Commissioners are elected on a countywide basis and serve four-year terms. In addition to the elected Board of County Commissioners, the citizens elect three other positions within the government including sheriff, state's attorney, and treasurer.





## Total Budget History

Washington County's budget history over the past five years for both the operating and capital are shown in the accompanying table. Total operating and capital funds have shown a gradual downward trend. The total budget varies from year-to-year, usually due to the level of major construction activity, mandated funding requirements, and the initiation of new funds or service responsibilities. The most recent decline in operating budgets are mainly related to property value declines and higher unemployment trends.



## Budget Summarization

Total revenues and expenditures projected for 2012 Washington County budgets are summarized and compared to prior years on the following pages and are discussed throughout this budget message. In total the County's overall budget will be 1.57% or \$4.6 million less than the 2011 budget level. The 2012 budget was balanced by adhering to sound financial management and policies that have kept Washington County in a solid financial position during this recent economic downturn.

The 2012 Washington County budget totals \$290,678,310 which is \$4.6 million or 1.57% below the 2011 approved budget. This change is mainly attributable to the following: 1) decline in the City of Hagerstown's assessable base; 2) the State pass down of local assessment office cost to County levels; and 3) cuts and delays in capital projects within the ten-year capital improvement program.

There were several issues which the County addressed in the 2012 budget decisions. Some of the main issues were the local economy which has affected Income Tax revenues due to high unemployment, assessment base adjustments, cuts and pass down costs from the State, and increased regulatory mandates from the federal and state governments to the local level. Even with these difficult issues and cost adjustments the County still presents a budget that maintains current service levels with no proposed increase in the property tax rates which were last increased in 2001, over eleven years ago.

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## Budget Summarization

In addition, conservative budgeting practices of the County and the budgeting policies in place, has resulted in the County having the lowest expenditures per capita in the State at \$3,365 per person with the Statewide average at \$4,699. This is detailed further in the expenditure statistics section of this publication.

For Education, this budget funds the Board of Education at the Maintenance of Effort level, does not provide funding for school buses, and transfers back crossing guards and Judith Center costs to the school board. In addition local capital funds of \$4.2 million have been made available for capital maintenance, Ruth Ann Monroe primary school, Bester Elementary school replacement and school land acquisition. The Maintenance of Effort level increased by \$1.1 million for 2012 due to increased student enrollment.

Other Educational changes included program changes to school health nurses, and 2% base reductions to Hagerstown Community College and the Washington County Free Library.

Public Safety budget increases fund workers compensation insurance increases of \$308,000 due to claim history and \$400,000 for the first year of maintenance costs related to the County wide communications system that is now operational. Other small equipment items are included to maintain compliance and safety.

Finally the Capital improvement budget was reduced by \$4.8 million over 2011 requiring additional cuts and restructuring in the ten year capital improvement plan. A majority of cuts and restructuring occurred in road and educational projects with a significant reduction in the road overlay and construction program and reductions in the Board of Education's capital maintenance projects.

Overall, the 2012 budget maintains existing services and was prepared in line with our sound financial management practices as in the past. As the County proceeds with 2012 we will face challenges in both our short and long term plan developments. As we continue to monitor the economic conditions these changes will place stress on government service, revenues, employment, education, and infrastructure needs. We understand that these are difficult times for our citizens and for the County, with such the 2012 budget still provides base services, maintains low debt levels, and preserves our cash operating reserves so that we can meet challenges in the future as we have in the past.

## General Fund

A summary of the 2012 revenues, with a comparison to the current year is shown in the table below. A more detailed listing of General Fund Revenues is available at the Office of Budget and Finance and will also be available in the Annual County Budget Book.

General Fund Revenue Summary				
	2012	2011	\$ Change	% Change
<b>Real Estate</b>	\$ 110,704,260	\$ 112,225,380	\$ (1,521,120)	(1.4%)
<b>Personal Property</b>	13,580,270	13,597,880	(17,610)	(.1%)
<b>Local Tax</b>	64,730,000	64,945,000	(215,000)	(.3%)
<b>Interest Income</b>	432,130	813,170	(381,040)	(46.8%)
<b>Fees</b>	3,810,690	3,683,760	126,930	3.45%
<b>Excess Fund Balance</b>	1,200,000	0	1,200,000	100.0%
<b>Intergovernmental</b>	1,796,000	1,883,390	(87,390)	(4.6%)
	<b>\$ 196,253,350</b>	<b>\$ 197,148,580</b>	<b>\$ (895,230)</b>	<b>(.5%)</b>

Our revenue projections are based largely upon the following assumptions:

1. The local economy will remain sluggish, which will impact development activity, housing sales and foreclosures, Income Tax, and employment levels.
2. Inflation will remain low to moderate next year; thus helping operational base line costs.
3. Investment maturities have been extended however, market conditions still continue to decline with no improvement expected in the near term.
4. Includes the use of excess operating reserve for retirement incentive and removal in whole or in part of the water and sewer fund subsidy.

Based upon the above assumptions, and with an in-depth review of our revenue patterns, we are projecting a decrease in General Fund revenues of .5% or \$895,000 over the 2011 budget. Following is a detailed discussion regarding the change in each major category of revenue:

*Real Estate Revenue* is projected to decrease by 1.4% or \$1.5 million in 2012. This decrease is mainly due to: 1) 12% decrease in overall net assessable base in the City of Hagerstown area resulting in a decrease of \$2.5 million 2) \$1.6 million increase in the net assessable base in the remaining areas of Washington County; and 3) an increase in State administration fees for fees for the local State Assessment office of \$600,000.

*Local Tax revenues* reflect a flat budget of \$64.9 million based on: 1) a decrease in income tax receipts reflective of the projected unemployment rate and the projected recovery time for employment gains, and 2) recordation tax is showing increased activity and relates to housing trends indicators that the market may be flattening out. Revenue for 2012 will remain level in an anticipation of improved sales data.

*Investment Income* was reduced by 50% as market conditions have not improved with indications of no short-term recovery. Investment were re-structured out with longer term maturities, but interest rate returns are still sluggish.



