

Fiscal Year 2013 Budget



Washington County, MD

A Citizen's Guide to the 2013 Budget

This document is a “brief” look at the 2013 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.

Washington County Free Library Rendering



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Washington County,
Maryland

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Washington County, Maryland Fiscal Year 2013 Budgets

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 Jeffrey A. Cline

Overview

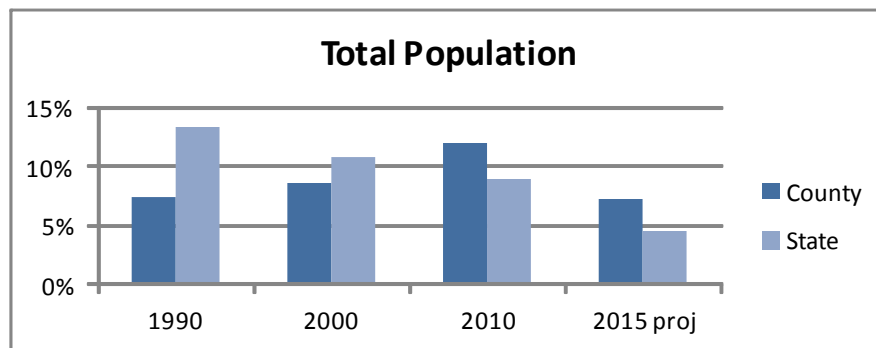
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, 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 with no term limits. As authorized by the County Code, the County Commissioners appoint the County Administrator, County Clerk, and Director of Budget and Finance. Other elected County funded positions include County Sheriff, State's Attorney, and Treasurer.

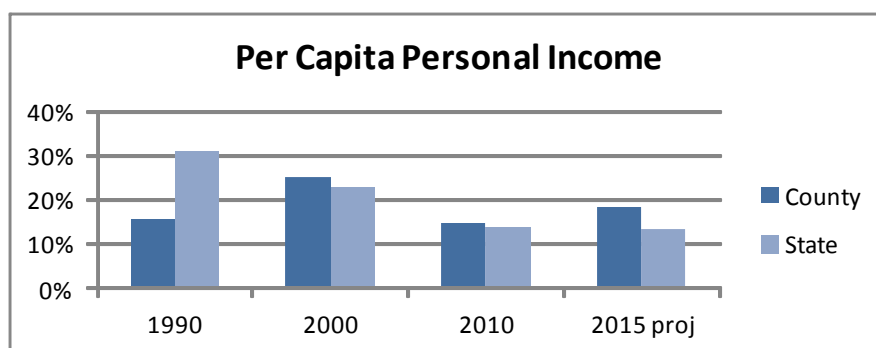
Demographics

Washington County is currently home to an estimated 149,000 residents and currently ranked 10th in population and 11th in population growth in the State of Maryland. Between 1990 to 2010, Washington County grew in total by 22% or by an annual average of 1.1% per year compared to the State of Maryland at 21% or any annual average of 1% per year.



Source: MD Department of Planning.

Between 1990 and 2010, Per Capita Personal Income for Washington County residents has increased by 44% or by an annual average of 2.2% per year. The Per Capita Personal Income is projected to increase by 3.7% annually through 2015. The State of Maryland increased by 40% from 1990 through 2010 or an annual average of 2% per year.



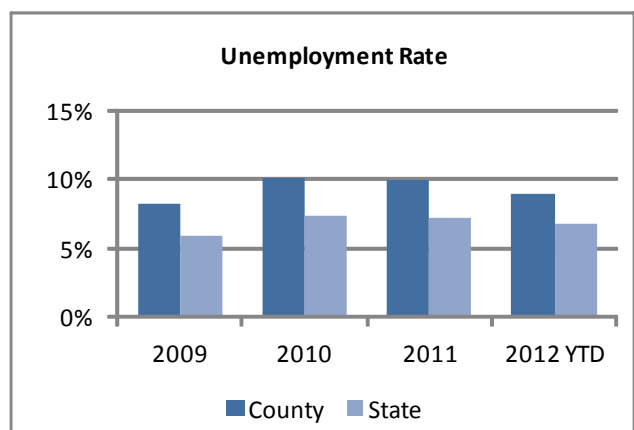
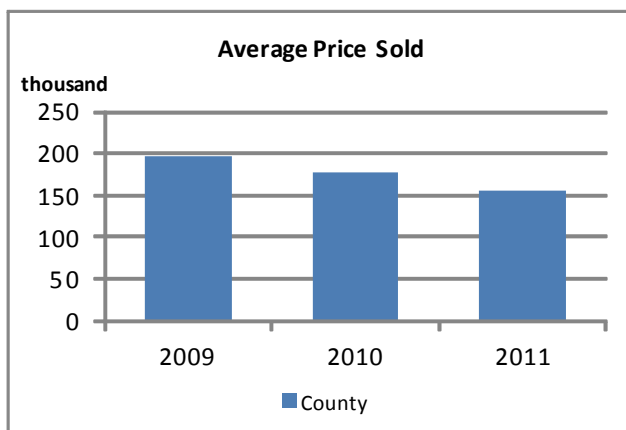
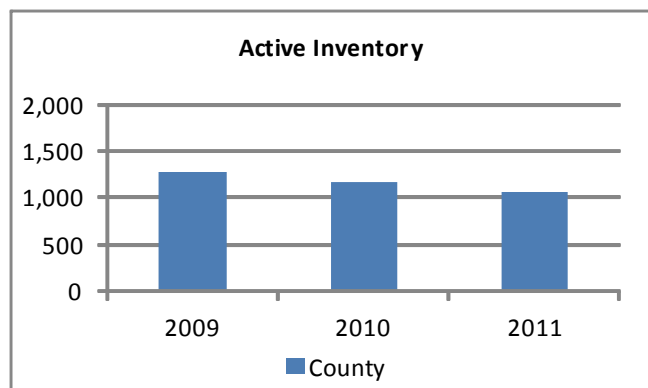
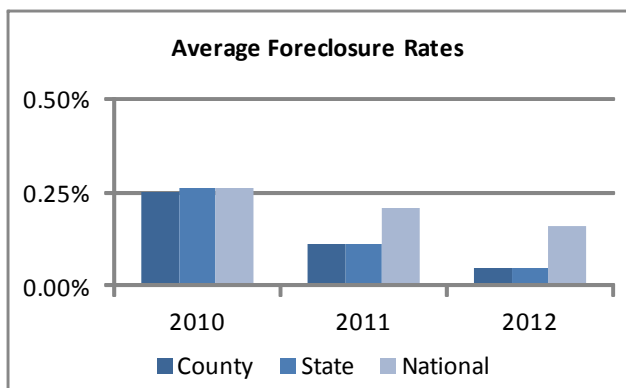
Source: MD Department of Planning.

