

Information Guide

Washington County Profile	2
Organization	5
Budget Overview	6
General Fund Summary	8
Capital Fund Summary	11
Other Funds Summary	14
Debt & Reserve Management	16
Expenditure Statistics	18
Expenditure by Function	21
Frequently Asked Questions	26
<p>Washington County Maryland 100 West Washington Street Hagerstown, MD 21740</p> <p>www.washco-md.net</p>	

Fiscal Year 2015 Budget

A Citizen's Guide to the Budget

This document is a “brief” look at the 2015 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 2015 budget for the fourteenth straight year does not propose any tax increases. Major changes for the County operations include funding for Phase I fire plan, funding for primary education, introduction of a reduced bulk solid waste rate, and the start of the waste to energy facility.

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 2015 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

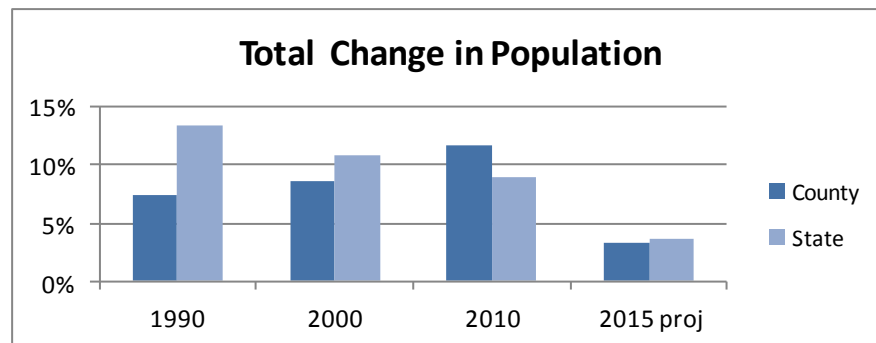
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, 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.

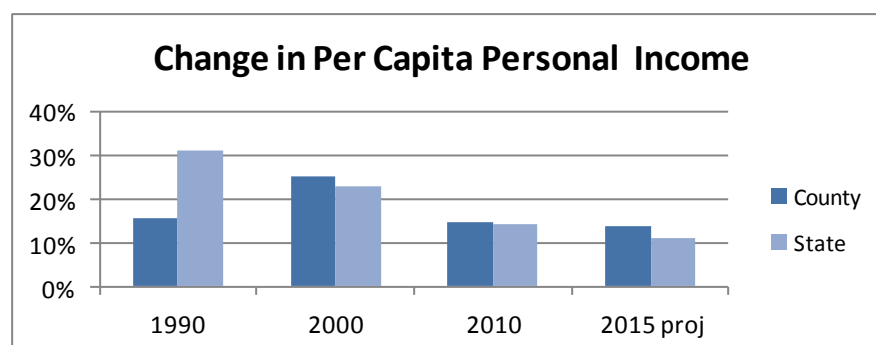
Demographics

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 2000 and 2012, Washington County grew in total by 13.1% or by an annual average of 1.1% per year compared to the State of Maryland at 11.1% or an annual average of .9% 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 2.61% annually through 2015. The State of Maryland increased 40% from 1990 through 2010 or an annual average of 2% per year.



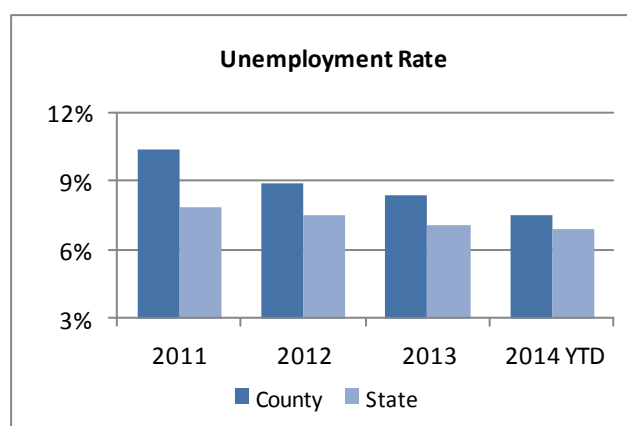
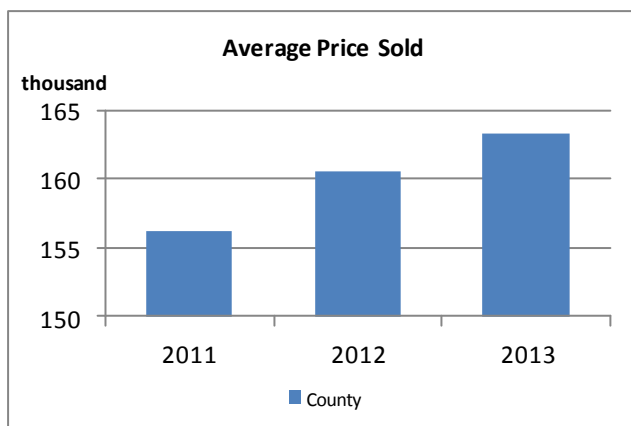
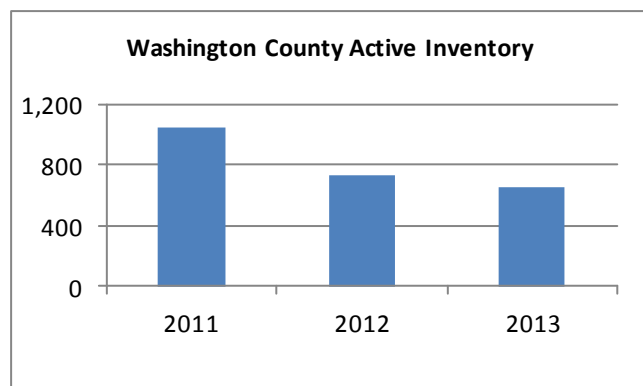
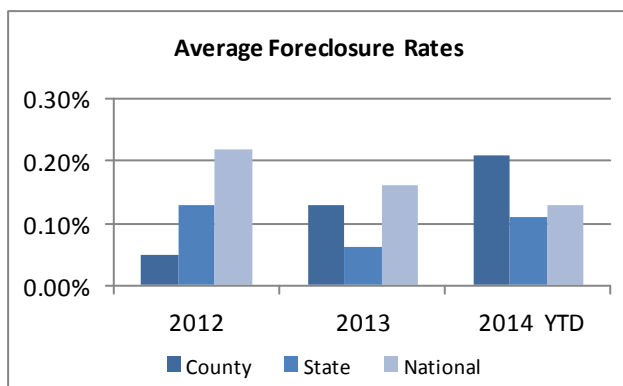
Source: MD Department of Planning.