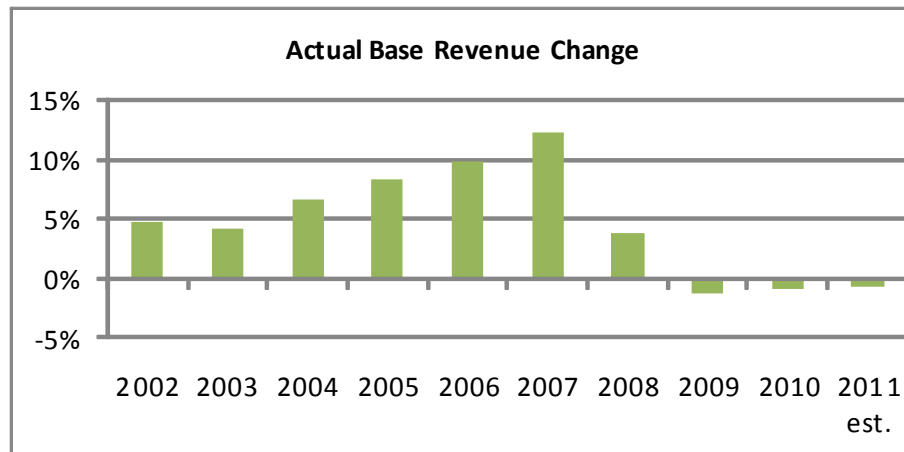
## General Fund

*Fees* are projected to increase by \$126,000 or 3.5% mainly from new service fees. The new charges relate to plan review and permitting service requirements for implementation of State required stormwater management programs.

*Intergovernmental revenue* reflects a 4.6% or \$87,000 decrease from the 2011 budget mainly from a drop in 911 fees related to increased usage of cell phones vs. land lines and the loss of the Emergency Management Performance grant.

Comparative revenue changes for the last decade are shown in the table below. Fortunately, not all of the increases from 2002 through 2007 were used to increase operational budgets. A portion of those revenues were placed into cash savings in anticipation of an economic downturn. The decreases shown from 2009 through 2011 are below the average growth for the period which historically have funded public safety, road improvements, and educational costs. Those services have been maintained with the negative revenue trend due to the following proactive decisions:

1. Provided maintenance of effort funding levels only, for past two years to the Board of Education.
2. Provided no step and no cola increases for any County employees for the past two years and increased health insurance cost to the employee base.
3. Reduced and modified the Capital Improvement Program by significantly reducing its road improvement and educational projects.
4. Reduced internal department cost by over 11%.



## Expenditures

The projected revenue decline of \$895,000 in 2012 will not fund all programs and services at the same 2011 dollar level. Cost adjustments were made in the area of operations, vacant positions, and capital programs. However the County has been prepared, better than most governments, for the economic downturn as noted in the above chart and summary explanation.

The expenditure tables which follow summarize the 2012 General Fund expenditure budget, and compare it with the 2011 approved budget. One table presents the budget by function, while the other presents the budget by object of the expenditure. A departmental presentation can be found in 'Expenditure by Function' section of this document.

As shown in the following table, expenditures by function show a .45% or \$895,000 reduction over 2011. A majority of the functional categories show a reduction, with the largest reductions in intergovernmental transfers and general government.

## General Fund

Functional reductions of .45% included project cuts and delays, elimination of vacant positions, restructuring County departments and reducing overall operating costs for 2012. The reduction resulted in a base line reduction over 2011 of \$895,000.

General Fund Expenditures By Function				
	2012	2011	\$ Change	% Change
<b>Education</b>	\$ 104,279,230	\$ 104,037,710	\$ 241,520	.23%
<b>Public Safety</b>	35,303,690	34,471,300	832,390	2.41%
<b>Intergovernmental Transfers</b>	15,362,630	17,112,500	(1,749,870)	(10.2%)
<b>Debt Service</b>	13,357,620	13,122,500	235,120	1.79%
<b>General Government</b>	10,561,890	10,386,480	175,410	1.68%
<b>Courts</b>	3,824,400	3,749,530	74,870	2.00%
<b>State Agencies</b>	4,029,390	4,335,210	(305,820)	(7.05%)
<b>Non-Profit</b>	1,768,040	1,769,040	(1,000)	(.06%)
<b>Public Works</b>	2,428,050	2,453,350	(25,300)	(1.03%)
<b>Land Use</b>	2,879,940	3,181,310	(301,370)	(9.47%)
<b>Parks &amp; Recreation</b>	2,458,470	2,529,650	(71,180)	(2.81%)
	<b>\$ 196,253,350</b>	<b>\$ 197,148,580</b>	<b>\$ (895,230)</b>	<b>(.45%)</b>

As indicated in the table below, all overall cost categories by object decreased by .45% or \$895,000. All categories reflect decreases with the exception of the 4% net increase in fringe benefits, which is due to the 10% projected increase in medical costs. The main reason for the decrease in operating costs are the result of:

1. Cuts and delay of projects in the Ten-Year Capital Improvement Program.
2. Decreasing base line operational costs for third year.
3. Elimination of vacant positions and associated benefit costs.
4. Restructuring of County departments and personnel.

General Fund Expenditures By Object				
	2012	2011	\$ Change	% Change
<b>Full Time</b>	\$ 25,814,030	\$ 26,171,310	\$ (357,280)	(1.37%)
<b>Part Time</b>	1,239,540	1,251,520	(11,980)	(.96%)
<b>Overtime</b>	663,680	703,350	(39,670)	(5.64%)
<b>Fringe Benefits</b>	14,336,010	13,746,520	589,490	4.29%
<b>Operating</b>	154,172,990	155,270,880	(1,097,890)	(.71%)
<b>Capital Outlay</b>	27,100	5,000	22,100	422.00%
	<b>\$ 196,253,350</b>	<b>\$ 197,148,580</b>	<b>\$ (895,230)</b>	<b>(.45%)</b>

## Capital Improvement Funds

Capital Improvement Plan (CIP) details the County's current projected capital improvement needs and financing sources that supports the County's current and future population and economy. The capital plan does not authorize the expenditure of funds. Rather, the funds for capital projects are appropriated annually in the County's operating and capital budgets.

The combined six-year Capital Improvement Program includes Fiscal Year 2012 budget and expenditure projections for the next five years; the total capital request for Fiscal Years 2012 through 2017 is \$249,982,360.



Construction at Washington County Free Library

The Capital Improvement Program is a separate budgeting process within the annual operating budget. The CIP procedure is used to plan, budget, and finance the purchase and/or construction of large capital infrastructure, facilities, equipment, and other fixed assets. The County uses this process to ensure these assets are aligned with its strategic direction and that the funds are well spent.