Economic Indicators

Washington County continues to see improvement in the real estate market with leveling trends in several areas including a declining trend 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 a home sold has continued to improve over the past several months. Even with home prices still below 2011, the price difference has shown a continued improvement, reflecting the lowest shortfall in four years.



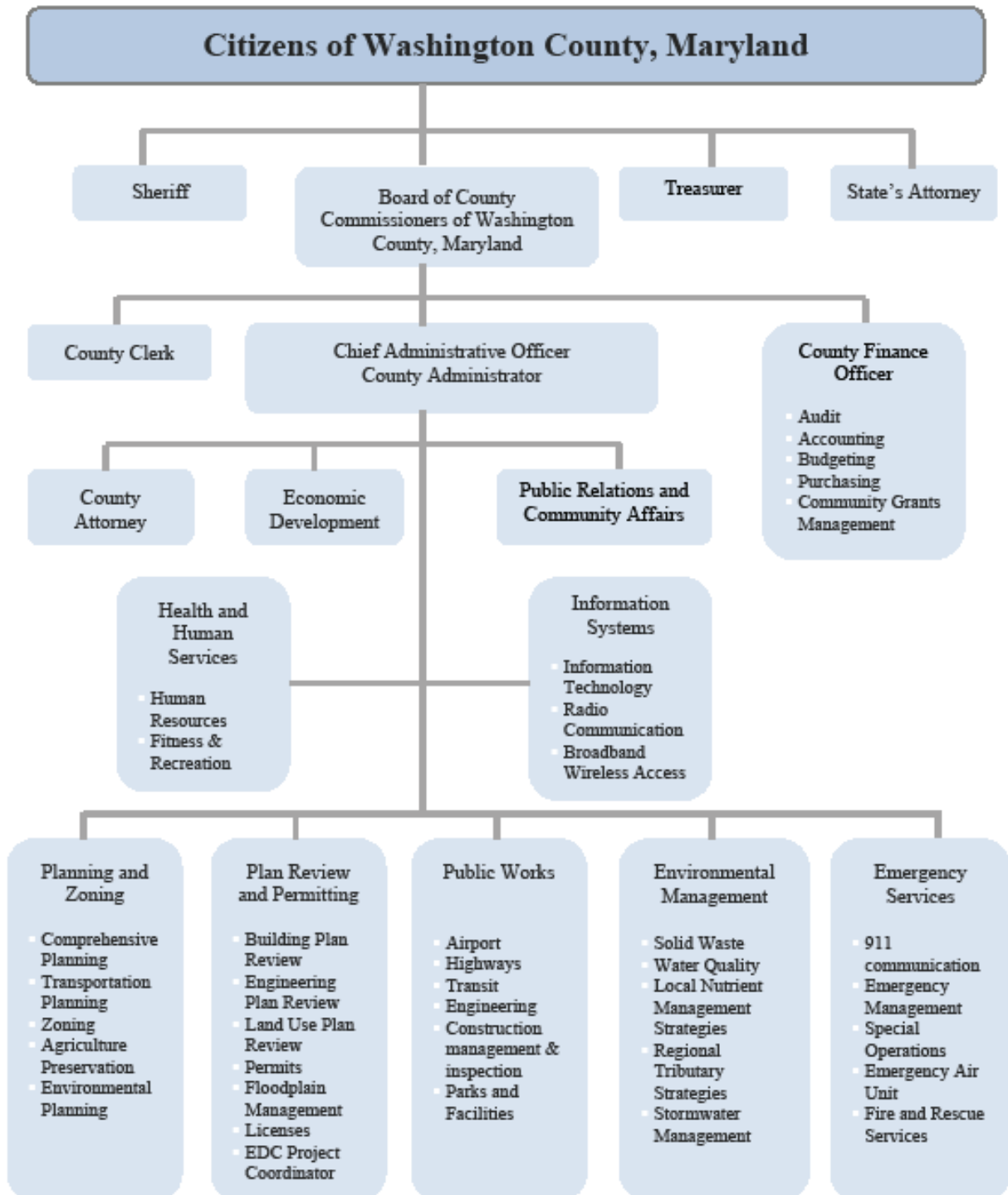
The County unemployment rate decreased from a high of 11.9% in February 2010 down to 8.0% in April 2012. The current year-to-date average for FY 2012 is 8.9%. The unemployment rate has shown a consistent gradual decrease over the last year and a half. The State of Maryland unemployment rate decreased from 7.7% to 6.5% for the same time period and is currently at a year-to-date average of 6.8% for FY 2012.



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

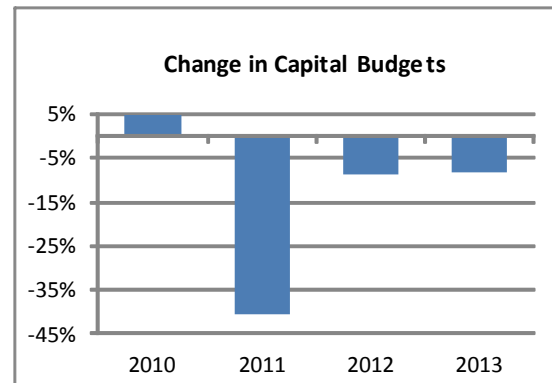
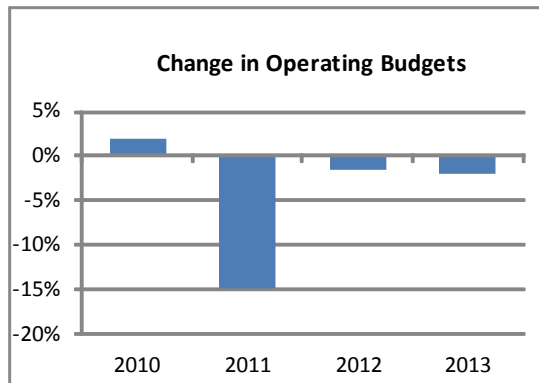
Organizational Overview

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



Total Budget History

Washington County's budget history over the past four years for both the operating and capital are shown in the accompanying tables. Operating and Capital budgets have shown decreases over the past three years. 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 the general fund budget is mainly related to property value declines and higher unemployment trends.