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 increased in the current FY2014. However, statistical trends are indicating improvement in active inventory, number of units sold, and the average price of a home sold.

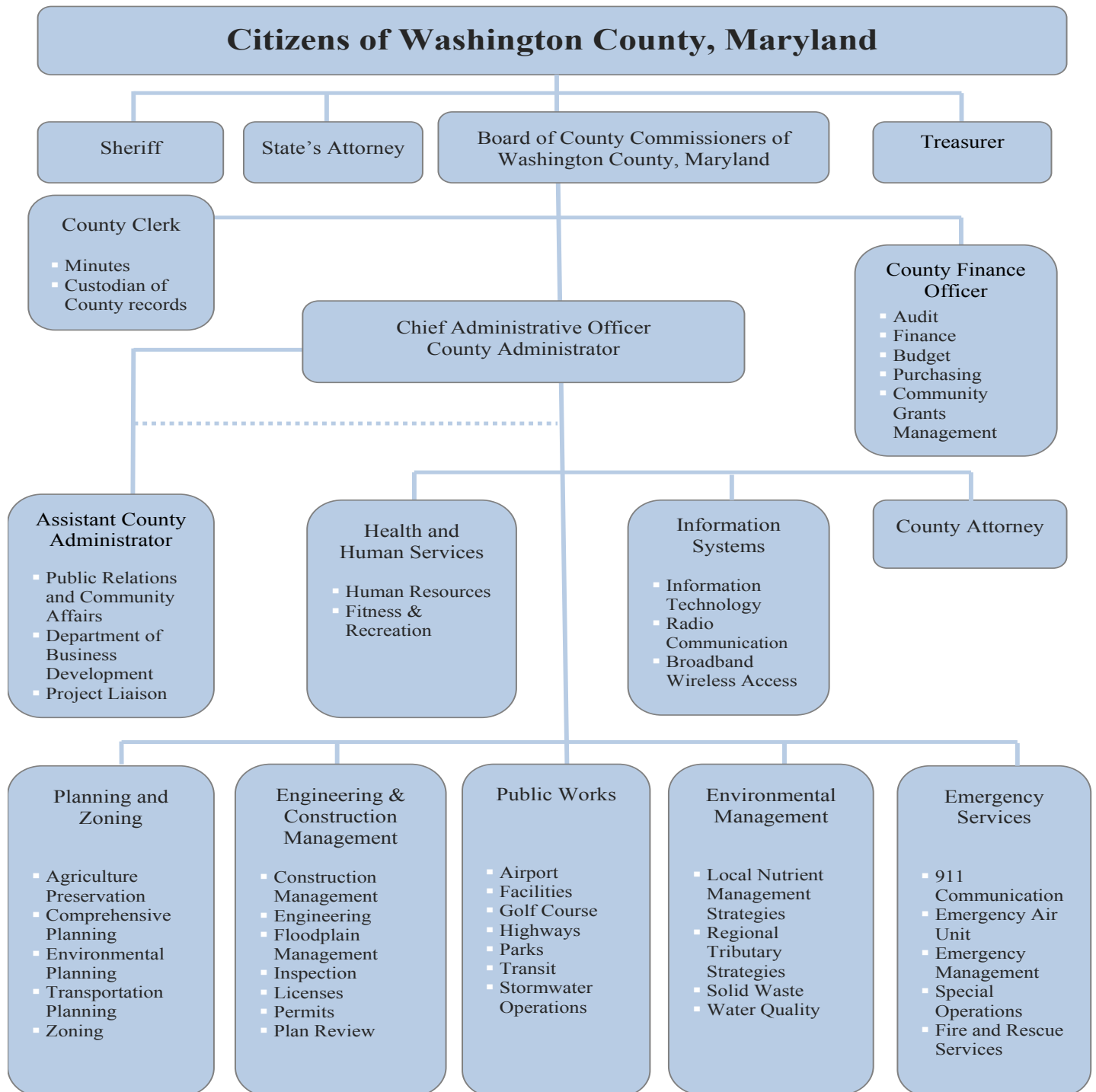
The County's unemployment rate decreased from a high of 11.1% in January 2011 to a low of 6.4% in April 2014. The unemployment rate has shown a consistent gradual decrease. The State of Maryland unemployment rate decreased from 7.8% to 5.3% for the same time period.