A listing of the major capital project to be undertaken or purchased in 2012 and the proposed method of financing are listed in the summaries that follow.

Funding for capital projects can be obtained from any of the following sources:

### **Cash Sources:**

**Grants and Contributions** include federal, state, and local contributions for specific projects or purposes. Examples include library donations, intergovernmental contributions, and developer contributions.

**Cash** is revenue transferred from various operating funds and is non-restrictive as to project funding. General sources can be from user fees, taxes, and general revenue sources.

**Taxes and fees** include restrictive taxes and fees such as transfer and excise tax. Revenues in these categories must be allocated to specific project categories and usually by specific allocation percentages.

**Cash reserves** used represent excess cash saved over the past years from project savings and excess revenues.

### **Debt Sources:**

**Bonds** are interest bearing debt issued by the County and include: 1) tax-supported debt for governmental activity supported by general tax dollars, and 2) self-supported debt supported by service fees, also known as double barrel bonds. Examples are landfill and utility operations.

The proposed funding mix for the 2012 Capital budget is 61% cash and 24% tax-supported debt and 15% self-supported debt.

## Capital Improvement Funds

2012 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2012 Budget
<b>Airport:</b>				
Capital Equipment	569,300			569,300
Other Airport Projects < \$500,000	877,500			877,500
<b>Bridges:</b>				
Coffman Farms Road W6371	765,600			765,600
Old Forge Road W2382	1,298,900			1,298,900
Other Bridge Projects < \$500,000	1,589,400			1,589,400
<b>Drainage:</b>				
Drainage under < \$500,000	681,400			681,400
<b>Board of Education:</b>				
Capital Maintenance	958,000			958,000
Ruth Ann Monroe Primary	4,886,700			4,886,700
Bester Elementary School	87,300	605,900		693,200
<b>Hagerstown Community College:</b>				
Arts and Sciences Complex	1,781,000			1,781,000
Performing & Visual Arts Education	922,800			922,800
Other HCC Projects < \$500,000	19,100	463,100		482,200
<b>Public Libraries:</b>				
Renovation of Central Library	7,550,500	682,300		8,232,800
<b>General Government:</b>				
Senior Community Center		2,233,100		2,233,100
Other General Projects < \$500,000	312,600	100,000		412,600
<b>Parks:</b>				
Projects < \$500,000	350,000			350,000
<b>Public Safety:</b>				
Projects < \$500,000	236,600			236,600

## Capital Improvement Funds

2012 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2012 Budget
<b>Road Improvements:</b>				
Pavement Maintenance and Rehabilitation		3,000,000		3,000,000
Shawley Drive		1,093,200		1,093,200
Eastern Boulevard Widening Phase I		2,686,600		2,686,600
Garis Shop/Poffenberger Roundabout		909,600		909,600
Yale Drive Extended—Phase II	600,000			600,000
Projects < \$500,000	986,400	295,000		1,281,400
<b>Solid Waste:</b>				
Leachate Pump Station and Force Main			697,300	697,300
Old City site Leachate upgrades			587,800	587,800
Projects < \$500,000	50,500		195,800	246,300
<b>Transit:</b>				
Projects < \$500,000	151,500			151,500
<b>Water Quality:</b>				
Winebrenner ENR State Upgrade Requirement	5,210,200		5,546,900	10,757,100
Other projects < \$500,000	329,300		150,000	479,300
<b>Total</b>	<b>30,214,600</b>	<b>12,068,800</b>	<b>7,177,800</b>	<b>49,461,200</b>

The proposed Six Year Capital plan for 2012 through 2017 by category is as follows:

Capital Improvement Project Summary						
	2012	2013	2014	2015	2016	2017
Education	17,956,700	15,716,000	11,857,600	14,291,800	16,583,100	14,307,300
Roads	13,906,100	16,663,800	12,844,700	16,645,000	15,493,800	17,674,700
Environmental	12,767,800	10,245,160	10,938,600	4,411,800	1,319,100	1,127,400
Transportation	1,598,300	3,384,400	82,700	2,401,500	5,762,800	296,100
Other	3,232,300	1,822,000	1,453,300	724,300	2,097,000	2,377,200
<b>Total</b>	<b>49,461,200</b>	<b>47,831,360</b>	<b>37,176,900</b>	<b>38,474,400</b>	<b>41,255,800</b>	<b>35,782,700</b>

## Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General fund. These funds for 2012 total \$45 million. If you include the Construction funds, the total average financial sources accounted for outside the General fund on an average basis are \$264 million. Totaling all programs and services accounted for and financed, the annual average is estimated around \$460 million. However, the nature of the revenue sources specifies that these monies be used for a specific activity. Hence they are budgeted and accounted for in separate funds. Summary figures for each fund can be found in the table below under each related section.

### A. Environmental Services

The County has six funds which deal with environmental issues: solid waste, utility administration, water, sewer, pre-treatment and land preservation funds. These funds are used for operations, debt financing administration, closure and post closure cost, construction reserve requirements and cost of service financial modeling.

Major changes in these funds are summarized as follows:

1. Solid Waste reflects changes including 1) several changes to reduce overtime costs; 2) change in transfer station hours; 3) rate changes to help offset continued waste stream reductions and continued program subsidies. With these proposed changes, the County's recycling program will continue at a loss. Further consideration of program restructure is being evaluated.
2. The Utility funds show a slight increase due to a projected revenue increase of four percent. This revenue increase is needed to offset declines in customer growth, declines in usage as business growth and usage has declined, and the State ENR (Enhanced Nutrient Removal) capital mandate requirements placed on local facilities. Capital ENR requirements to date are projected to cost \$31.4 million.
3. The land preservation increase reflects the transfer of existing programs into a separate fund.

Providing daily cover on 40 West Landfill waste stream



Environmental Service Funds				
	2012	2011	Change	
Solid Waste	\$7,311,370	\$7,303,380	7,990	0.1%
Utility Funds	16,322,250	16,183,580	138,670	0.9%
Land Preservation	1,556,920	640,330	916,590	143.1%
	\$25,190,540	\$24,127,290	\$1,063,250	4.4%



## Other Program Service Funds

### B. Transportation Services

The County has three major transportation responsibilities including the County road system, County Commuter services, and the Hagerstown Regional Airport. The Highway fund is now fully supported by the General fund. The Transit fund decrease is from the elimination of one position and decreases in revenues. The Airport fund reflects a decrease of 3.9% and is mainly the result of the County restructuring by eliminating one position and transferring one position to the General fund's Economic Development department. With those changes the General fund appropriation was removed from the Airport fund. The Metro Planning Organization, represents a regional organization hosted by Washington County that deals with major transportation issues and plans.

