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

Fiscal Year 2014 Budget

A Citizen's Guide to the Budget

This document is a “brief” look at the 2014 Washington County budget. We hope it will enhance your understanding of how Washington County is organized, the services it provides, and the funding sources used to provide those services. Our purpose is to deliver to the citizens of Washington County the very highest quality of services as efficiently and economically as possible, making every dollar count.

The 2014 budget did not propose any tax rate increases for the thirteenth straight year. Washington County’s 2014 budget increased by \$3.9 million or 1.37%. The net increase will fund education and public safety services for Washington County.

The County Commissioners thank you for the opportunity to serve you and to be able to make Washington County government the best it can be.



Washington County, Maryland Fiscal Year 2014 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

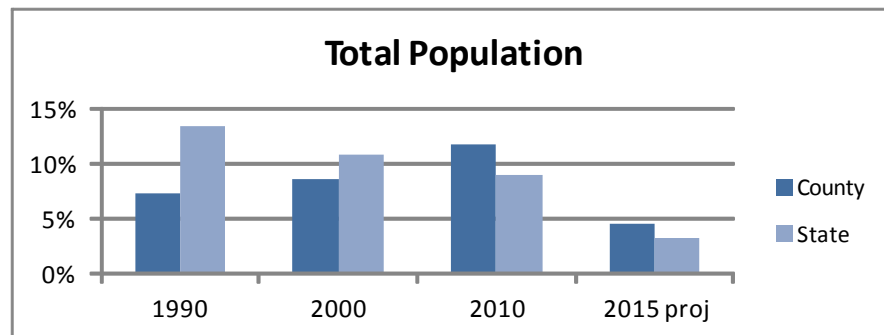
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, 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 151,000 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 county-wide basis and serve four-year terms with no term limits. As authorized by the County Code, the County Commissioners appoint the County Administrator, County Clerk, and Director of Budget and Finance. Other elected County funded positions include County Sheriff, State's Attorney, and Treasurer.

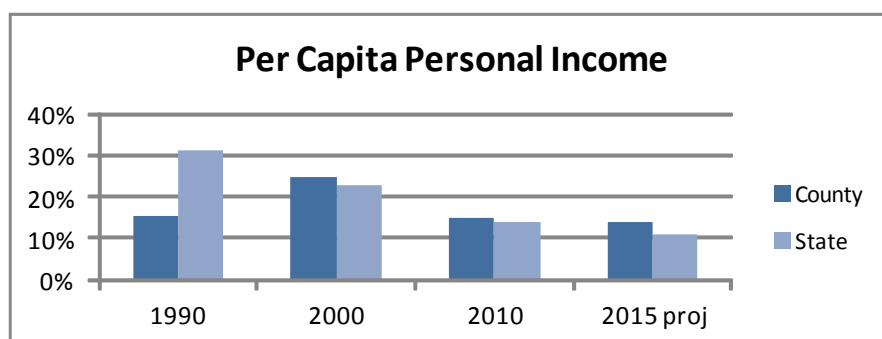
Demographics

Washington County is home to an estimated 151,000 residents and currently ranked 11th in population and 11th in population growth in the State of Maryland. Between 1990 and 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 an 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 2.74% annually through 2015. The State of Maryland increased 40% from 1990 through 2010 or an annual average of 2% per year.



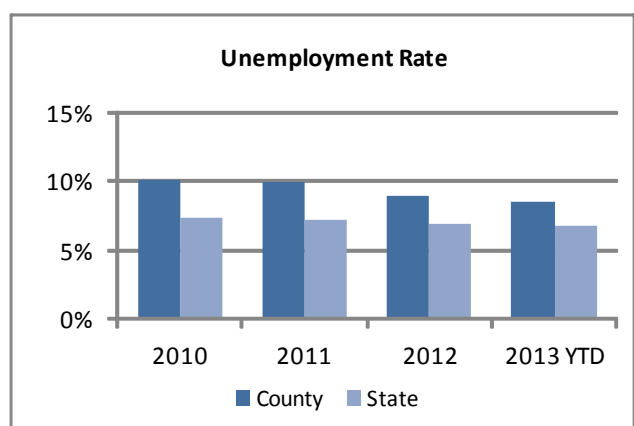
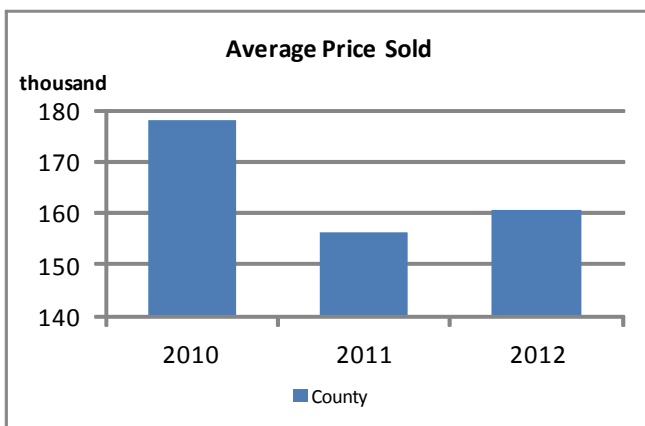
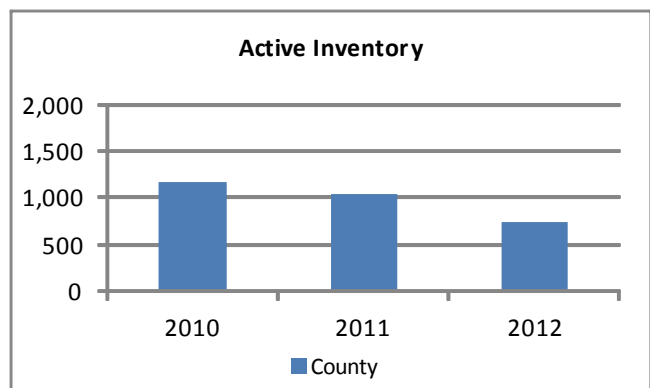
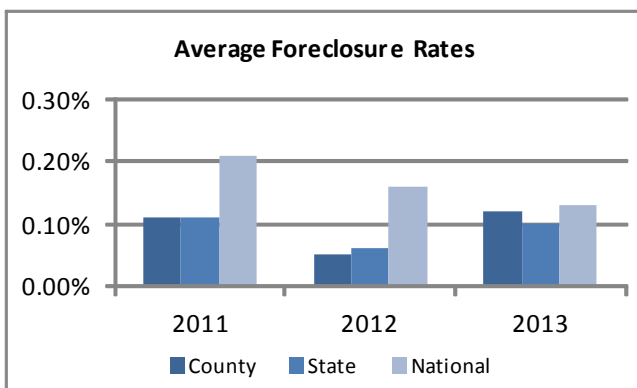
Source: MD Department of Planning.