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

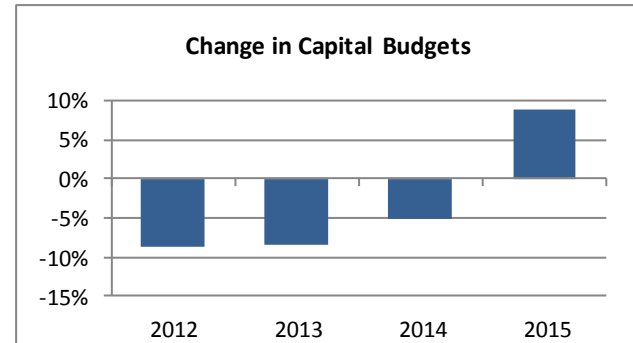
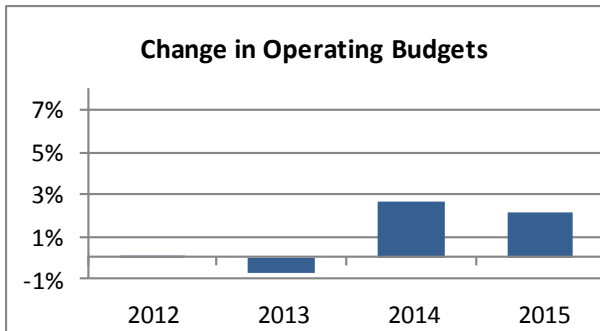
Organizational Overview

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 operating and capital budgets are shown in the table below. County Operating budgets are still below 2010 levels by \$4.2 million or 1.6%. Capital Budgets vary from year-to-year due to the level of major construction activity, mandated funding requirements, and the initiation of new funds or service responsibilities.



Budget Summarization

Total revenues and expenditures for 2015 Washington County budgets are summarized and compared to prior years on the following pages and are discussed throughout this budget message. The 2015 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 and which have resulted in the most recent upgrade by Standard and Poor's to a AA+ rating on Wall Street.

The 2015 Washington County budget totals \$297,868,890, which is \$8,999,950 or 3.12% above the 2014 approved budget. The budget was balanced based on the following major changes and objectives:

- 1) Decline in the assessable base within the City of Hagerstown area
- 2) Increases in Local Income Tax revenue
- 3) Decrease of solid waste rate for bulk haulers and increase in utility rates
- 4) Funding of the Phase I fire plan and workers compensation increases
- 5) Public Safety operational increases
- 6) Employee step increases
- 7) Addressing road repair maintenance

There were several issues which the County addressed in the 2015 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 fourteen 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 \$3,487 per person with the Statewide average at \$4,602 placing Washington County 20th according to the Department of Legislative Services report among Maryland counties for expenditures per capita.

The Education budget funds the Board of Education's request and mandated State pension cost of \$4.1 million for 2015. The State pension cost for the County will increase to \$4.8 million by 2016. The Maintenance of Effort level increased by \$214,050 due to increased student enrollment. In addition to local operating funds, \$6.1 million in local capital funding is allocated for Capital Maintenance, Bester Elementary School and West City Elementary School - Phase 1. In total, capital funding has resulted in 40% of the general fund debt service being attributable to primary education.

Other Educational changes included a 5.09% base increase to the Washington County Free Library to fund four full-time equivalent positions for public services and security at the new library facility based on previous commitments when construction commitments were made.

Public Safety costs reflect an increase of \$2,581,690 over last year which include increases for the Fire and Rescue Plan Phase I and workers compensation costs, remaining phase-in of prior year deputy personnel and State District Court cost. The Phase I Fire Plan is fully funded July 1st for apparatus testing and is fully funded January 1st for first response assistance to volunteer companies and fuel/maintenance for three squad units. Full funding for 1st due pieces on fuel and maintenance is proposed for July 1, 2015. Total general fund requirements for Phase I of the Fire Plan are \$825,000. Other increases within this service area are related to higher inmate medical costs, funding four additional deputies for a full year, and the new position of an inmate service clerk in the detention center. In addition the State of Maryland issued a bail reform bill in which the budget includes associated cost for personnel and or other related costs.

Operating transfers and capital reflect a decrease of \$.2 million, of which a majority is related to a \$.8 million decrease in pay-go funding. This decrease is partially offset by an increase in debt service of \$.5 million.

Finally, the Capital improvement budget was increased by \$3.8 million over 2014. The change was mainly the result of increasing the road maintenance miles to be repaired in 2015 as compared to previous years. In addition, Airport projects increased based on available FAA funding. All other project categories stayed within prior year ranges with little change.

Overall, the 2015 budget maintains essential services, provides for new initiatives and was prepared in line with sound financial management practices as in the past. As the County proceeds with 2015 we will face challenges for the next several years over service requirements/demands and from the State mandates. We will continue to monitor the economic conditions, service requirements/demands and State changes while striving to maintain existing government services, maintain rates, increase employment, improve education, and meet infrastructure needs. We understand that the economy is on a slow recovery for our citizens and for the County. With that the 2015 budget still provides base services, maintains low debt levels, and preserves our cash operating reserves so that we can meet challenges and opportunities in the future as we have in the past.