Budget Summarization

Total revenues and expenditures projected for 2013 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 1.99% or \$5.8 million less than the 2012 budget level. The 2013 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 2013 Washington County budget totals \$284,975,060 which is \$5.8 million or 1.99% below the 2012 approved budget. This change is mainly attributable to the following: 1) decline in the overall assessable base; 2) State mandated cost increases; 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 2013 budget decisions. Some of the main issues were the 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 twelve years ago.

Budget Summarization

In addition, conservative budgeting practices of the County and the budgeting policies in place has resulted in the County having one of the lowest expenditures per capita in the State at \$3,399 per person with the Statewide average at \$4,652. 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 and State pension cost of \$3.9 million for 2013 and 2014. The remaining State pension cost for 2015 and 2016 will increase to \$4.8 million. This additional cost will increase the County's educational contribution and the required Maintenance of Effort in total by the \$4.8 million by 2016. In addition to local operating funds, \$3.8 million in capital funding is allocated for Ruth Ann Monroe primary school, Bester Elementary school replacement and West City School - Phase 1. The Maintenance of Effort level increased by \$339,180 for 2013 due to increased student enrollment.

Other Educational changes include a 6% base increase to the Washington County Free Library for increased service costs related to the new Library facility currently under construction and the elimination of the School Health Nurse funding. The Board of Education will begin managing the program in 2013 with a full evaluation to determine the most appropriate fit to meet school system needs.

The Public Safety budget funds include items such as \$150,000 in worker comp physicals and \$300,000 for EMS service coverage increases. Other increases within this service area are due to three new positions for the 911 center; increased inmate food and medical costs; and fuel price increases.

Operating transfers reflect a reduction of \$3.6 million. This reduction resulted mainly from the Water Quality financial plan put into place in 1997 and the repeal of the legal mandate to provide those operating subsidies.

Finally, the Capital improvement budget was reduced by \$4.1 million over 2012 requiring reductions and restructuring in the ten year Capital Improvement Plan. A majority of the changes occurred in road and educational projects with projects moved out from requested start dates and/or project cuts.

Overall, the 2013 budget maintains essential services and was prepared in line with sound financial management practices as in the past. As the County proceeds with 2013 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 that the 2013 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 2013 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				
	2013	2012	\$ Change	% Change
Property Tax	\$ 121,396,960	\$ 124,284,530	(2,887,570)	(2.32%)
Local Tax	67,791,000	64,730,000	3,061,000	4.73%
Interest Income	560,100	432,130	127,970	29.61%
Fees	3,696,460	3,810,690	(114,230)	(3.00%)
Excess Fund Balance	1,109,000	1,200,000	(91,000)	(7.58%)
Intergovernmental	1,759,000	1,796,000	(37,000)	(2.06%)
	196,312,520	\$ 196,253,350	59,170	0.03%

Our revenue projections are based largely upon the following assumptions:

1. The local economy will see a slow recovery, which will impact development activity, housing sales, 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 to improve returns however, market conditions still continue to perform below average.
4. Includes the use of excess operating reserve for one-time stipend for full-time employees. Prior year excess fund balance reserves were utilized for one-time retirement incentives and salary turnover savings, and the repeal of the water and sewer contribution.

Based upon the above assumptions, review of revenue patterns and future projections, General Fund revenues reflect an increase in of .03% or \$59,170 over the 2012 budget. Following is a detailed discussion regarding the change in each major category of revenue:

Property Tax Revenue is projected to decrease by 2.32% or \$2.9 million in 2013. This decrease is mainly due to: 1) 2% decrease in the unincorporated areas net assessable base resulting in a decrease of \$2 million; and 2) an increase in State administration fees for the local State Assessment office of \$314,000 for the final phased in cost.

Local Tax revenues reflect an increase of \$3.0 million based on: 1) decreases in County and State unemployment, 2) State repeal of Income Tax Reserve repayment and State Income Tax changes; 3) projected overall wage growth and 4) increased activity relating to improved home sales, decreases in housing inventory, and improved average home prices. Housing indicators have shown consistent improvement over the last two years. Revenue related to recordation tax for 2013 will remain level based on improved housing data.

Investment Income was increased by 30%. Investments were re-structured with longer term maturities, and interest rate returns are remaining level.

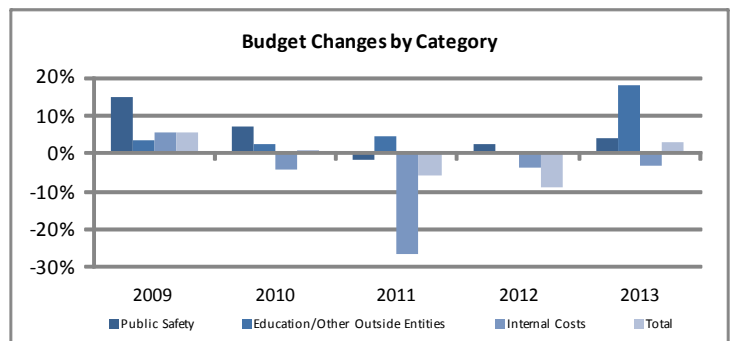
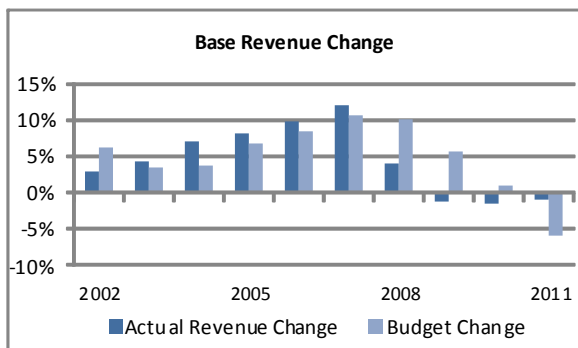
General Fund

Fees are projected to decrease by \$114,230 or 3.0%. This is mainly due to a decrease in rental income earned on County facilities and a decrease in electrical license renewal based on the off year cycle.

Intergovernmental revenue reflects a 2.06% or \$37,000 decrease from the 2012 budget mainly from an decrease in 911 fee and traders license.