Economic Indicators

Real estate activity is an important economic indicator that greatly impacts the County's economy, planning, permits, construction, and revenue activity.

Washington County's foreclosure activity has leveled off since 2010. Statistical trends are indicating improvement in active inventory, number of units sold, and the average price of a home sold.

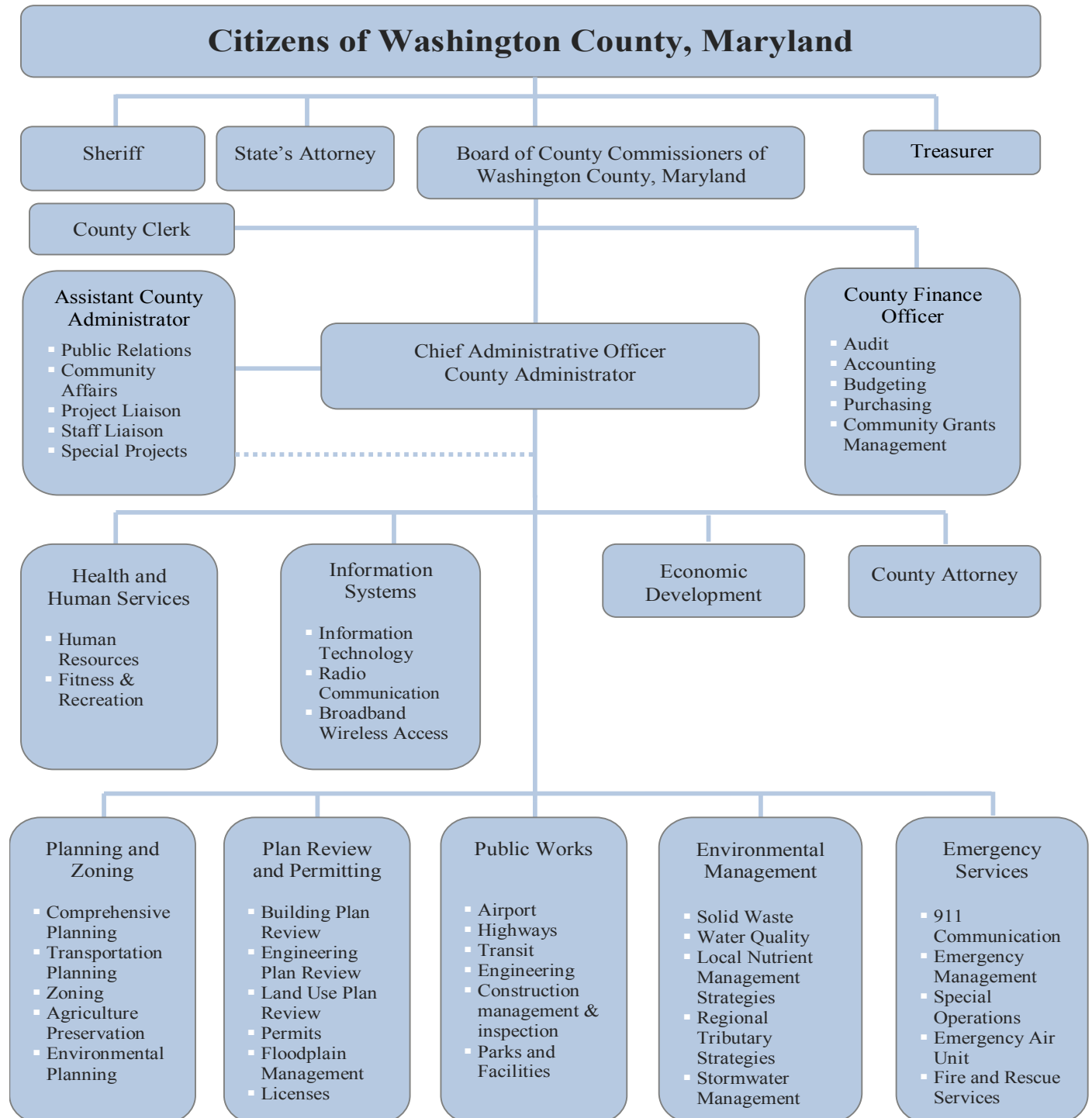
The County's unemployment rate decreased from a high of 11.9% in February 2010 to 7.8% in April 2013. The current year-to-date average for FY 2013 is 8.5%. The unemployment rate has shown a consistent gradual decrease. The State of Maryland unemployment rate decreased from 7.7% to 6.9% for the same time period and is currently at a year-to-date average of 6.7%.