General Fund

A summary of the 2015 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				
	2015	2014	\$ Change	% Change
Property Tax	\$ 117,938,190	\$ 119,215,860	(1,277,670)	(1.07%)
Local Tax	78,510,000	74,500,000	4,010,000	5.38%
Interest Income	544,500	544,500	0	0.00%
Fees	5,162,090	3,719,750	1,442,340	38.78%
Excess Fund Balance	477,030	1,294,960	(817,930)	(63.16%)
Intergovernmental	1,907,200	1,914,200	(7,000)	(-0.37%)
	204,539,010	201,189,270	3,349,740	1.66%

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 1.66% or \$3,349,740 over the 2014 budget. Following is a detailed discussion regarding the major changes affecting General Fund revenues:

Property Tax revenue decreased by 1.07% or \$1.3 million in 2015. This decrease is mainly due to a 5% decrease in the incorporated areas net assessable base resulting in a decrease of \$ 1.5 million and a decrease in corporate personal property tax revenue due to the economy and decreases in capital investments.

Local Tax revenues reflect an increase of \$4 million based on: 1) decreases in County and State unemployment; 2) \$1.9 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 2015 has increased based on the slow growth in the housing market and some large scale sale activity.

General FundExpenditures

General Fund expenditures in total increased by \$3.3 million or 1.66% for 2015. 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 \$148.8 million. These services include primary, secondary, library, law enforcement and emergency services. In 2015 these services increased by \$2.8 million. This increase helped pay for costs such as:

- Increased enrollment in our schools;
- State mandated pension costs;
- Additional costs related to the new downtown library;
- Provides remaining phase-in cost for four patrol deputies;
- Funding for Phase I fire plan.

Capital costs, operating transfers and general operations account for 6% of the General fund budget and include items such as cash payments to offset debt for project costs, operating payments for Highway operations, insurance coverage's, and retirement related costs. These costs decreased by \$1 million. \$.75 million of the decrease is related to the allocation to the capital projects fund.

Debt service costs account for 7% of the general fund budget and increased by \$469,750. Of the debt service cost approximately 52% 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 15%. 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 increased by 3.9% in total for all services.

The expenditure tables which follow summarize the 2015 General Fund expenditure budget, and compares it with the 2014 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 1.66% or \$3,349,740 increase over 2014.

General Fund

As shown in the following table, expenditures by function show a 1.66% or \$3,349,740 increase over 2014. Functional changes of 1.66% include educational increases of .50%, public safety increases of 5.81%, and general government increases of 3.15%. Intergovernmental transfers reflect a decrease of (5.85%), of which a majority relates to the FY2014 transfer to the capital improvement plan. The net change resulted in a base line increase over 2014 of \$3,349,740.

General Fund Expenditures By Function				
	2015	2014	\$ Change	% Change
Education	\$106,738,390	\$106,206,420	\$531,970	0.50%
Public Safety	42,103,060	39,789,830	2,313,230	5.81%
Intergovernmental Transfers	11,393,970	12,101,970	(708,000)	(5.85%)
Debt Service	14,910,280	14,440,530	469,750	3.25%
General Government	14,125,650	13,694,150	431,500	3.15%
Courts	4,432,810	4,164,350	268,460	6.45%
State Agencies	4,197,020	4,066,680	130,340	3.21%
Community Programs & Services	1,683,420	1,683,420	0	0.00%
Public Works & Permits	2,168,520	2,298,830	(130,310)	(5.67%)
Parks & Recreation	2,785,890	2,743,090	42,800	1.56%
	\$204,539,010	\$201,189,270	\$3,349,740	1.66%

As indicated in the table below, overall cost categories by object increased by 1.66% or \$3,349,740. Net expenditures changed as follows:

1. Wage increased to reflect the proposed step increase of 3.5%
2. Health insurance increased for employees and employers by 15%.
3. Wages and benefits increased for 5 positions. 4 Positions address new requirements concerning attorney coverage in the States Attorneys Office and 1 position is needed in the Detention Center.
4. Operating increased to reflect public safety increases of \$468,810 and educational increases of \$531,970. State agencies reflect operating increases of \$103,970 while other operating areas reflect a decrease of (\$165,800).

General Fund Expenditures By Object				
	2015	2014	\$ Change	% Change
Full Time	\$27,497,150	\$26,614,320	\$882,830	3.32%
Part Time	1,372,120	1,364,390	7,730	0.57%
Overtime	680,770	660,220	20,550	3.11%
Fringe Benefits	18,930,880	17,492,600	1,438,280	8.22%
Operating	155,994,690	155,055,740	938,950	0.61%
Capital Outlay	63,400	2,000	61,400	3,070.00%
	\$204,539,010	\$201,189,270	\$3,349,740	1.66%

Capital Improvement Funds

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

The combined Ten-year Capital Improvement Program includes Fiscal Year 2015 budget and expenditure projections for the next ten years; the total capital request for Fiscal Years 2015 through 2024 is \$402,820,000.

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



Current Construction at Robinwood Drive

A listing of the major capital projects to be undertaken or purchased in 2015 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 2015 Capital budget is 67% cash and 26% tax-supported debt and 7% self-supported debt.

Capital Improvement Funds

2015 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2015 Budget
Airport:				
Land Acquisition	816,000			816,000
Taxiway A and D Rehabilitation	2,237,000			2,237,000
Other Airport Projects < \$500,000	1,149,000			1,149,000
Bridges:				
Other Bridge Projects < \$500,000	61,000	737,000		798,000
Drainage:				
Stream Restoration at Various Locations	715,000			715,000
Stormwater Retrofits	860,000			860,000
Board of Education:				
Capital Maintenance—BOE	2,782,000			2,782,000
Bester Elementary (replacement School)	378,000	2,306,000		2,684,000
West City Elementary School—Phase 1	6,351,000	2,527,000		8,878,000
Hagerstown Community College:				
Student Center Expansion	3,852,000	1,235,000		5,087,000
Other HCC Projects < \$500,000	124,000	68,000		192,000
Public Library				
Other Library Projects < \$500,000	7,000			7,000
General Government:				
County Admin Building Renovations	579,000	1,131,000		1,710,000
General Government Projects < \$500,000	1,040,000	98,000		1,138,000
Parks and Recreation:				
Projects < \$500,000	346,000			346,000
Public Safety:				
Other Public Safety projects < \$500,000	893,000			893,000
Road Improvement:				
Pavement Maintenance and Rehab	3,714,000	545,000		4,259,000
Southern Boulevard 1		918,000		918,000
Eastern Boulevard Widening Phase—1		510,000		510,000