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 2010 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 three years to the Board of Education.
2. Provided no step and no cola increase for County employees from July 1, 2009 through December 31, 2012 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 project schedule and/or project cost.
4. Reduced internal department cost and overall General Fund budget.



Expenditures

The projected revenue increase of \$59,170 in 2013 will not fund all programs and services at the same 2012 dollar level or at the amounts requested by agencies and departments. 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 2013 General Fund expenditure budget, and compare it with the 2012 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 .03% or \$59,170 increase over 2012. A majority of changes relate to educational and public safety funding increases offset by the repeal of the mandated water and sewer subsidies.

General Fund

Functional changes of .03% included maintenance of effort funding, project cuts, employee increases, eliminating water and sewer subsidies and a reduction in operating costs for 2013. The net change resulted in a base line increase over 2012 of \$59,170.

General Fund Expenditures By Function				
	2013	2012	\$ Change	% Change
Education	\$104,555,330	\$104,279,230	\$276,100	0.26%
Public Safety	36,759,740	35,303,690	1,456,050	4.12%
Intergovernmental Transfers	10,740,410	15,362,630	(4,622,220)	(30.09%)
Debt Service	14,013,780	13,357,620	656,160	4.91%
General Government	13,524,340	11,751,230	1,773,110	15.09%
Courts	3,894,840	3,824,400	70,440	1.84%
State Agencies	4,029,480	4,029,390	90	0.00%
Community Programs & Services	1,683,420	1,728,040	(44,620)	(2.58%)
Public Works & Permits	4,522,540	4,158,650	363,890	8.75%
Parks & Recreation	2,588,640	2,458,470	130,170	5.29%
	\$196,312,520	\$196,253,350	\$59,170	0.03%

As indicated in the table below, overall cost categories by object increased by .03% or \$59,170. Net expenditures changed as follows:

1. Wage and benefits increased due to increased hours at Special Ops, phase in of community gym programs, and four new positions with the public safety area. These categories also reflect employee stipend, and step increases.
2. State pension cost pass down for the Washington County Board of Education.
3. Elimination of the water and sewer subsidy.
4. Reduction in pay-go and Highway funding.
5. Elimination of the School Health Nurse Funding.

General Fund Expenditures By Object				
	2013	2012	\$ Change	% Change
Full Time	\$26,139,830	\$25,814,030	\$325,800	1.26%
Part Time	1,318,070	1,243,000	75,070	6.04%
Overtime	644,070	663,680	(19,610)	(2.95%)
Fringe Benefits	17,084,190	14,332,550	2,751,640	19.20%
Operating	151,109,420	154,172,990	(3,063,570)	(1.99%)
Capital Outlay	16,940	27,100	(10,160)	(37.49%)
	\$196,312,520	\$196,253,350	\$59,170	0.03%

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 Ten-year Capital Improvement Program includes Fiscal Year 2013 budget and expenditure projections for the next ten years; the total capital request for Fiscal Years 2013 through 2022 is \$449,343,420.

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



Current Construction at Washington County Free Library

A listing of the major capital projects to be undertaken or purchased in 2013 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 2013 Capital budget is 61% cash and 31% tax-supported debt and 8% self-supported debt.

Capital Improvement Funds

2013 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2013 Budget
Airport:				
Capital Equipment	757,500			757,500
Terminal Modifications	2,525,000			2,525,000
Other Airport Projects < \$500,000	201,300			201,300
Bridges:				
Leiters Mill Road Bridge W2292	796,700	199,200		995,900
Garis Shop Road Bridge W4021	1,204,500	144,800		1,349,300
Old Roxbury Road Bridge W5372		681,400		681,400
Poffenberger Road Bridge W4011	529,300			529,300
Poffenberger Road Bridge W4012	959,900	138,000		1,097,900
Other Bridge Projects < \$500,000	1,048,500	481,900		1,530,400
Drainage:				
Drainage under < \$500,000	44,000	441,400		485,400
Board of Education:				
Capital Maintenance	505,000			505,000
Ruth Ann Monroe Primary	2,878,500			2,878,500
Bester Elementary School	5,548,000	2,389,000		7,937,000
Board of Education Projects < \$500,000	151,500			151,500
Hagerstown Community College:				
ARCC Roof Replacement	455,200	250,300		705,500
Other HCC Projects < \$500,000	373,600			373,600
Public Libraries:				
Public Library Projects < \$500,000	16,300			16,300
General Government:				
Fuel Center Replacement		525,000		525,000
Other General Projects < \$500,000	421,000	427,400		848,400
Parks:				
Projects < \$500,000	606,780			606,780
Public Safety:				
Projects < \$500,000	430,700	285,300		716,000

Capital Improvement Funds

2013 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2013 Budget
Road Improvements:				
Pavement Maintenance and Rehabilitation	2,206,800	1,000,000		3,206,800
Robinwood Corridor		2,325,700		2,325,700
Shawley Drive	219,000	1,855,100		2,074,100
Eastern Boulevard Widening Phase 1		505,000		505,000
Transportation ADA	592,300			592,300
Yale Drive Extended—Phase II	200,000	595,000		795,000
Yale Drive Extended—Phase I	400,000	1,614,000		2,014,000
Projects < \$500,000	958,500	141,500		1,100,000
Solid Waste:				
City/County Leachate Upgrades	641,400			641,400
Projects < \$500,000	250,000			250,000
Transit:				
Transit Buses	506,600			506,600
Projects < \$500,000	502,000			502,000
Water Quality:				
Smithsburg Wastewater Treatment Plant			505,000	505,000
Pump Station Upgrades—Various Stations			733,700	733,700
Winebrenner Wastewater Treatment Plant	1,577,900		2,221,500	3,799,400
Other projects < \$500,000	354,500			354,500
Total	27,862,280	14,000,000	3,460,200	45,322,480

The proposed Ten Year Capital plan for 2013 through 2022 by category is as follows:

Capital Improvement Project Summary										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Education	12,567,400	12,873,400	15,648,200	17,571,700	13,859,100	15,476,100	19,142,300	20,160,400	30,800,100	20,760,600
Roads	19,282,500	10,443,900	12,448,600	15,443,100	14,807,300	18,850,100	16,929,900	22,170,900	21,348,200	20,819,100
Environmental	6,284,000	4,937,560	14,075,300	1,305,000	2,534,800	1,667,500	5,978,600	742,000	1,614,000	2,723,000
Transportation	4,492,400	292,700	2,468,500	4,157,300	294,300	403,080	5,189,400	1,473,300	109,400	2,888,600
Other	2,696,180	3,786,600	2,245,500	879,600	1,325,400	1,780,700	5,051,800	3,063,900	10,035,200	3,444,900
Total	45,322,480	32,334,160	46,886,100	39,356,700	32,820,900	38,177,480	52,292,000	47,610,500	63,906,900	50,636,200

Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General fund. For 2013 these funds total \$44 million. If you include the on-going Construction funds, the total average financial sources accounted for outside the General fund on an average basis are \$269 million. Totalling all programs and services accounted for and financed, the annual average is estimated around \$463 million. However, the nature of the revenue sources specifies that these monies be used for a specific activity. Hence, they are budgeted and accounted for in separate funds. Summary figures for each fund can be found in the table below each related section.

A. Environmental Services

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

Major changes in these funds are summarized as follows:

1. Solid Waste reflects changes including; 1) reductions in daily waste stream; 2) adjusting for curbside recycling; and 3) reducing postclosure costs due to reductions in waste stream.
2. Maryland House Bill 406 repealed specified provisions of the law relating to the General fund support of the Utility funds. A General fund investment is no longer necessary to maintain adequate operations, which accounts for the majority of the decrease in revenue. This decrease in revenue is offset by a projected increase in Utility rate revenue and use of projected rate reserves.
3. The land preservation has decreased based on the reduction in estimated grants for the cost of development rights.



Daily cover requirements on 40 West Landfill waste stream

Environmental Service Funds				
	2013	2012	Change	
Solid Waste	\$6,873,470	\$7,311,370	(\$437,900)	(6.0%)
Utility Funds	15,572,960	16,322,250	(749,290)	(3.2%)
Land Preservation	1,094,200	1,556,920	(462,720)	(29.8%)
	\$23,540,630	\$25,190,540	(\$1,649,910)	(6.5%)

Other Program Service Funds

B. Transportation Services

The County has three major transportation responsibilities including the County road system, County Commuter services, and the Hagerstown Regional Airport. The Highway fund increased by a net of \$358,120. This net increase is reflective of a projected increase in Highway User Revenue and an increase in the replacement equipment program. The Transit fund increased primarily due to the opening of the new Transit Center, shown in the picture to the right. The Airport fund reflects a decrease of 39% mainly resulting from the early payoff of the Airport Runway Bonds of \$12.2 million, saving the County \$4.1 million in interest costs. 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



	2013	2012	Change	
Highway Fund	\$8,973,080	\$8,614,960	\$358,120	4.2%
Transit Fund	2,203,650	2,104,710	98,940	4.7%
HEPMPO	370,010	410,210	(40,200)	(9.8%)
Airport Fund	1,780,830	2,960,750	(1,179,920)	(39.9%)
	\$13,327,570	\$14,090,630	(\$763,060)	(5.4%)

C. Other Services

Other various funds provide services and programs to County residents and range from recreation to human service type programs. The Contraband fund is showing the largest change with a 619.8% increase, the result of purchasing a mobile command unit in 2013. Both the Contraband and the Inmate Welfare funds are funded with confiscated monies and inmate funds.

Hole 18 Black Rock Golf Course



	2013	2012	Change	
Golf Course	\$1,219,380	\$1,194,830	\$24,550	2.1%
Hotel Rental Tax	2,073,700	1,500,000	573,700	38.2%
Agricultural Education	194,500	186,030	8,470	4.6%
Local Management Board	250,440	307,560	(57,120)	(18.6%)
Inmate Welfare	486,820	449,570	37,250	8.3%
Gaming	1,987,020	2,083,480	(96,460)	(4.6%)
Contraband	260,000	36,120	223,880	619.8%
	\$6,471,860	\$5,757,590	\$714,270	12.4%

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 applied under Chapter 392 as of June 2012 was \$52.2 million. The unused authorization available is \$27.8 million.

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

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

Projected Debt Ratios						
	2012	2013	2014	2015	Maximum Policy Target	2013 Peer Group Target
Debt per Capita	\$876	\$897	\$916	\$933	\$1,500	\$1,640
Debt as % of Fair Market Value	1.05%	1.06%	1.07%	1.07%	1.50%	1.41%
Debt Service as % General Fund Revenue	6.90%	7.37%	7.51%	7.52%	8.00%	8.52%
Debt Service per Capita as % income per Capita	0.25%	0.27%	0.27%	0.27%	0.50%	0.38%

Projected debt balances for the period ended June 30, 2012, including proposed borrowing scheduled for the current fiscal year are presented below. These amounts have not been adjusted for proposed refunding in the current fiscal year. The pay-off for the balances is projected to be paid off at 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 2011	127,249,932	63,495,968	190,745,900
2012 Borrowing	12,068,100	5,696,900	17,765,000
2012 Payments	(9,650,136)	(16,421,320)	(26,071,456)
Balance June 30, 2012	129,667,896	52,771,548	182,439,444

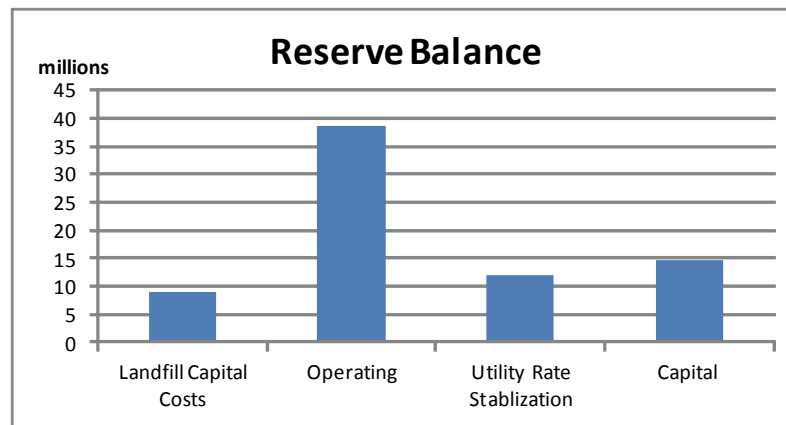
Debt and Reserve Management

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
Moody's	Aa2	Bonds are considered to be of high quality and are subject to very low credit risk.
Standard and Poor's	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.
Fitch	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