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

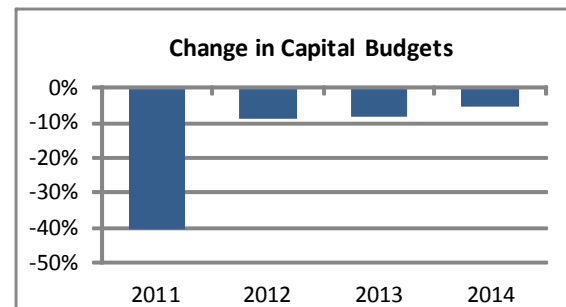
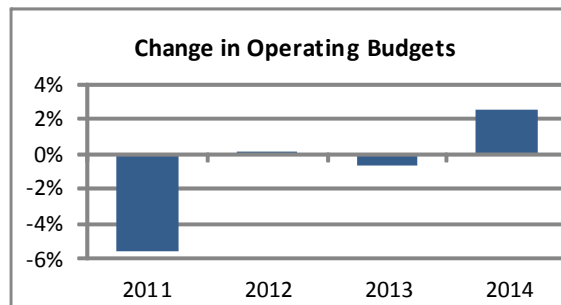
Organizational Overview

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 history over the past four years for both operating and capital budgets are shown in the accompanying tables. County Operating budgets are still below 2010 levels by \$9.4 million or 3.7%. Capital budgets have shown decreases over the past four years. Budgets vary from year-to-year due to the level of major construction activity, mandated funding requirements, and the initiation of new funds or service responsibilities. The 2014 increase in operating funds is mainly related to Disparity Grant inclusion, additional grant income, increased service income, offset somewhat by the continued declines in the property tax base. The 2014 Capital budget decreased due to changes in revenue structures related to excise tax and reductions in projected bond issuances.



Budget Summarization

Total revenues and expenditures for 2014 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 is 1.37% or \$3,893,880 more than the 2013 budget level. The 2014 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 2014 Washington County budget totals \$288,868,940, which is \$3,893,880 or 1.37% above the 2013 approved budget. This change is mainly attributable to the following: 1) decline in the overall assessable base; 2) State mandated cost increases; 3) increases in Income Tax revenue; and 4) cuts and delays in capital projects within the ten-year capital improvement program.

There were several issues which the County addressed in the 2014 budget decisions. Some of the main issues were the assessment base adjustments, cuts and costs passed down 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 increase in the property tax rates which were last increased in 2001, over thirteen 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 \$3,516 per person with the Statewide average at \$4,659. 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 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, \$8.2 million in local capital funding is allocated for Capital Maintenance, Bester Elementary School and West City Elementary School - Phase 1. The Maintenance of Effort level increased by \$674,210 for 2014 due to increased student enrollment.

Other Educational changes included 1) a 1.13% base increase to the Hagerstown Community College for enrollment increases; and 2) a 1.85% base increase to the Washington County Free Library for increased service costs related to the new Library facility currently under construction.

The Public Safety budget funds reflect a total increase of \$1,673,270 over last year, which includes \$435,080 in workers compensation and property insurance for the Fire and Rescue volunteers and \$222,000 for the Motorola system support. Other increases within this service area are related to higher inmate food and medical costs and the recommendation to upgrade a part-time position to a full-time position in property/evidence room; and the approval of hiring four full-time deputy sheriffs starting January 2014.

Operating transfers and capital reflect an increase of \$1.3 million, of which a majority is related to a \$.8 million increase in pay-go funding from the disparity grant. This pay-go amount or cash payment towards a capital project will be applied towards a Board of Education capital maintenance project.

Finally, the Capital improvement budget was reduced by \$2.4 million over 2013. The change was a result of a reduction in excise tax fees, reduction in bond issuance, additional grant revenues, and restructuring and elimination of project requests within the ten year program mainly within the road and educational categories.

Overall, the 2014 budget maintains essential services and was prepared in line with sound financial management practices as in the past. As the County proceeds with 2014 we will face challenges for the next several years with both the economy and from the State. We will continue to monitor the economic conditions and State changes while striving to maintain existing government services, maintain rates, increase employment, improve education, and meet infrastructure needs. We understand that these are difficult times for our citizens and for the County, with that the 2014 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 2014 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				
	2014	2013	\$ Change	% Change
Property Tax	\$ 119,215,860	\$ 121,396,960	(2,181,100)	(1.80%)
Local Tax	74,500,000	67,791,000	6,709,000	9.90%
Interest Income	544,500	560,100	(15,600)	(2.79%)
Fees	3,719,750	3,696,460	23,290	0.63%
Excess Fund Balance	1,294,960	1,109,000	185,960	16.77%
Intergovernmental	1,914,200	1,759,000	155,200	8.82%
	201,189,270	196,312,520	4,876,750	2.48%

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. Local tax revenue projections are based on an analysis of trends.
3. Revenue estimates are based on information provided by the State Department of Assessment and Taxation.
4. Includes the use of excess operating reserve for unanticipated State pension expense as a result of legislative changes from the State of Maryland.

Based upon the above assumptions, review of revenue patterns and future projections, General Fund revenues reflect an increase of 2.48% or \$4,876,750 over the 2013 budget. Following is a detailed discussion regarding the major changes affecting General Fund revenues:

Property Tax revenue decreased by 1.80% or \$2.2 million in 2014. This decrease is mainly due to: 1) 1.9% decrease in the unincorporated areas net assessable base resulting in a decrease of \$ 2.1 million; 2) a decrease in corporate personal property tax revenue due to the economy and decreases in capital investments; and 3) a decrease in the required reimbursement to the State for administering certain programs in the Department of Assessment and Taxation.

Local Tax revenues reflect an increase of \$6.7 million based on: 1) decreases in County and State unemployment; 2) \$1.5 million disparity grant; 3) projected overall wage growth; and 4) increased activity relating to improved home sales, decreases in housing inventory, and improved average home prices. Revenue related to recordation tax for 2014 has increased based on the housing market and state law changes on controlling interest transactions.

Intergovernmental revenue reflects an 8.82% or \$155,200 increase from the 2013 budget based on the State's proposed budget which plans to restore funding to Counties for police protection.

General FundExpenditures

General Fund expenditures in total increased by \$4.9 million or 2.48% for 2014. A majority of this increase was allocated to the County's educational and public safety services.

Education and public safety services account for over 72% of the General Fund budget or \$144.6 million. These services include primary, secondary, library, law enforcement and emergency services. In 2014 these services increased by \$3.2 million. This increase helped pay for costs such as:

- Increased enrollment in our schools;
- State mandated pension costs;
- Increased enrollment in our local community college;
- Additional costs related to the new downtown library;
- Four new law enforcement officers.