Capital Improvement Funds

2015 Capital Improvement Expenditures				
Project	Cash Sources	Tax-Supported Debt	Self-Supported Debt	2015 Budget
Yale Drive Extended—Phase 1		714,000		714,000
Yale Drive Extended—Phase 2		714,000		714,000
Professional Boulevard Ext—Phase 1	1,120,000	277,000		1,397,000
Highway Equip and Veh Replacement	1,000,000			1,000,000
Marsh Pike Sidewalk Extension	506,000			506,000
Other Projects < \$500,000	1,188,000	220,000		1,408,000
Solid Waste:				
Projects < \$500,000	939,000			939,000
Transit:				
Projects < \$500,000	326,000			326,000
Water Quality:				
Conococheague Wastewater Treatment			2,952,000	2,952,000
Antietam Wastewater Treatment Plant	2,000		508,000	510,000
Other projects < \$500,000	285,000			285,000
Total				
	31,270,000	12,000,000	3,460,000	46,730,000

The Ten Year Capital plan for 2015 through 2024 by category is as follows:

Capital Improvement Project Summary										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Education	19,630,000	17,792,000	6,122,000	18,556,000	16,288,000	14,061,000	15,833,000	18,213,000	15,575,000	22,391,000
Roads	13,799,000	14,452,000	19,166,000	14,332,000	11,421,000	13,855,000	12,930,000	11,968,000	12,718,000	10,561,000
Environmental	4,686,000	7,313,000	9,905,000	1,562,000	3,771,000	12,145,000	1,778,000	2,790,000	2,327,000	2,574,000
Transportation	4,528,000	2,589,000	2,466,000	1,677,000	3,968,000	1,879,000	1,744,000	2,952,000	2,054,000	2,412,000
Other	4,087,000	1,768,000	1,788,000	2,238,000	2,563,000	2,398,000	2,247,000	3,781,000	4,235,000	2,932,000
Total	46,730,000	43,914,000	39,447,000	38,365,000	38,011,000	44,338,000	34,532,000	39,704,000	36,909,000	40,870,000

Other Program Service Funds

Many other County programs and services are accounted for and financed outside the General fund. For 2015 these funds total \$46.6 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 proposes to lower rates for bulk users over 1,000 tons per year to \$45 per ton. In addition the County is involved in a public/private partnership to convert landfill operations to a Waste-to-Energy facility. Permitting has already begun for this new process which is expected to convert at least 95% of the waste to energy sources.
2. The increase in Utility Funds relate to the Cost of Service projection. User fees were increased for water and sewer usage by 2.9% and 3.5% respectively. These increases are mainly the result of State regulatory mandates for capital improvement requirements.
3. The land preservation has increased based on the available grants for land preservation easements.



Environmental Service Funds				
	2015	2014	Change	
Solid Waste	\$6,590,000	\$6,887,040	(\$297,040)	(4.3%)
Utility Funds	16,863,860	16,319,100	544,760	3.3%
Land Preservation	2,440,780	1,677,300	763,480	45.5%
	\$25,894,640	\$24,883,440	\$1,011,200	4.1%

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 decreased in total by \$427,240. This decrease is mainly reflective of a decrease in the cash contribution towards the equipment and vehicle replacement program, which replaces items such as snowplows and other heavy equipment items. The Airport fund reflects a decrease of 9% mainly the result of the elimination of a position, reduction of lease payments, and savings generated from efficient lighting. The Metro Planning Organization represents a regional organization hosted by Washington County and deals with major transportation planning and issues. The increase in the regional organization is the result of State grants.

County Commuter Transfer Center



Transportation Service Funds				
	2015	2014	Change	
Highway Fund	\$9,313,250	\$9,740,490	(\$427,240)	-4.4%
Transit Fund	2,379,890	2,357,280	22,610	1.0%
HEPMPO	582,970	386,950	196,020	50.7%
Airport Fund	1,744,560	1,921,870	(177,310)	(9.2%)
	\$14,020,670	\$14,406,590	(\$385,920)	(2.7%)

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 64% decrease, reflective of a software system purchased in 2014. 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				
	2015	2014	Change	
Golf Course	\$1,249,490	\$1,228,620	\$20,870	1.7%
Hotel Rental Tax	2,337,000	2,000,000	337,000	16.9%
Agricultural Education	219,390	200,970	18,420	9.2%
Community Grant Management	330,250	336,090	(5,840)	(1.7%)
Inmate Welfare	480,470	490,920	(10,450)	(2.1%)
Gaming	2,058,970	2,081,410	(22,440)	(1.1%)
Contraband	9,000	25,000	(16,000)	(64.0%)
	\$6,684,570	\$6,363,010	\$321,560	5.1%

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 2014 was \$79.3 million. The County may issue bonds in an amount up to \$60 million under chapter 60. The total unused authorization available is \$60.7 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, avoid negative treatment by rating agencies in the form of downgrades, and keep borrowing cost to a minimum.