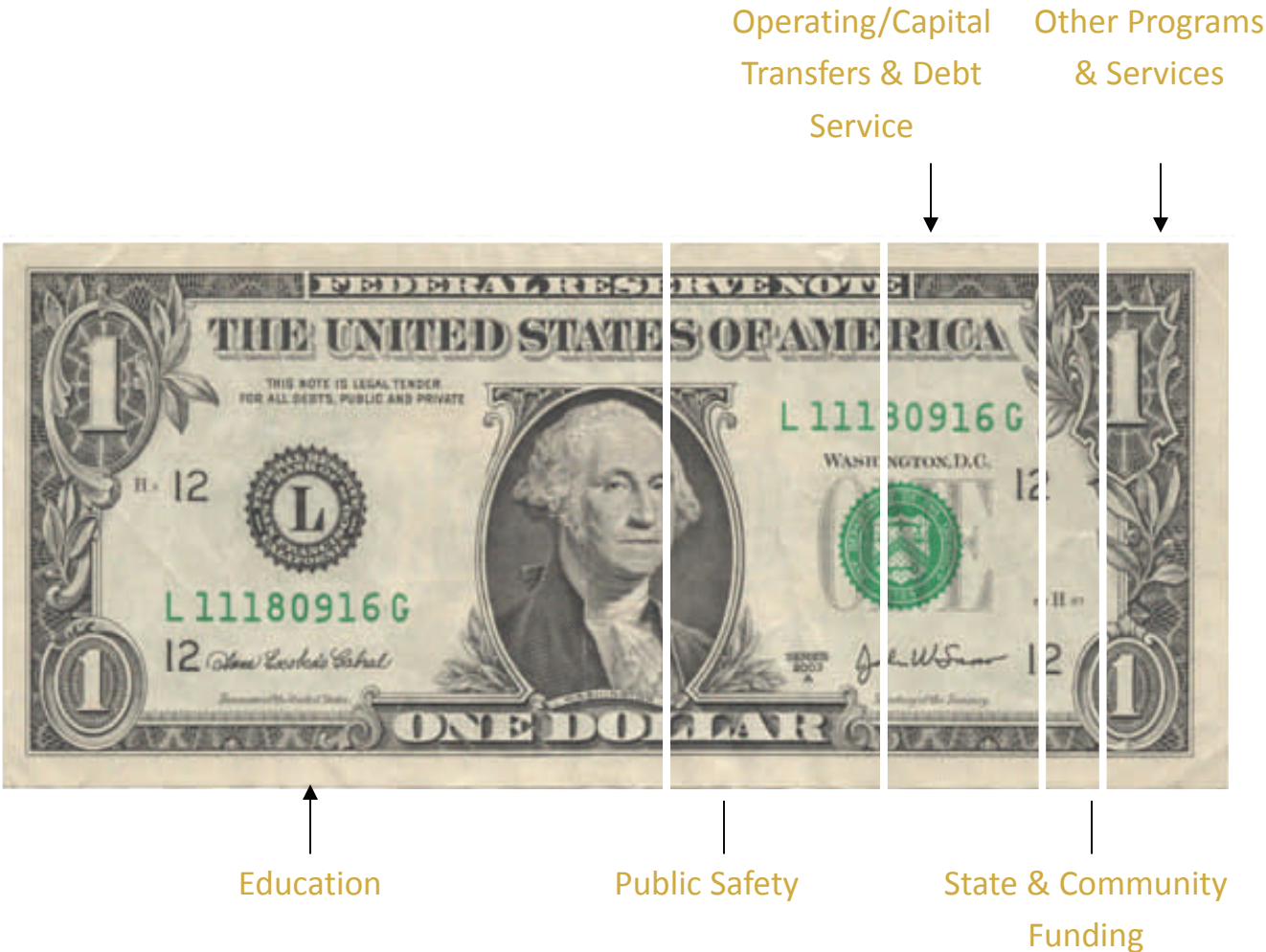
The table below presents the actual financial results for the reserve balances as of the year ended June 30, 2011. Reserve balances or savings are maintained by the County for various financial reasons including: reserves for catastrophic events, economic downturns, cash flow needs, mandated reserve requirements on capital for landfill capital costs, unanticipated Federal and State capital mandates, and rate stabilization funds for the utility funds. In 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. As discussed in previous sections, reserve balances have helped the County weather recent downturns in economy and still provide services to its citizens.



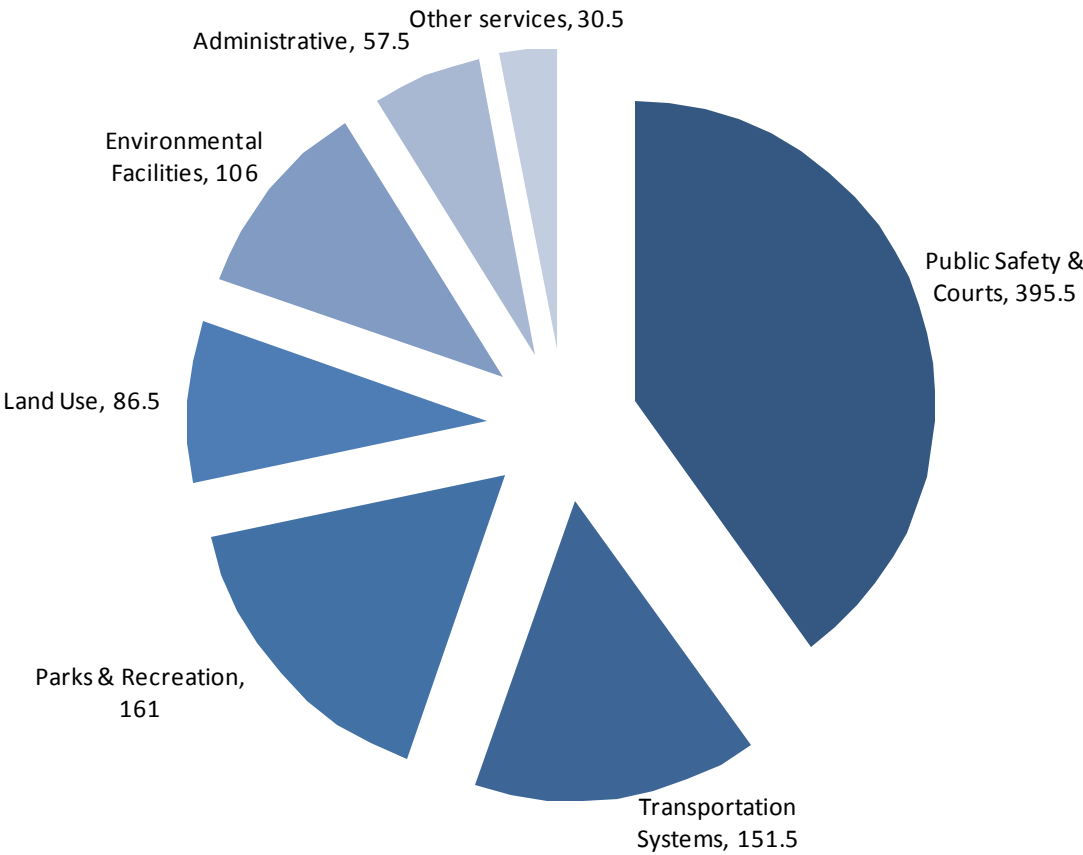
Ranking of Expenditures Per Capita by County	
Montgomery	\$5,654
Baltimore City	5,618
Howard	5,368
Worcester	5,140
Charles	4,789
Garrett	4,727
Prince George's	4,667
Harford	4,566
Calvert	4,535
Frederick	4,471
Dorchester	4,341
Queen Anne's	4,297
Carroll	4,023
Anne Arundel	3,986
Caroline	3,956
Kent	3,922
Baltimore	3,876
Wicomico	3,784
St. Mary's	3,634
Allegany	3,601
Cecil	3,539
Washington	3,399
Somerset	3,384
Talbot	3,097
Statewide average	\$4,652