Capital costs, operating transfers and general operations account for 8% of the General fund budget and include items such as cash payments to offset debt for project costs, operating payments for Highway operations, and insurance coverages and retirement related costs. These costs increased by \$.9 million of which \$.8 million will be used to increase the cash payment towards Board of Education project costs. This payment will be used towards a Board of Education capital maintenance project that the County has been unable to fund in past years due to State mandates and revenue base decreases.

Debt service costs account for 7% and increased by \$400,000. Of the debt service cost approximately 45.1% are for education and public safety projects like new schools and detention center facilities. A majority of the remaining debt service cost is related to road and bridge construction.

The remaining budget includes all other programs and services and account for 13%. This area covers services such as the court system, community funding, recreation, permits, economic development, State's Attorney, Health Department, and other general public and county services. This area increase by 1.5% in total for all services.

The expenditure tables which follow summarize the 2014 General Fund expenditure budget, and compares it with the 2013 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 2.48% or \$4,876,750 increase over 2013. The majority

General Fund

Functional changes of 2.48% included educational increases of 1.58%, public safety increases of 4.55%, and intergovernmental transfers of 7.68%, of which a majority relates to an educational increase for capital maintenance for 2014. The net change resulted in a base line increase over 2013 of \$4,876,750.

General Fund Expenditures By Function				
	2014	2013	\$ Change	% Change
Education	\$106,206,420	\$104,555,330	\$1,651,090	1.58%
Public Safety	38,433,010	36,759,740	1,673,270	4.55%
Intergovernmental Transfers	11,565,080	10,740,410	824,670	7.68%
Debt Service	14,440,530	14,013,780	426,750	3.05%
General Government	13,437,470	13,524,340	(86,870)	(0.64%)
Courts	3,951,810	3,894,840	56,970	1.46%
State Agencies	4,066,680	4,029,480	37,200	0.92%
Community Programs & Services	1,683,420	1,683,420	0	0.00%
Public Works & Permits	4,747,100	4,522,540	224,560	4.97%
Parks & Recreation	2,657,750	2,588,640	69,110	2.67%
	\$201,189,270	\$196,312,520	\$4,876,750	2.48%

As indicated in the table below, overall cost categories by object increased by 2.48% or \$4,876,750. Net expenditures changed as follows:

1. Wage and benefits increased to reflect the remaining employee step increases from FY2013 of 1.5% and health insurance increases of 10%. Wages and benefits increased by 5.5 positions to address increased workflow in plan review and permitting and increased service requirements in law enforcement areas.
2. Operating increased to reflect State mandated pension cost increases of \$826,880 and mandated maintenance of effort increase of \$674,210. Law enforcement and emergency services operational costs increased by \$536,250, and pay-go increased by \$835,000 mainly for an increased educational capital maintenance project in 2014, which was offset with disparity grant funding.

General Fund Expenditures By Object				
	2014	2013	\$ Change	% Change
Full Time	\$26,614,320	\$26,139,830	\$474,490	1.82%
Part Time	1,364,390	1,318,070	46,320	3.51%
Overtime	660,220	644,070	16,150	2.51%
Fringe Benefits	18,029,490	17,084,190	945,300	5.53%
Operating	154,518,850	151,109,420	3,409,430	2.26%
Capital Outlay	2,000	16,940	(14,940)	(88.19%)
	\$201,189,270	\$196,312,520	\$4,876,750	2.48%

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 2014 budget and expenditure projections for the next ten years; the total capital request for Fiscal Years 2014 through 2023 is \$441,216,100.



Current Construction at Washington County Free Library

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.

A listing of the major capital projects to be undertaken or purchased in 2014 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 funding mix for the 2014 Capital budget is 58% cash and 33% tax-supported debt and 9% self-supported debt.

Capital Improvement Funds

2014 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2014 Budget
Airport:				
Taxiway B and D Rehabilitation	1,400,000			1,400,000
Other Airport Projects < \$500,000	303,900			303,900
Bridges:				
Other Bridge Projects < \$500,000	760,600	157,600		918,200
Drainage:				
Storm Water Retrofits		860,900		860,900
Drainage under < \$500,000	575,600			575,600
Board of Education:				
Capital Maintenance	4,789,000			4,789,000
Bester Elementary (replacement School)	4,213,000	6,649,300		10,862,300
West City Elementary School—Phase 1	242,400	506,100		748,500
Hagerstown Community College:				
ARCC Roof Replacement	699,700	138,200		837,900
Public Libraries:				
Public Library Projects < \$500,000	250,000			250,000
General Government:				
County Admin Bldg Renovation	2,045,100			2,045,100
Other General Projects < \$500,000	1,355,300			1,355,300
Parks:				
Projects < \$500,000	383,000			383,000
Public Safety:				
Projects < \$500,000	550,000			550,000
Road Improvements:				
Pavement Maintenance and Rehabilitation	2,386,300	3,107,200		5,493,500
Robinwood Corridor II		918,000		918,000
Underpass Way/Railway Lane Roundabout	508,000	231,500		739,500
Professional Court Extended—Phase II	1,020,300	289,200		1,309,500
Yale Drive Extended—Phase I	1,100,000	258,000		1,358,000

Capital Improvement Funds

2014 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2014 Budget
HWY Equipment and Vehicle Replacement	500,000			500,000
Highway Eastern Section	575,000			575,000
Projects < \$500,000	402,000	884,000		1,286,000
Transit:				
Projects < \$500,000	167,000			167,000
Water Quality:				
Smithsburg Wastewater Treatment Plant	332,300		1,910,000	2,242,300
Antietam Wastewater Treatment Plant			510,000	510,000
Winebrenner Wastewater Treatment Plant			1,700,000	1,700,000
Other projects < \$500,000	283,000			283,000
Total	24,841,500	14,000,000	4,120,000	42,961,500

The Ten Year Capital plan for 2014 through 2023 by category is as follows:

Capital Improvement Project Summary										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Education	17,487,700	16,287,300	15,289,200	7,393,500	20,134,100	15,264,800	13,175,900	23,536,000	25,333,800	27,654,100
Roads	14,534,200	12,724,200	16,739,800	19,389,900	17,042,600	14,774,400	18,802,100	18,571,100	16,281,100	12,195,100
Environmental	4,735,300	6,686,500	3,361,600	8,703,400	1,633,700	2,061,100	5,663,600	1,852,600	3,443,800	2,430,600
Transportation	1,870,900	1,222,500	3,885,700	2,064,000	1,140,500	3,816,400	4,263,300	639,800	4,075,600	2,169,100
Other	4,333,400	3,136,700	1,638,100	1,601,400	2,096,900	3,578,800	3,514,300	4,673,200	3,976,800	4,335,600
Total	42,961,500	40,057,200	40,914,400	39,152,200	42,047,800	39,495,500	45,419,200	49,272,700	53,111,100	48,784,500

Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General fund. For 2014 these funds total \$44.7 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 \$252.1 million. Totaling all programs and services accounted for and financed, the annual average is estimated around \$453.3 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; and
2) adjustments related to the curbside recycling program.
2. The increase in Utility Funds relate to the Cost of Service projection and the three percent user fees for water and sewer usage. These increases are the result of regulatory mandates for capital improvement requirements.
3. The land preservation has increased based on the available County grants for land preservation easements.



Daily cover requirements on 40 West Landfill waste stream

Environmental Service Funds				
	2014	2013	Change	
Solid Waste	\$6,792,140	\$6,873,470	(\$81,330)	(1.2%)
Utility Funds	16,016,020	15,572,960	443,060	2.9%
Land Preservation	1,667,690	1,094,200	573,490	52.4%
	\$24,475,850	\$23,540,630	\$935,220	4.0%

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 in total by \$398,740. This increase is mainly reflective of an increase in the equipment and vehicle replacement program, which replaces items such as snowplows and other heavy equipment items. The Transit fund increased primarily due to an increase in diesel fuel usage. The Airport fund reflects an increase of 6% mainly resulting from lease payment increases, an increase in controllable assets, and maintenance projects. The Metro Planning Organization, represents a regional organization hosted by Washington County that deals with major transportation planning and issues.

County Commuter Transfer Center



Transportation Service Funds				
	2014	2013	Change	
Highway Fund	\$9,371,820	\$8,973,080	\$398,740	4.4%
Transit Fund	2,297,130	2,203,650	93,480	4.2%
HEPMPO	383,460	370,010	13,450	3.6%
Airport Fund	1,880,960	1,780,830	100,130	5.6%
	\$13,933,370	\$13,327,570	\$605,800	4.5%

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 90.4% decrease, reflective of the purchase of 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



Other Program Service Funds				
	2014	2013	Change	
Golf Course	\$1,196,140	\$1,219,380	(\$23,240)	(1.9%)
Hotel Rental Tax	2,000,000	2,073,700	(73,700)	(3.6%)
Agricultural Education	198,270	194,500	3,770	1.9%
Community Grant Management	324,650	250,440	74,210	29.6%
Inmate Welfare	490,920	486,820	4,100	0.8%
Gaming	2,073,970	1,987,020	86,950	4.4%
Contraband	25,000	260,000	(235,000)	(90.4%)
	\$6,308,950	\$6,471,860	(\$162,910)	(2.5%)

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 projected amount of bonds applied under Chapter 392 as of June 2013 was \$65.3 million. The unused authorization available is \$14.7 million.

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

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

Projected Debt Ratios						
	2013	2014	2015	2016	Maximum Policy Target	2014 Peer Group Target
Debt per Capita	\$883	\$902	\$920	\$938	\$1,500	\$1,573
Debt as % of Fair Market Value	1.09%	1.09%	1.10%	1.10%	1.50%	1.50%
Debt Service as % General Fund Revenue	7.34%	7.43%	7.53%	7.43%	8.00%	8.77%
Debt Service per Capita as % income per Capita	0.25%	0.26%	0.26%	0.26%	0.50%	0.38%

Projected debt balances for the period ended June 30, 2013, 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 2012	129,672,437	52,767,005	182,439,442
2013 Borrowing	12,000,000	-	12,000,000
2013 Payments	(9,878,013)	(4,450,968)	(14,328,981)
Balance June 30, 2013	131,794,424	48,316,037	180,110,461

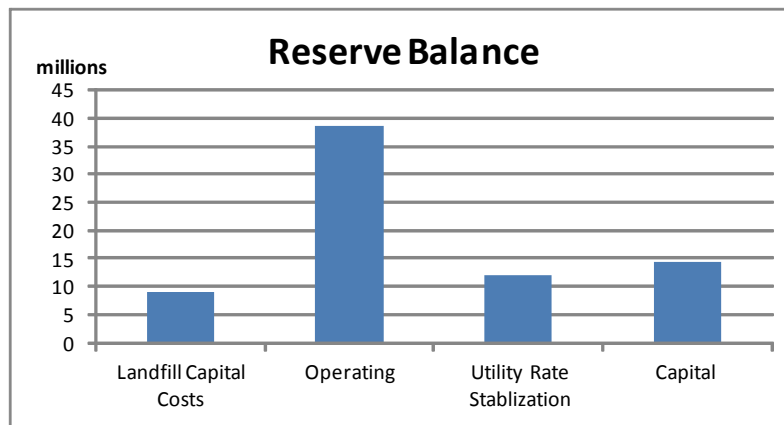
Debt and Reserve Management

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	Rating reflects the County's healthy financial position, supported by fiscal policies and practices, reserve levels and moderate debt burden.
Standard and Poor's	AA	Rating reflects the County's role as a regional employment center, large and diverse tax base, solid financial position, and low overall debt burden.
Fitch	AA	Key rating drivers are the County's sound fiscal management which has tempered the impact of the recent recession, and a favorable debt profile.