Projected Debt Ratios						
*Assumes debt issuance at \$16 million per year 2015-2017	2014	2015	2016	2017	Maximum	2015 Peer
Debt per Capita	\$900	\$930	\$962	\$991	\$1,500	\$1,549
Debt as % of Fair Market Value	1.14%	1.16%	1.19%	1.20%	1.50%	1.52%
Debt Service as % General Fund Revenue	7.27%	7.34%	7.22%	7.44%	8.00%	8.48%
Debt Service per Capita as % income per Capita	0.24%	0.24%	0.24%	0.24%	0.50%	0.33%

Projected debt balances for the period ended June 30, 2014, 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, 2013	131,784,191	48,311,270	180,095,461
2014 Borrowing	14,000,000	7,674,000	21,674,000
2014 Payments	(10,020,624)	(4,562,985)	(14,583,609)
Balance June 30, 2014	135,763,567	51,422,285	187,185,852

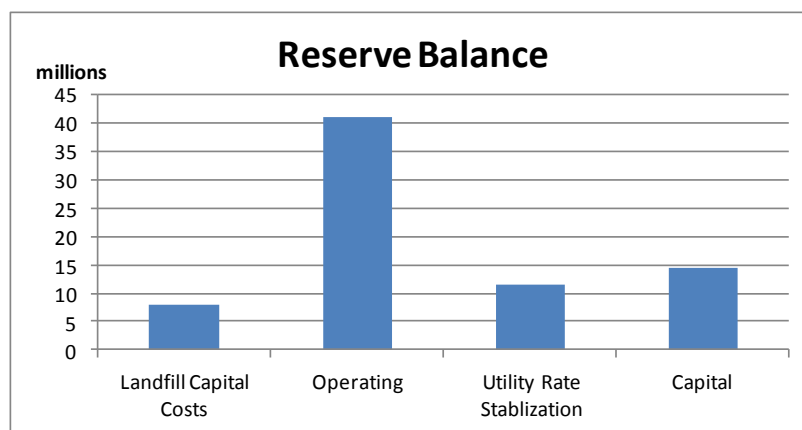
Debt and Reserve Management

The County is provided with a rating for debt issuance by three New York rating agencies. The County was just upgraded by Standard and Poor's from AA to a AA+. This upgrade was based on several factors including financial and economic data. In addition Moody's and Fitch improved the County's rating from stable to positive which will in all likelihood lead to upgrades very shortly. The following indicates each of the agency's rating and its corresponding definition according to the agency.

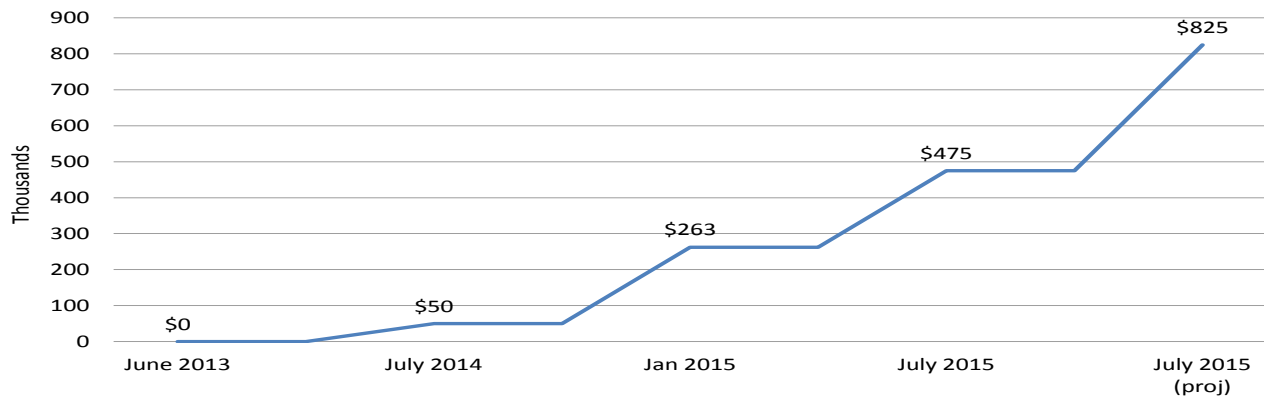
Washington County Bond Rating's		
Rating Agency	Rating	Rating Description
Standard and Poor's	AA+	Rating reflects the County's strong economic profile, diverse tax base, very strong financial performance, and low overall debt burden.
Fitch	AA Positive Outlook	Very high credit quality, sound fiscal management, reserve levels, favorable debt profile, low overall debt levels, and adequate economic base. Positive outlook indicates rating may be raised.
Moody's	Aa2 Positive Outlook	Rating reflects the County's solid financial profile, supported by fiscal policies and practices, reserve levels and modest debt burden. Positive outlook indicates rating may be raised.