Construction on County Commuter Transfer Center



Transportation Service Funds				
	2012	2011	Change	
Highway Fund	\$8,614,960	\$8,489,090	125,870	1.5%
Transit Fund	2,104,710	2,182,700	(77,990)	-3.6%
MPO	410,210	0	410,210	100.0%
Airport Fund	2,885,750	3,002,610	(116,860)	-3.9%
	\$14,015,630	\$13,674,400	\$341,230	2.5%

### C. Other Services

Other various funds provide services and programs to County residents and range from recreation to human service type programs. The Inmate Welfare fund is showing the largest change with a 39.6% decrease, the result of purchasing a video visitation system in 2011. Both the Contraband and the Inmate Welfare funds are funded with confiscated monies and inmate funds.

Hole 18 Black Rock Golf Course



Other Program Service Funds				
	2012	2011	Change	
Golf Course	\$1,194,830	\$1,204,760	(9,930)	-0.8%
Hotel Rental Tax	1,500,000	1,500,000	0	0.0%
Agricultural Education	186,030	187,430	(1,400)	-0.7%
Community Partnership	307,560	295,760	11,800	4.0%
Inmate Welfare	449,570	744,310	(294,740)	-39.6%
Gaming	2,083,480	2,150,980	(67,500)	-3.1%
Contraband	36,120	40,000	(3,880)	-9.7%
	\$5,757,590	\$6,123,240	-\$365,650	-6.0%

## Debt and Reserve Management

The County may only issue bonds under the authority given by the Maryland General Assembly. Currently the County may issue bonds up to \$80 million under Chapter 392. The amount of bonds issued under Chapter 392 as of June 2010 was \$26 million. The unused authorization available prior to any issuance in 2011 is \$54 million.

Along with the Maryland General Assembly authorization, the County annually evaluates its debt capacity in conjunction with the budget process and the planning of its long-range Capital Improvement Plan. It measures the appropriate balance between the County's capital needs and its ability to pay for them. The County measures itself against other Maryland Counties (peer group), nationally accepted benchmark ratings for mid-size counties with the same rating and population, and sets maximum targets within the four main ratio targets. In addition, the County analyzes the impact of changing economic conditions on the recommended level of annual debt issuance.

As indicated in the table below the projected debt ratios are estimated to stay below peer group and maximum level targets. The projections are intended only to provide a method of assessing the impact of issuing debt on a long-term basis. The County's debt affordability analysis is designed to: ensure that anticipated future debt is manageable from a fiscal and budgetary perspective, meet peer group ratio targets and avoid negative treatment by rating agencies in the form of downgrades, and keep borrowing cost to a minimum.

Projected Debt Ratios						
	2011	2012	2013	2014	Maximum Policy Target	2012 Peer Group Target
Debt per Capita	\$867	\$893	\$916	\$936	\$1,500	\$1,650
Debt as % of Fair Market Value	1.02%	1.04%	1.04%	1.05%	1.50%	1.56%
Debt Service as % General Fund Revenue	6.67%	7.03%	7.32%	7.37%	8.00%	8.56%
Debt Service per Capita as % Income per Capita	0.25%	0.27%	0.28%	0.28%	0.50%	0.37%

Projected debt balances for the period ended June 30, 2012, including proposed borrowing scheduled for the current fiscal year are presented below. The pay-off for the balances is projected to be paid off at 37% within the first five years and 68% in ten years. The benchmark for pay-off ratios (rapidity ratio) is 25% and 50% for five and ten years, respectively.

Projected Debt Balances			
	Tax Supported	Self Supporting	Total
Balance June 30, 2010	125,143,257	65,198,236	190,341,493
2011 borrowing	10,949,900	3,220,100	14,170,000
2011 payments	8,843,224	4,913,248	13,756,472
Balance June 30, 2011	127,249,933	63,505,088	190,755,021

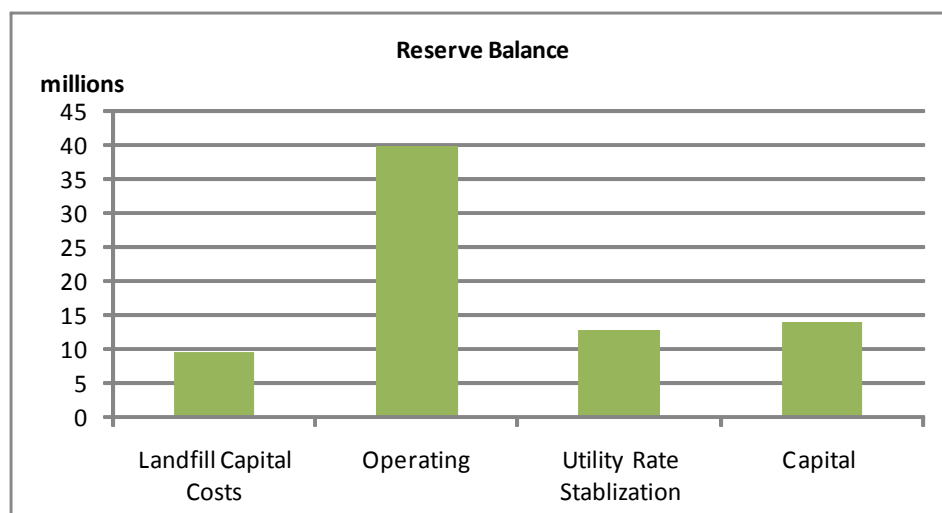
## Debt and Reserve Management

The County is provided with a rating for debt issuance by three New York rating agencies. The following indicates each of the agency's rating and its corresponding definition according to the agency.