Source: Overview of Maryland Local Governments, Department of Legislative Services 2011.

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.

Department Expenditure by Function - 2013

	2013	2012	\$ Change	% Change
General Fund:				
Education				
Board of Education	89,857,490	89,518,310	339,180	0.38%
State Mandated Pension Shift	3,095,000	0	3,095,000	100.00%
Board of Education - Health Nurses	0	3,310,580	(3,310,580)	-100.00%
Hagerstown Community College	8,865,010	8,865,010	0	0.00%
Free Library	2,702,330	2,549,830	152,500	5.98%
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%
Total Education	104,555,330	104,279,230	276,100	0.26%
Public Safety				
Sheriff - Judicial	1,995,650	2,061,190	(65,540)	-3.18%
Sheriff - Process Servers	118,240	115,230	3,010	2.61%
Sheriff - Patrol	8,228,480	7,853,520	374,960	4.77%
Central Booking	752,690	730,110	22,580	3.09%
Sheriff - Detention Center	11,734,600	11,409,500	325,100	2.85%
Narcotics Task Force	583,350	569,270	14,080	2.47%
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	25,180	21,340	3,840	17.99%
Special Operations	351,980	340,770	11,210	3.29%
Fire & Rescue Volunteer Services	6,012,160	5,502,230	509,930	9.27%
911 - Communications	3,692,140	3,513,930	178,210	5.07%
Fire and Rescue Operations	967,380	958,950	8,430	0.88%

Department Expenditure by Function - 2013				
	2013	2012	\$ Change	% Change
Emergency Management	103,530	115,230	(11,700)	-10.15%
Wireless Communications	1,030,710	955,230	75,480	7.90%
Animal Control Services - Humane Society	1,160,050	1,153,590	6,460	0.56%
Total Public Safety	36,759,740	35,303,690	1,456,050	4.12%
Operating and Capital Transfers				
Highway	7,306,020	7,856,020	(550,000)	-7.00%
Solid Waste	491,360	542,500	(51,140)	-9.43%
Agricultural Education Center	100,850	100,000	850	0.85%
Local Management Board	250,440	307,560	(57,120)	-18.57%
Land Preservation	104,720	47,480	57,240	120.56%
HEPMPO	5,240	5,970	(730)	-12.23%
Utility Administration	88,770	86,500	2,270	2.62%
Sewer	0	2,770,000	(2,770,000)	-100.00%
Pretreatment	0	350,000	(350,000)	-100.00%
Transit	472,270	472,270	0	0.00%
Airport	64,500	0	64,500	100.00%
Golf Course	102,690	70,780	31,910	45.08%
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement Fund	1,715,000	2,715,000	(1,000,000)	-36.83%
Debt Service	14,013,780	13,357,620	656,160	4.91%
Total Operating Transfers and Capital	24,754,190	28,720,250	(3,966,060)	-13.81%
Courts				
Circuit Court	1,320,960	1,295,680	25,280	1.95%
Orphans Court	29,820	29,500	320	1.08%
States Attorney	2,544,060	2,499,220	44,840	1.79%
Total Courts	3,894,840	3,824,400	70,440	1.84%
State Agency, Programs and Services				
Health Department	2,339,270	2,339,270	0	0.00%
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%
Election Board	847,680	847,680	0	0.00%
Soil Conservation	125,130	75,040	50,090	66.75%
Weed Control	118,630	118,630	0	0.00%

Department Expenditure by Function - 2013				
	2013	2012	\$ Change	% Change
Gypsy Moth Program	25,000	75,000	(50,000)	(66.67%)
Total State Agencies	4,029,480	4,029,390	90	0.00%
Community Programs & Services				
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%
Community Action Council	224,300	224,300	0	0.00%
Commission on 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	27,000	27,520	(520)	(1.89%)
Maryland Symphony Orchestra	13,920	13,920	0	0.00%
Discovery Station	24,500	24,500	0	0.00%
CSafe	0	44,100	(44,100)	(100.00%)
Total Community Programs & Services	1,683,420	1,728,040	(44,620)	(2.58%)
General Government				
County Commissioners	198,320	196,030	2,290	1.17%
County Clerk	85,870	85,390	480	0.56%
County Administrator	244,970	240,200	4,770	1.99%
Public Relations & Communication	185,590	147,270	38,320	26.02%
Budget & Finance	1,223,200	1,203,400	19,800	1.65%
Audit	70,000	70,000	0	0.00%
Purchasing	428,430	412,190	16,240	3.94%
Treasurer	436,230	429,360	6,870	1.60%
County Attorney	611,980	618,840	(6,860)	(1.11%)
Human Resources	654,140	643,170	10,970	1.71%
Central Services	206,810	205,460	1,350	0.66%
Information Technology	1,749,040	1,641,600	107,440	6.54%
General Operations	4,485,060	2,381,510	2,103,550	88.33%
Planning and Zoning	653,950	1,095,900	(441,950)	(40.33%)
Zoning Appeals	53,440	53,440	0	0.00%