Reserve Management

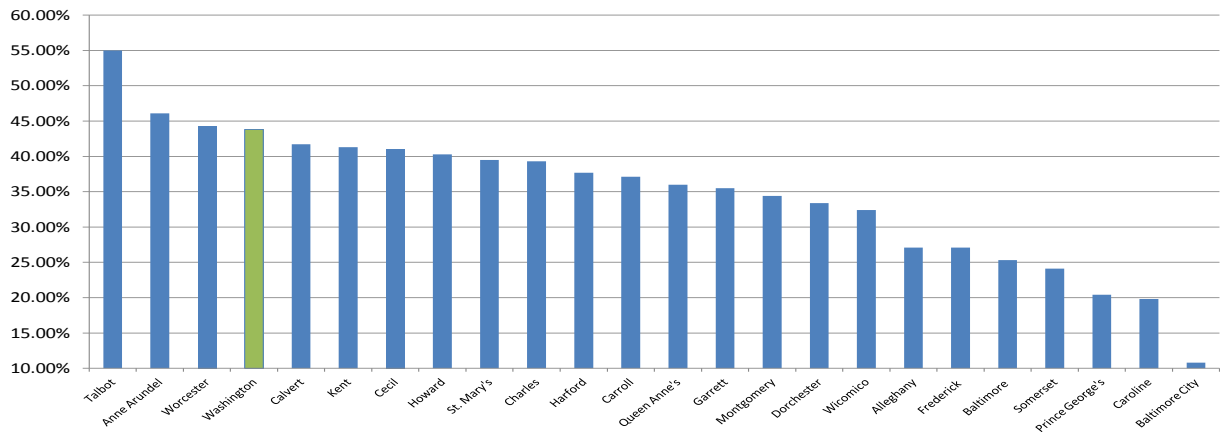
The table below presents the actual financial results for the reserve balances as of the year ended June 30, 2013. Reserve balances or savings are maintained by the County for various financial reasons including: reserves for catastrophic events, economic downturns, cash flow needs, mandated reserve requirements on capital for landfill capital costs, unanticipated Federal and State capital mandates, and rate stabilization funds for the utility funds. In 2014, 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.