Washington County Bond Rating's		
Rating Agency	Rating	Rating Description
<b>Moody's</b>	Aa2	Bonds are considered to be of high quality and are subject to very low credit risk.
<b>Standard and Poor's</b>	AA	Has very strong capacity to meet its financial commitments. Should be able withstand a severe level of stress and still meet its financial obligations.
<b>Fitch</b>	AA	Very high credit quality. Indicates very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

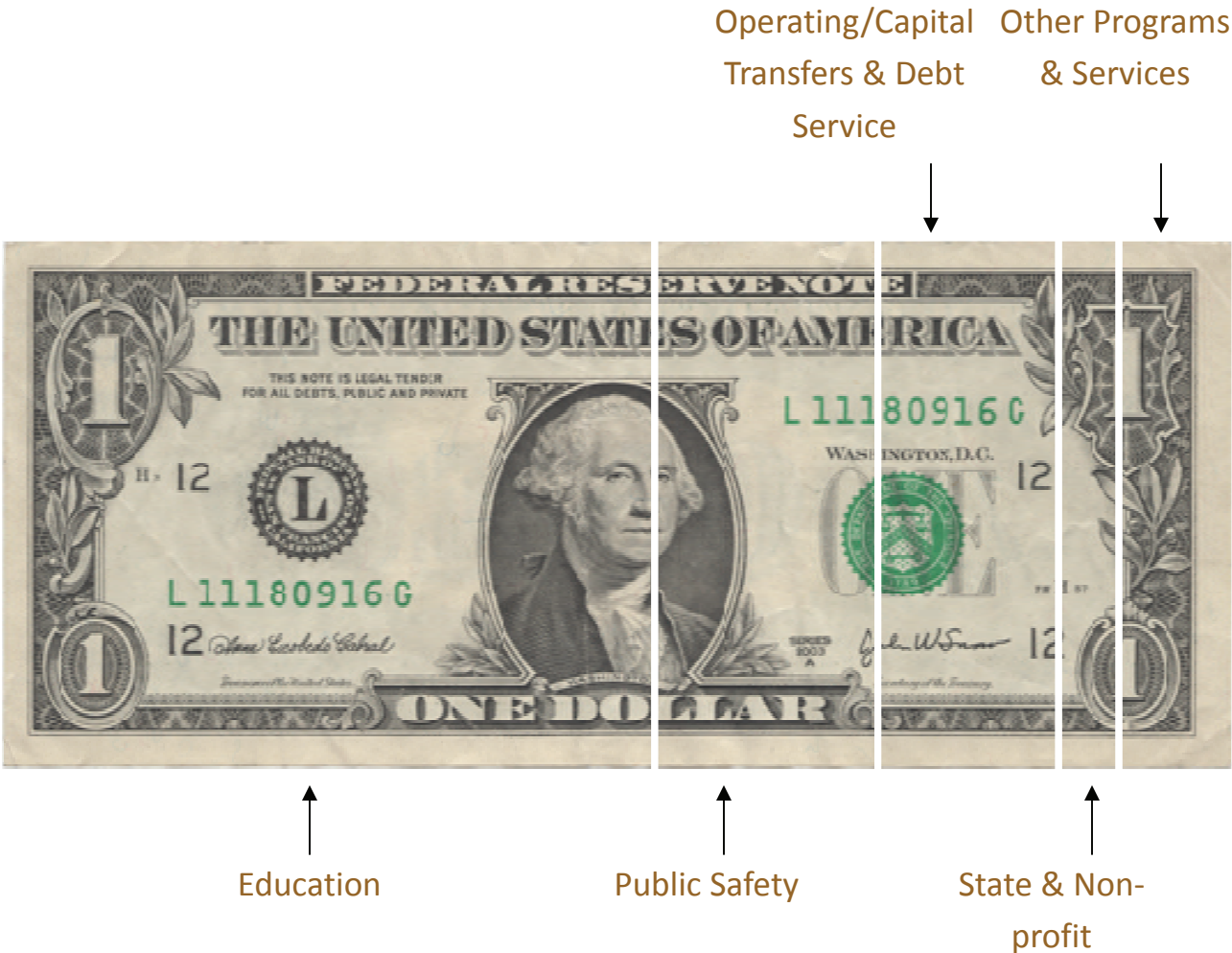
## Reserve Management

The table below presents the actual financial results for the reserve balances as of the year ended June 30, 2010. Reserve balances or savings are maintained by the County for various financial reasons including: reserves for catastrophic events, economic downturns, cash flow needs, mandated reserve requirements on capital for landfill capital costs, unanticipated Federal and State capital mandates, and rate stabilization funds for eventual self-support function of the utility funds. In 2012 it is proposed to utilize \$3.8 million in excess reserves from both operating and capital. In 2012 it is projected that operating reserves will not fall below stated County targets. Operating targets vary from 17% to 25% of operating expenditures depending on the fund and type of activity.