Reserve Management

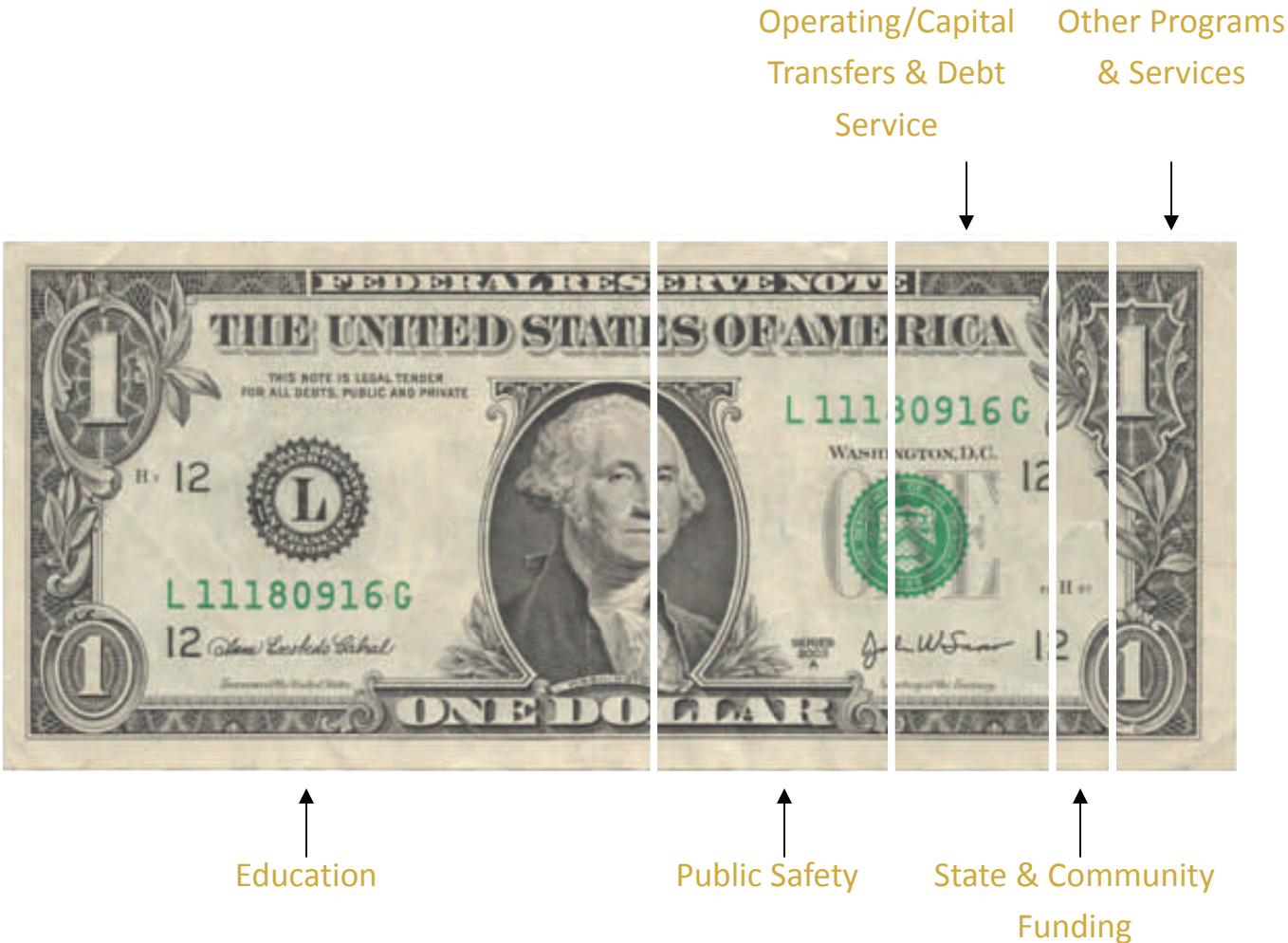
The table below presents the actual financial results for the reserve balances as of the year ended June 30, 2012. Reserve balances or savings are maintained by the County for various financial reasons including: reserves for catastrophic events, economic downturns, cash flow needs, mandated reserve 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 the economy and still provide services to its citizens.