Department Expenditure by Function - 2013

	2013	2012	\$ Change	% Change
Martin Luther King Building	120,620	94,200	26,420	28.05%
Administration Building	257,200	279,900	(22,700)	(8.11%)
Administration Building II	110,850	110,850	0	0.00%
Court House	549,910	557,400	(7,490)	(1.34%)
County Office Building	227,960	233,460	(5,500)	(2.36%)
Administration Annex	61,400	61,400	0	0.00%
Dwyer Center	32,000	34,000	(2,000)	(5.88%)
Rental Properties	2,000	2,000	0	0.00%
Public Facilities Annex	65,000	65,000	0	0.00%
Women's Commission	2,000	2,000	0	0.00%
Historic District Commission	350	450	(100)	(22.22%)
Medical Examiner	15,000	15,000	0	0.00%
Contract Ambulance Service	0	4,000	(4,000)	(100.00%)
Pauper Burial	400	400	0	0.00%
Economic Development	792,620	867,410	(74,790)	(8.62%)
Total General Government	13,524,340	11,751,230	1,773,110	15.09%
Public Works & Permits				
Public Works	467,560	455,540	12,020	2.64%
Public Works -Engineering and Construction	2,603,250	2,484,650	118,600	4.77%
Plan Review and Permitting	1,451,730	1,218,460	233,270	19.14%
Total Public Works & Permits	4,522,540	4,158,650	363,890	8.75%
Parks and Recreation				
Parks	1,723,010	1,669,130	53,880	3.23%
Martin L. Snook Pool	128,500	126,400	2,100	1.66%
Fitness & Recreation	737,130	662,940	74,190	11.19%
Total Parks and Recreation	2,588,640	2,458,470	130,170	5.29%
Total General Fund	196,312,520	196,253,350	59,170	0.03%
Capital Improvement Fund:				
Education	12,567,400	17,956,700	(5,389,300)	(30.01%)
Road Improvements	19,282,500	13,906,100	5,376,400	38.66%
Environmental	6,284,000	12,767,800	(6,483,800)	(50.78%)
Transportation	4,492,400	1,598,300	2,894,100	181.07%
Other	2,696,180	3,232,300	(536,120)	(16.59%)
Total Capital Improvement	45,322,480	49,461,200	(4,138,720)	(8.37%)

Department Expenditure by Function - 2013

	2013	2012	\$ Change	% Change
Environmental Funds:				
Solid Waste Fund	6,873,470	7,311,370	(437,900)	(5.99%)
Utility Admin Fund	3,660,540	3,515,030	145,510	4.14%
Water Fund	1,216,800	1,177,920	38,880	3.30%
Sewer Fund	9,999,970	10,933,700	(933,730)	(8.54%)
Pretreatment Fund	695,650	695,600	50	0.01%
Land Preservation Fund	1,094,200	1,556,920	(462,720)	(29.72%)
Total Environmental Funds	23,540,630	25,190,540	(1,649,910)	(6.55%)
Transportation Funds:				
Highway Fund	8,973,080	8,614,960	358,120	4.16%
HEPMPO	370,010	410,210	(40,200)	(9.80%)
Transit Fund	2,203,650	2,104,710	98,940	4.70%
Airport Fund	1,780,830	2,960,750	(1,179,920)	(39.85%)
Total Transportation Funds	13,327,570	14,090,630	(763,060)	(5.42%)
Other Program and Service Funds:				
Ag Center Fund	194,500	186,030	8,470	4.55%
Local Management Board	250,440	307,560	(57,120)	(18.57%)
Contraband Fund	260,000	36,120	223,880	619.82%
Gaming Fund	1,987,020	2,083,480	(96,460)	(4.63%)
Golf Course Fund	1,219,380	1,194,830	24,550	2.05%
Hotel Rental Tax Fund	2,073,700	1,500,000	573,700	38.25%
Inmate Welfare Fund	486,820	449,570	37,250	8.29%
Total Other Funds	6,471,860	5,757,590	714,270	12.41%
Total All Funds	284,975,060	290,753,310	(5,778,250)	(1.99%)

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
Real Estate:	\$.948	\$100 assessed value	\$.01	\$ 1,198,730
Income Tax:	2.80%	Taxable Income	.01%	\$ 200,394

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 money the County also provides funding for the Capital Improvement Plan to those various organizations. During the recent budget session the County approved the allocation of excise tax, transfer tax, bonds and pay-go funds to fund educational projects. In fiscal year 2013 the Capital Improvement budget reflects \$12.6 million for education related projects, of which \$8.5 million is State funded. Total educational funding available was \$124.2 million.

Q. How is the County helping the City of Hagerstown with the City stadium (Suns Stadium)?

- A. The County currently receives a \$403,015 perpetual payment from the City of Hagerstown towards the operational costs of the 911 center. The County has agreed to absorb the gross cost, if the City of Hagerstown builds a new stadium as approved by the City Council. The \$403,015 payment would be *phased-out* by the County on a budgetary basis over a *three to four* year period not starting until *FY 2014*. This cost absorption or revenue phase-out will not be a budget deterrent to the County budget process but allows for a gradual phase-in of the 911 center over a period of time.

Frequently Asked Questions

Q. Why does the County Issue Debt?

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

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

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



We're on the Web

www.washco-md.net

This document is intended to provide an overview of Washington County's annual budgets. If you would like more information, please contact the Office of Budget & Finance at 240-313-2300. In addition, a full annual report is available within three months of final approval for the Annual County budgets.

Did you know?

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

Visit www.washco-md.net/commissioners/CommissionersLive.shtm

STREAM LIVE VIDEO

VIDEO ARCHIVE

Some other items available on the web site:



Commissioners Meeting Agenda Packet



Volunteer for a County Board or Commission



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



County Commuter
Info, Schedules, & Routes

Washington
County, Maryland

100 West Washington Street
Hagerstown, MD 21740

www.washco-md.net