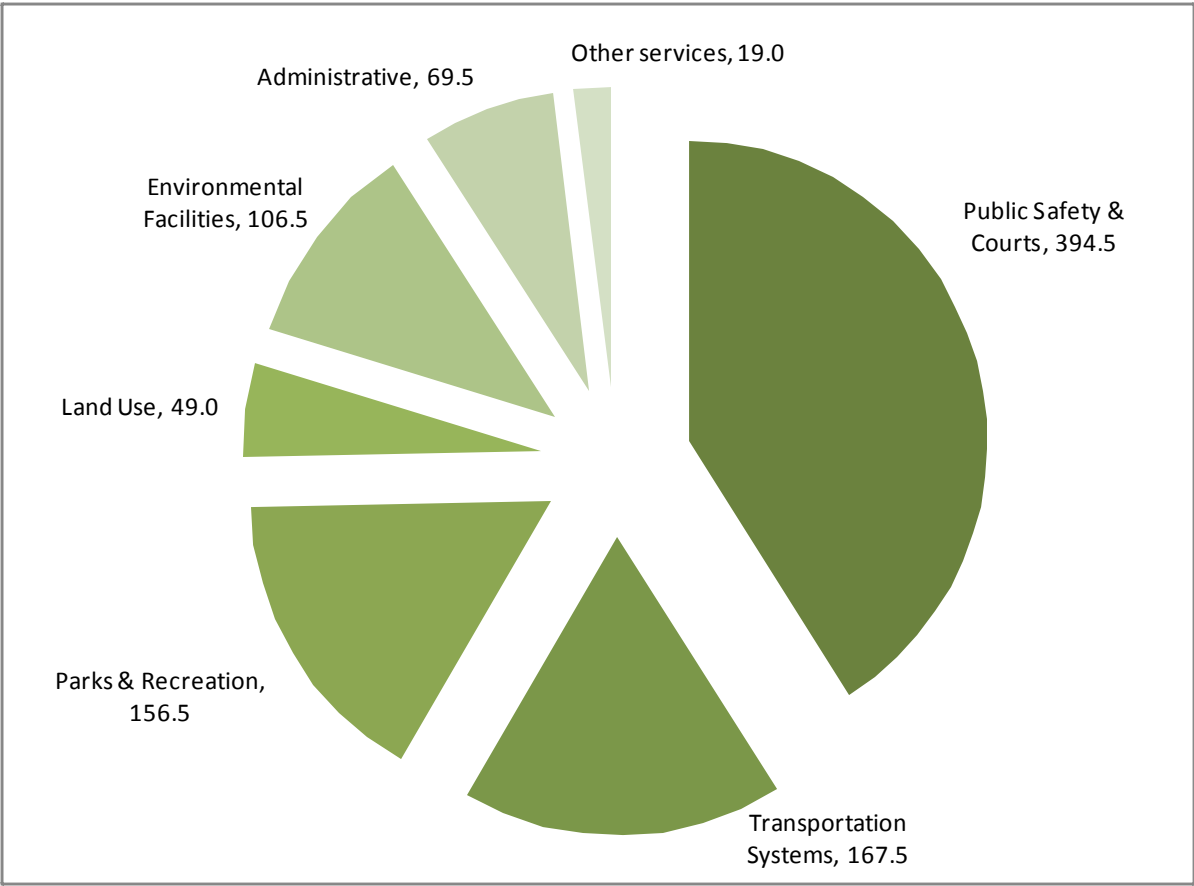


Ranking of Expenditures Per Capita by County	
Worcester	\$6,201
Montgomery	5,908
Howard	5,470
Baltimore City	5,453
Garrett	5,059
Harford	4,839
Charles	4,838
Prince George's	4,627
Calvert	4,618
Dorchester	4,520
Frederick	4,447
Queen Anne's	4,256
Anne Arundel	4,117
Carroll	4,072
Wicomico	4,016
Kent	3,978
St. Mary's	3,870
Baltimore	3,729
Talbot	3,616
Allegany	3,583
Caroline	3,550
Cecil	3,544
Somerset	3,465
Washington	3,365
Statewide average	\$4,699

# How is Your Dollar Spent?



# Summary of Budgeted Positions by Function—FTE’s



Note: Approved positions represent full-time equivalents (FTE's). Full-time position accounted for as 1, part-time account for as .5.



## Expenditures by Function

The percentage and dollars changes in a particular department budget as shown below may not always be a valid indication of the extent to which that department's real inflation adjusted resources are changing from prior years. This is often the case because:

1. Departments have unique items in prior years which are not renewed in the proposed budget year ( one-time projects, capital equipment purchases).
2. There could be significant changes in annual 'fixed costs' such as insurance, rental, or technology expenditures.
3. Departments could have new operating requirements for the proposed budget year (new facility, new personnel, and mandated Federal and State regulations).

It is necessary to review each department's situation in some detail to determine what is happening in the proposed budget year. The County would refer the reader to the detailed budget work papers available in the Office of Budget and Finance.

Departmental Expenditure by Function – 2012				
	2012	2011	\$ Change	% Change
<b>General Fund:</b>				
<b>Education</b>				
Board of Education	89,518,310	88,433,730	1,084,580	1.23%
Board of Education Crossing Guards	0	324,650	(324,650)	-100.00%
Board of Education Judith Center	0	71,410	(71,410)	-100.00%
Board of Education Health Nurses	3,310,580	3,485,580	(175,000)	-5.02%
Hagerstown Community College	8,865,010	9,045,010	(180,000)	-1.99%
Washington County Free Library	2,549,830	2,641,830	(92,000)	-3.48%
Clear Spring Library Building	13,500	13,500	0	0.00%
Smithsburg Library Building	11,000	11,000	0	0.00%
Boonsboro Library Building	11,000	11,000	0	0.00%
<b>Total Education</b>	<b>104,279,230</b>	<b>104,037,710</b>	<b>241,520</b>	<b>0.23%</b>
<b>Public Safety</b>				
Judicial	2,061,190	2,048,850	12,340	0.60%
Process Servers	115,230	115,370	(140)	-0.12%
Patrol	7,853,520	7,855,300	(1,780)	-0.02%
Central Booking	730,110	736,900	(6,790)	-0.92%
Detention Center	11,409,500	11,321,660	87,840	0.78%
Narcotics Task Force	569,270	584,760	(15,490)	-2.65%
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	21,340	20,650	690	3.34%
Special Operations	340,770	321,920	18,850	5.86%
Fire & Rescue Services	5,502,230	5,176,030	326,200	6.30%
911	3,513,930	3,505,800	8,130	0.23%
Fire & Rescue Operations	958,950	936,430	22,520	2.40%
Emergency Management	115,230	126,500	(11,270)	-8.91%
Communications Maintenance	955,230	557,280	397,950	71.41%
Animal Control Services	1,153,590	1,135,250	18,340	1.62%
Spay Neuter Program	0	25,000	(25,000)	-100.00%
<b>Total Public Safety</b>	<b>35,303,690</b>	<b>34,471,300</b>	<b>832,390</b>	<b>2.41%</b>