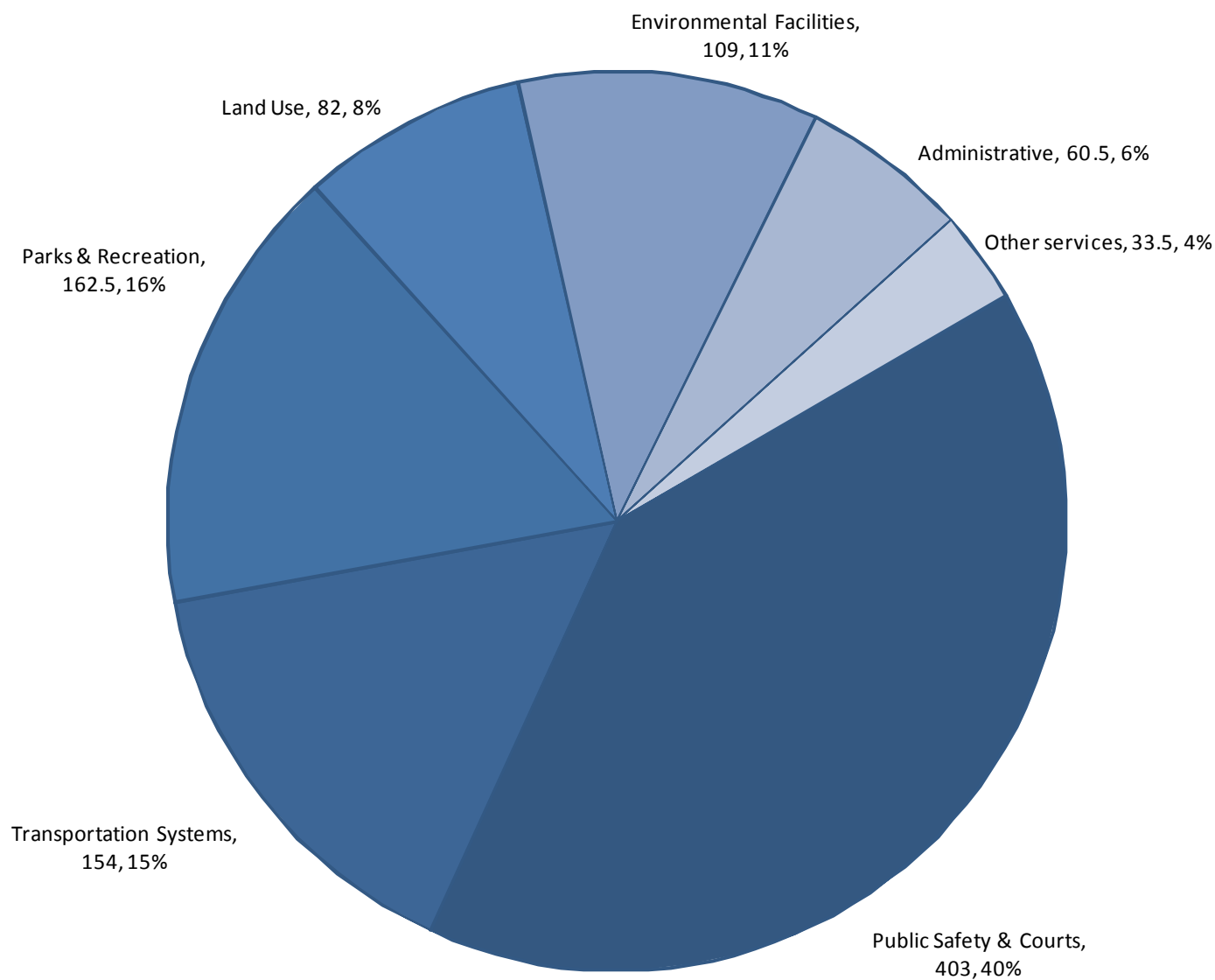
Ranking of Expenditures Per Capita by County	
Montgomery	\$5,920
Baltimore City	5,663
Howard	5,579
Worcester	4,797
Charles	4,708
Calvert	4,661
Prince George's	4,609
Garrett	4,558
Queen Anne's	4,497
Harford	4,209
Frederick	4,152
Kent	4,124
Dorchester	3,989
Carroll	3,983
Anne Arundel	3,964
Baltimore	3,893
Caroline	3,826
Cecil	3,732
St. Mary's	3,532
Washington	3,516
Talbot	3,432
Wicomico	3,387
Allegany	3,376
Somerset	3,315
Statewide average	\$4,659

Source: Overview of Maryland Local Governments, Department of Legislative Services 2013.

How is Your Dollar Spent?



Summary of Budgeted Positions by Function—FTE's



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 fully comprehend the proposed budget. For additional information, please refer to the detailed budget work papers available in the Office of Budget and Finance.

Department Expenditure by Function - 2014				
	2014	2013	\$ Change	% Change
General Fund:				
Education				
Board of Education	90,531,700	89,857,490	674,210	0.75%
State Mandated Pension Shift	3,921,880	3,095,000	826,880	26.72%
Hagerstown Community College	8,965,010	8,865,010	100,000	1.13%
Free Library	2,752,330	2,702,330	50,000	1.85%
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	106,206,420	104,555,330	1,651,090	1.58%
Public Safety				
Sheriff - Judicial	2,044,880	1,995,650	49,230	2.47%
Sheriff - Process Servers	121,230	118,240	2,990	2.53%
Sheriff - Patrol	8,562,140	8,228,480	333,660	4.05%
Central Booking	779,460	752,690	26,770	3.56%
Sheriff - Detention Center	12,116,280	11,734,600	381,680	3.25%
Narcotics Task Force	582,370	583,350	(980)	(0.17%)
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	27,040	25,180	1,860	7.39%
Special Operations	358,920	351,980	6,940	1.97%
Fire & Rescue Volunteer Services	6,471,150	6,012,160	458,990	7.63%
911 - Communications	3,784,780	3,692,140	92,640	2.51%
Fire and Rescue Operations	1,027,270	967,380	59,890	6.19%

Department Expenditure by Function - 2014

	2014	2013	\$ Change	% Change
Emergency Management	112,140	103,530	8,610	8.32%
Wireless Communications	1,269,700	1,030,710	238,990	23.19%
Animal Control Services - Humane Society	1,172,050	1,160,050	12,000	1.03%
Total Public Safety	38,433,010	36,759,740	1,673,270	4.55%
Operating and Capital				
Highway	7,306,020	7,306,020	0	0.00%
Solid Waste	491,360	491,360	0	0.00%
Agricultural Education Center	170,070	100,850	69,220	68.64%
Community Grant Management	186,450	250,440	(63,990)	(25.55%)
Land Preservation	90,810	104,720	(13,910)	(13.28%)
HEPMPO	8,360	5,240	3,120	59.54%
Utility Administration	84,000	88,770	(4,770)	(5.37%)
Transit	472,270	472,270	0	0.00%
Airport	64,500	64,500	0	0.00%
Golf Course	102,690	102,690	0	0.00%
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement Fund	2,550,000	1,715,000	835,000	48.69%
Debt Service	14,440,530	14,013,780	426,750	3.05%
Total Operating Transfers and Capital	26,005,610	24,754,190	1,251,420	5.06%
Courts				
Circuit Court	1,326,400	1,320,960	5,440	0.41%
Orphans Court	29,820	29,820	0	0.00%
State's Attorney	2,595,590	2,544,060	51,530	2.03%
Total Courts	3,951,810	3,894,840	56,970	1.46%
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%