Departmental Expenditure by Function – 2012				
	2012	2011	\$ Change	% Change
<b>Operating &amp; Capital</b>				
Highway fund	7,856,020	7,856,020	0	0.00%
Solid Waste fund	542,500	548,390	(5,890)	-1.07%
Agriculture fund	100,000	100,000	0	0.00%
Community Partnership	307,560	295,760	11,800	3.99%
Land Preservation	47,480	0	47,480	100.00%
HEPMPO	5,970	0	5,970	100.00%
Utility Administration Fund	86,500	0	86,500	100.00%
Water fund	0	800,000	(800,000)	-100.00%
Sewer fund	2,770,000	1,970,000	800,000	40.61%
Pretreatment fund	350,000	350,000	0	0.00%
Transit fund	472,270	483,010	(10,740)	-2.22%
Airport fund	0	99,990	(99,990)	-100.00%
Golf Course fund	70,780	70,780	0	0.00%
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement fund	2,715,000	4,500,000	(1,785,000)	-39.67%
Debt service	13,357,620	13,122,500	235,120	1.79%
<b>Total Operating Transfers &amp; Capital</b>	<b>28,720,250</b>	<b>30,235,000</b>	<b>(1,514,750)</b>	<b>-5.01%</b>
<b>Courts</b>				
Circuit	1,295,680	1,282,460	13,220	1.03%
Orphans	29,500	29,500	0	0.00%
States Attorney	2,499,220	2,437,570	61,650	2.53%
<b>Total Courts</b>	<b>3,824,400</b>	<b>3,749,530</b>	<b>74,870</b>	<b>2.00%</b>
<b>Agencies</b>				
Health Department	2,339,270	2,389,270	(50,000)	-2.09%
Social Services	324,050	324,050	0	0.00%
University of MD Extension	210,990	210,990	0	0.00%
County Cooperative Extension	38,730	38,730	0	0.00%
Ag Marketing	0	96,330	(96,330)	-100.00%
Election Board	847,680	1,007,170	(159,490)	-15.84%
Soil Conservation	75,040	75,040	0	0.00%
Weed Control	118,630	118,630	0	0.00%
Gypsy Moth Program	75,000	75,000	0	0.00%
<b>Total State Agencies</b>	<b>4,029,390</b>	<b>4,335,210</b>	<b>(305,820)</b>	<b>-7.05%</b>
<b>Non-profit Organizations</b>				
Tri-County Council of Western Maryland	40,000	25,000	15,000	60.00%
Historical Society	15,140	15,140	0	0.00%
Children's Village of Washington County	24,500	24,500	0	0.00%
Leadership of Washington County	9,800	9,800	0	0.00%
CASA	306,900	306,900	0	0.00%

Departmental Expenditure by Function – 2012				
	2012	2011	\$ Change	% Change
Miss Maryland	0	16,000	(16,000)	-100.00%
Community Action Council	224,300	224,300	0	0.00%
Commission of Aging	846,450	846,450	0	0.00%
Senior Living Alternative	26,660	26,660	0	0.00%
Museum of Fine Arts	148,960	148,960	0	0.00%
Arts Council	15,290	15,290	0	0.00%
Memorial Recreation	27,520	27,520	0	0.00%
Maryland Symphony Orchestra	13,920	13,920	0	0.00%
Discovery Station	24,500	24,500	0	0.00%
C Safe	44,100	44,100	0	0.00%
<b>Total Non-profit Organizations</b>	<b>1,768,040</b>	<b>1,769,040</b>	<b>(1,000)</b>	<b>-0.06%</b>
General Government				
County Commissioners	196,030	229,210	(33,180)	-14.48%
County Clerk	85,390	84,390	1,000	1.18%
County Administrator	240,200	330,120	(89,920)	-27.24%
Public Information	147,270	83,150	64,120	77.11%
Budget & Finance	1,203,400	1,191,050	12,350	1.04%
Audit	70,000	70,000	0	0.00%
Purchasing	412,190	402,550	9,640	2.39%
Treasurer	429,360	420,660	8,700	2.07%
County Attorney	618,840	631,370	(12,530)	-1.98%
Human Resources	643,170	643,460	(290)	-0.05%
Central Services	205,460	204,910	550	0.27%
Information Technology	1,641,600	1,558,140	83,460	5.36%
General Operations	2,381,510	2,435,260	(53,750)	-2.21%
Planning & Zoning	1,095,900	1,245,880	(149,980)	-12.04%
Zoning Appeals	53,440	55,940	(2,500)	-4.47%
Martin Luther King Building	94,200	99,750	(5,550)	-5.56%
Administration Building	279,900	278,900	1,000	0.36%
Administration Building II	110,850	117,000	(6,150)	-5.26%
Court House	557,400	550,540	6,860	1.25%
County Office Building	233,460	240,260	(6,800)	-2.83%
Administration Annex	61,400	68,900	(7,500)	-10.89%
Dwyer Center	34,000	34,000	0	0.00%
Rental Properties	2,000	4,500	(2,500)	-55.56%
Public Facilities Annex	65,000	59,500	5,500	9.24%
Women Commission	2,000	2,000	0	0.00%
Historic District Commission	450	950	(500)	-52.63%
Medical Examiner	15,000	15,000	0	0.00%
Contract Ambulance Service	4,000	4,000	0	0.00%
Pauper Burial	400	400	0	0.00%
Economic Development	827,410	626,510	200,900	32.07%
<b>Total General Government</b>	<b>11,711,230</b>	<b>11,688,300</b>	<b>22,930</b>	<b>0.20%</b>

Departmental Expenditure by Function – 2012				
	2012	2011	\$ Change	% Change
<b>Public Works &amp; Permits</b>				
Public Works	455,540	349,100	106,440	30.49%
Public Works Plan Review & Permitting	1,218,460	798,570	419,890	52.58%
Public Works Engineering & Construction	2,484,650	1,305,680	1,178,970	90.30%
Permits	-	1,879,490	(1,879,490)	-100.00%
<b>Total Public Works &amp; Permits</b>	<b>4,158,650</b>	<b>4,332,840</b>	<b>(174,190)</b>	<b>-4.02%</b>
<b>Parks &amp; Recreation</b>				
Parks	1,669,130	1,741,470	(72,340)	-4.15%
Martin L Snook Pool	126,400	127,400	(1,000)	-0.78%
Recreation	662,940	660,780	2,160	0.33%
<b>Total Parks &amp; Recreation</b>	<b>2,458,470</b>	<b>2,529,650</b>	<b>(71,180)</b>	<b>-2.81%</b>
<b>Total General Fund</b>	<b>196,253,350</b>	<b>197,148,580</b>	<b>(892,420)</b>	<b>-0.45%</b>
<b>Capital Improvement Funds:</b>				
Education	17,956,700	28,623,100	(10,666,400)	-37.27%
Roads	13,906,100	14,021,900	(115,800)	-0.83%
Environmental	12,767,800	7,084,400	5,683,400	80.22%
Transportation	1,598,300	826,000	772,300	93.50%
Other	3,232,300	3,697,100	(464,800)	-12.57%
<b>Total Capital Improvement Funds</b>	<b>49,461,200</b>	<b>54,252,500</b>	<b>(4,791,300)</b>	<b>-8.83%</b>
<b>Environmental Services:</b>				
Solid Waste fund	7,311,370	7,303,380	7,990	0.11%
Utility Admin fund	3,515,030	3,592,580	(77,550)	-2.16%
Water fund	1,177,920	1,645,460	(467,540)	-28.41%
Sewer fund	10,933,700	10,249,940	683,760	6.67%
Pretreatment fund	695,600	695,600	0	0.00%
Land Preservation fund	1,556,920	640,330	916,590	143.14%
<b>Total Environmental Services Funds</b>	<b>25,190,540</b>	<b>24,127,290</b>	<b>1,063,250</b>	<b>4.41%</b>
<b>Transportation Services:</b>				
Highway fund	8,614,960	8,489,090	125,870	1.48%
HEPMPO	410,210	0	410,210	100.00%
Transit fund	2,104,710	2,182,700	(77,990)	-3.57%
Airport fund	2,885,750	3,002,610	(116,860)	-3.89%
<b>Total Transportation Services Fund</b>	<b>14,015,630</b>	<b>13,674,400</b>	<b>341,230</b>	<b>2.50%</b>

Departmental Expenditure by Function – 2012				
	2012	2011	\$ Change	% Change
Other Programs and Services:				
Ag Center fund	186,030	187,430	(1,400)	-0.75%
Community Partnership fund	307,560	295,760	11,800	3.99%
Contraband fund	36,120	40,000	(3,880)	-9.70%
Gaming fund	2,083,480	2,150,980	(67,500)	-3.14%
Golf Course fund	1,194,830	1,204,760	(9,930)	-0.82%
Hotel Rental Tax fund	1,500,000	1,500,000	0	0.00%
Inmate Welfare fund	449,570	744,310	(294,740)	-39.60%
<b>Total Other Funds</b>	<b>5,757,590</b>	<b>6,123,240</b>	<b>(365,650)</b>	<b>-5.97%</b>
<b>Total All Funds</b>	<b>290,678,310</b>	<b>295,326,010</b>	<b>(4,647,700)</b>	<b>-1.57%</b>

## Frequently Asked Questions

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

- A. Cash reserves are set aside to use in case of emergencies, cash flow, or for unexpected opportunities. These reserves can only be used according to the policy specifications. The County is a multi-million dollar corporation and like household finance, should have a savings account.

### *Q. What are the County's tax rates?*

Major Tax Rates				
Type	Rate	Basis	If rates were increased by	It would generate additional revenue of
<b>Real Estate:</b>	\$ .948	\$100 assessed value	\$ .01	\$ 1,221,417
<b>Income Tax:</b>	2.80%	Taxable Income	.01%	\$ 193,254

### *Q. I do not have any children, how do I benefit from tax dollars that go to education?*

- A. The role of our primary and secondary schools is to provide our young citizens the essential knowledge, skills, and attitudes to be contributing citizens and productive workers in Washington County. They will be our future doctors, engineers, teachers, accountants, electricians, bankers, and taxpayers. Their ability to join the workforce is key to the health and future of our economy, and their ability to be good citizens affects the livability of our community.

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

- A. General fund monies of \$ 110.7 million are used to support various activities related to educational funding. These include operating funds and debt service costs. In addition to operational funding the County also provides funding for the Capital Improvement Plan of those various organizations. During the recent budget session the County approved use of developer based fees and taxes to fund educational projects. The additional revenue comes from such items as residential excise tax, transfer tax, and adequate public facility ordinance fees. In addition, bond financing is also available to finance educational projects. In fiscal year 2012 the Capital Improvement budget reflects \$18 million for education related projects, of which \$9.7 million is State funded. In addition the County allocated \$1.9 million to existing school land acquisition funds. Total educational funding available was \$130.6 million.



## Frequently Asked Questions

### *Q. Why does the County Issue Debt?*

- A. Paying for needed infrastructure on a “cash” basis avoids interest costs associated with financing over a number of years. However, many large Capital Improvement budgets are too expensive to be paid from a single year’s budget, making financing necessary. Additionally, a principle called “intergenerational equity” suggests having the costs of capital improvements benefiting the public over 15 or more years to be borne by future generations, and not entirely by the current taxpayer.

### *Q. How can I contact someone and where do I get information?*

Name	Number or Web Address
<b>County Commissioner:</b>	
Terry L. Baker	240-313-2205
John F. Barr	240-313-2207
William B. McKinley	240-313-2206
Jeff Cline	240-313-2208
Ruth Anne Callahan	240-313-2209
<b>Administration:</b>	
Greg Murray	240-313-2216
<b>County Departments:</b>	
Listing of County Departments & emails	<a href="http://www.washco-md.net">www.washco-md.net</a>
<b>Financial Documents:</b>	
Budget documents	<a href="http://www.washco-md.net/budget_finance/finance_docs.shtm">www.washco-md.net/budget_finance/finance_docs.shtm</a>
Capital Improvement Program	<a href="http://www.washco-md.net/budget_finance/finance_docs.shtm">www.washco-md.net/budget_finance/finance_docs.shtm</a>
Annual Financial Statements	<a href="http://www.washco-md.net/budget_finance/finance_docs.shtm">www.washco-md.net/budget_finance/finance_docs.shtm</a>
Official Statements for Bond Issues	<a href="http://www.washco-md.net/budget_finance/finance_docs.shtm">www.washco-md.net/budget_finance/finance_docs.shtm</a>
Quarterly Reports	<a href="http://www.washco-md.net/budget_finance/finance_docs.shtm">www.washco-md.net/budget_finance/finance_docs.shtm</a>



*This document is intended to provide an overview of Washington County's annual budgets. If you would like more information please contact the Office of Budget & Finance for more information at 240-313-2300. In addition a full annual report is available in early to mid August.*

Washington  
County, Maryland

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Hagerstown, Md 21740  
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We're on the Web

[www.washco-md.net](http://www.washco-md.net)

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#### Did you know?

You can watch live video of the Commissioners meeting live on Tuesdays, listen to live audio or listen to the recording of the meeting from the prior weeks. If you have the latest version of Windows Media Player or QuickTime installed you can just click on the menu button below for the selection that you wish to view. If you do not have the latest version just visit the web site and download free the latest version of Windows Media Player.

Visit [www.washco-md.net/commissioners/CommissionersLive.shtm](http://www.washco-md.net/commissioners/CommissionersLive.shtm)

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[STREAM LIVE AUDIO](#)

[VIDEO ARCHIVE](#)

[AUDIO OF LAST MEETING](#)

Some other items available on the web site:



Frequently Asked Questions



Volunteer for a County Board or Commission



Road Work Update  
Report a Pothole or Roadway Problem



Commissioners Meeting Agenda Packet