Department Expenditure by Function - 2014

	2014	2013	\$ Change	% Change
Election Board	847,340	847,680	(340)	(0.04%)
Soil Conservation	126,630	125,130	1,500	1.20%
Weed Control	169,670	118,630	51,040	43.02%
Gypsy Moth Program	10,000	25,000	(15,000)	(60.00%)
Total State Agencies	4,066,680	4,029,480	37,200	0.92%
Community Programs & Services				
Total Community Programs & Services	1,683,420	1,683,420	0	0.00%
General Government				
County Commissioners	198,000	198,320	(320)	(0.16%)
County Clerk	87,270	85,870	1,400	1.63%
County Administrator	249,220	244,970	4,250	1.73%
Public Relations & Communication	453,270	185,590	267,680	144.23%
Budget & Finance	1,258,070	1,223,200	34,870	2.85%
Audit	80,000	70,000	10,000	14.29%
Purchasing	435,640	428,430	7,210	1.68%
Treasurer	447,900	436,230	11,670	2.68%
County Attorney	590,930	611,980	(21,050)	(3.44%)
Human Resources	597,640	654,140	(56,500)	(8.64%)
Central Services	198,340	206,810	(8,470)	(4.10%)
Information Technology	1,780,840	1,749,040	31,800	1.82%
General Operations	4,385,140	4,485,060	(99,920)	(2.23%)
Planning and Zoning	606,250	653,950	(47,700)	(7.29%)
Zoning Appeals	53,440	53,440	0	0.00%
Martin Luther King Building	117,320	120,620	(3,300)	(2.74%)
Administration Building	256,700	257,200	(500)	(0.19%)
Administration Building II	96,460	110,850	(14,390)	(12.98%)
Court House	549,520	549,910	(390)	(0.07%)
County Office Building	217,490	227,960	(10,470)	(4.59%)
Administration Annex	59,220	61,400	(2,180)	(3.55%)

Department Expenditure by Function - 2014

	2014	2013	\$ Change	% Change
Dwyer Center	31,390	32,000	(610)	(1.91%)
Rental Properties	2,000	2,000	0	0.00%
Public Facilities Annex	82,060	65,000	17,060	26.25%
Women's Commission	2,000	2,000	0	0.00%
Historic District Commission	350	350	0	0.00%
Grants	25,870	0	25,870	100.00%
Medical Examiner	15,000	15,000	0	0.00%
Pauper Burial	400	400	0	0.00%
Economic Development	559,740	792,620	(232,880)	(29.38%)
Total General Government	13,437,470	13,524,340	(86,870)	(0.64%)
Public Works & Permits				
Public Works	592,010	467,560	124,450	26.62%
Public Works -Engineering and Construction	2,582,350	2,603,250	(20,900)	(0.80%)
Plan Review and Permitting	1,572,740	1,451,730	121,010	8.34%
Total Public Works & Permits	4,747,100	4,522,540	224,560	4.97%
Parks and Recreation				
Parks	1,738,780	1,723,010	15,770	0.92%
Martin L. Snook Pool	130,190	128,500	1,690	1.32%
Fitness & Recreation	788,780	737,130	51,650	7.01%
Total Parks and Recreation	2,657,750	2,588,640	69,110	2.67%
Total General Fund	201,189,270	196,312,520	4,876,750	2.48%
Capital Improvement Fund:				
Education	17,487,700	12,567,400	4,920,300	39.15%
Road Improvements	14,534,200	19,282,500	(4,748,300)	(24.62%)
Environmental	4,735,300	6,284,000	(1,548,700)	(24.65%)
Transportation	1,870,900	4,492,400	(2,621,500)	(58.35%)
Other	4,333,400	2,696,180	1,637,220	60.72%
Total Capital Improvement	42,961,500	45,322,480	(2,360,980)	(5.21%)

Department Expenditure by Function - 2014				
	2014	2013	\$ Change	% Change
Environmental Funds:				
Solid Waste Fund	6,792,140	6,873,470	(81,330)	(1.18%)
Utility Admin Fund	3,625,690	3,660,540	(34,850)	(0.95%)
Water Fund	1,190,400	1,216,800	(26,400)	(2.17%)
Sewer Fund	10,486,610	9,999,970	486,640	4.87%
Pretreatment Fund	713,320	695,650	17,670	2.54%
Land Preservation Fund	1,667,690	1,094,200	573,490	52.41%
Total Environmental Funds	24,475,850	23,540,630	935,220	3.97%
Transportation Funds:				
Highway Fund	9,371,820	8,973,080	398,740	4.44%
HEPMPO	383,460	370,010	13,450	3.64%
Transit Fund	2,297,130	2,203,650	93,480	4.24%
Airport Fund	1,880,960	1,780,830	100,130	5.62%
Total Transportation Funds	13,933,370	13,327,570	605,800	4.55%
Other Program and Service Funds:				
Ag Center Fund	198,270	194,500	3,770	1.94%
Community Grant Management	324,650	250,440	74,210	29.63%
Contraband Fund	25,000	260,000	(235,000)	(90.38%)
Gaming Fund	2,073,970	1,987,020	86,950	4.38%
Golf Course Fund	1,196,140	1,219,380	(23,240)	(1.91%)
Hotel Rental Tax Fund	2,000,000	2,073,700	(73,700)	(3.55%)
Inmate Welfare Fund	490,920	486,820	4,100	0.84%
Total Other Funds	6,308,950	6,471,860	(162,910)	(2.52%)
Total All Funds	288,868,940	284,975,060	3,893,880	1.37%

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	Date of Tax last increase	If rates were increased by	It would generate additional revenue of
Real Estate:	\$.948	\$100 assessed value	2001	\$.01	\$ 1,181,259
Income Tax:	2.80%	Taxable Income	2001	.01%	\$ 214,787

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 \$ 112.6 million are used to support various activities related to educational funding. These include operating funds and debt service costs. In addition to operational money the County also provides funding through the Capital Improvement Plan to those various organizations. During the recent budget session the County approved the allocation of excise tax, bonds and pay-go funds to fund educational projects. In fiscal year 2014 the Capital Improvement budget reflects \$17.5 million for education related projects, of which \$9.1 million is State funded. Total educational funding available was \$130.1 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
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

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