PHASE I - FIRE PLAN FUNDING

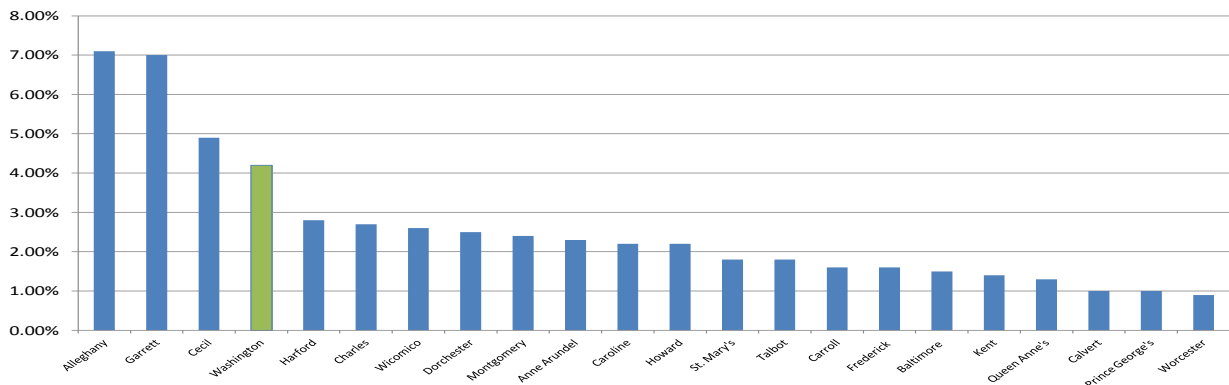


COUNTY RANKING – BOARD OF EDUCATION FUNDING



As a percentage of total operating budgets

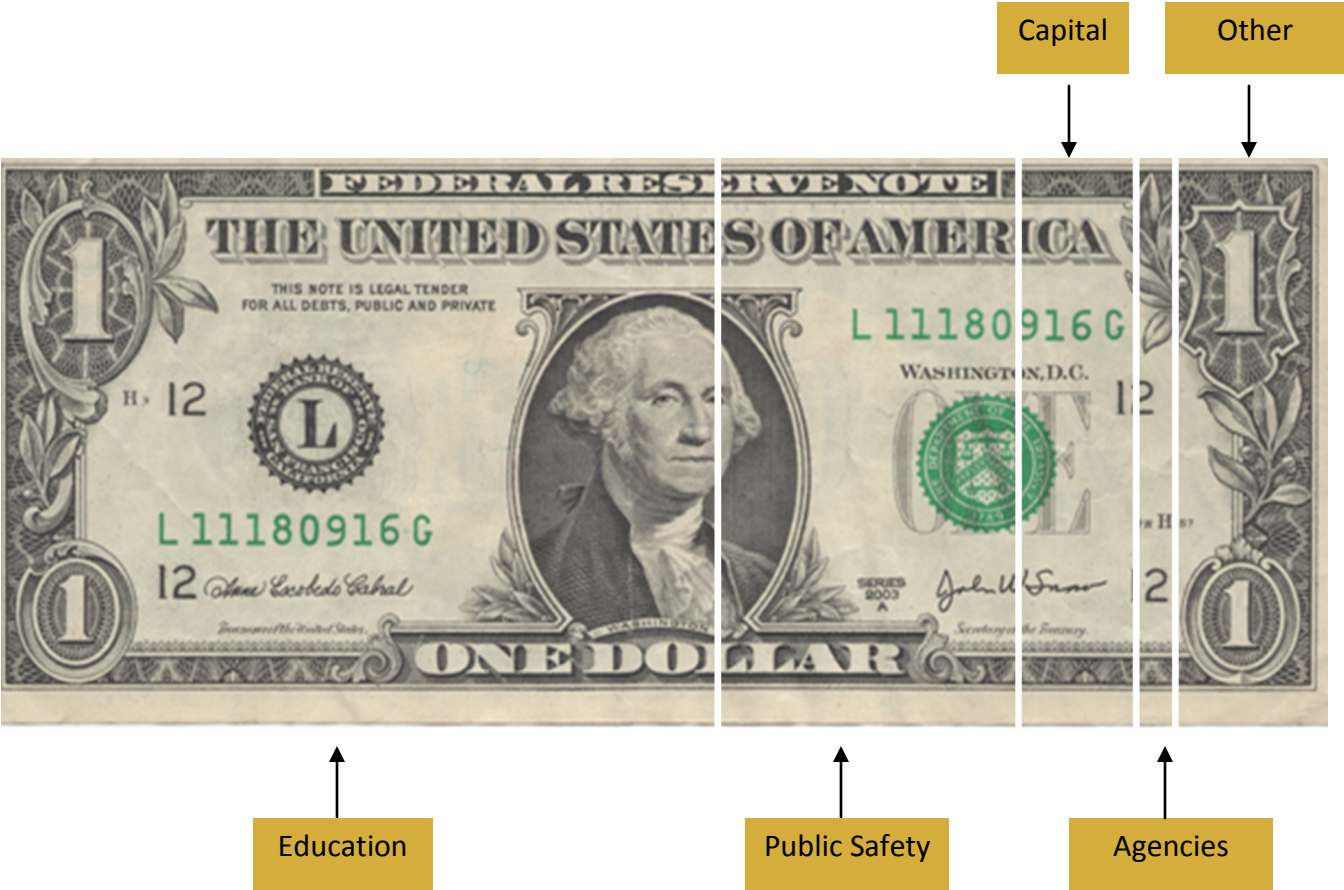
COUNTY RANKING – COMMUNITY COLLEGE FUNDING



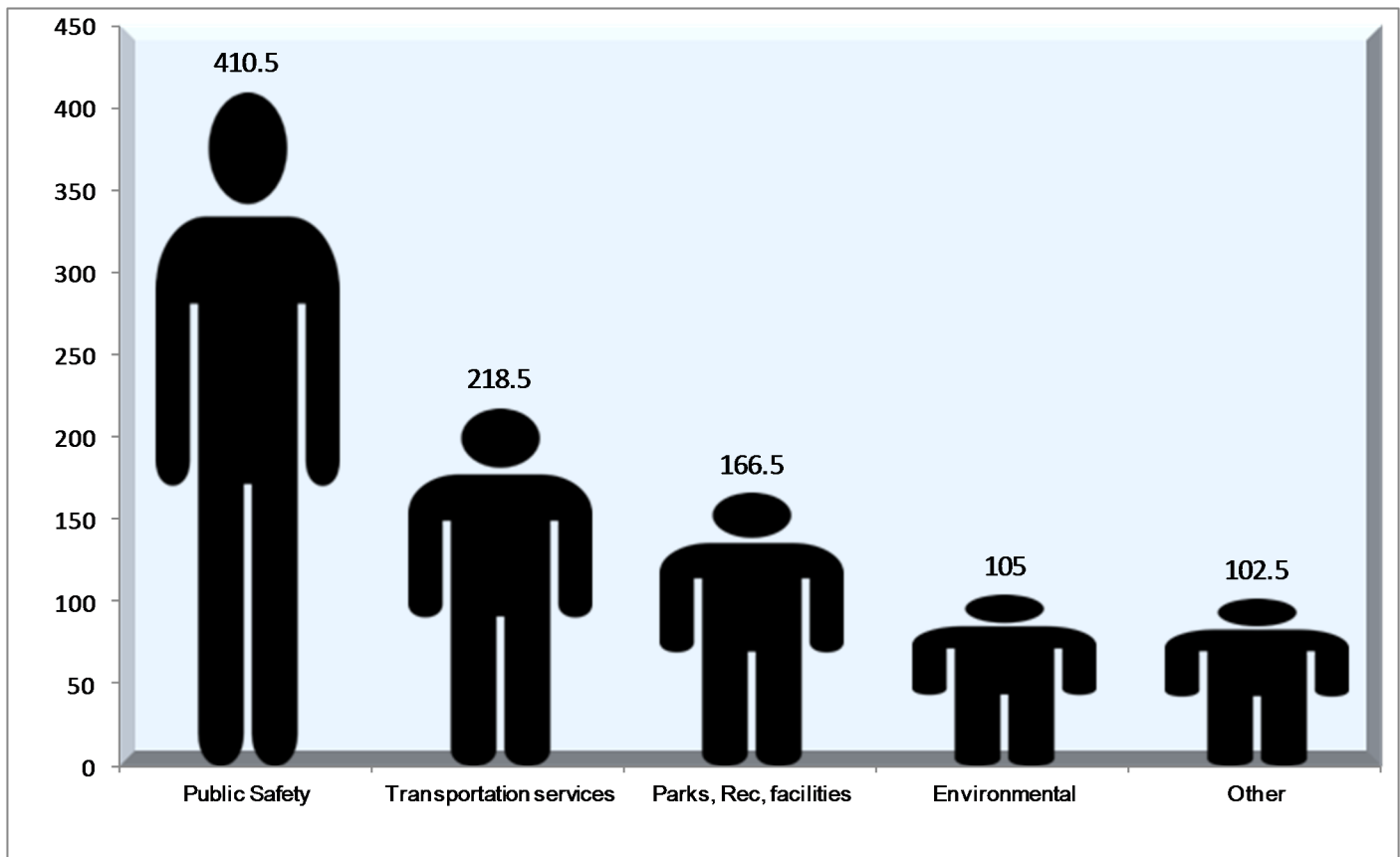
As a percentage of total operating budgets

Source: Local Government Finance in Maryland as of 2012

How is Your Dollar Spent?



WHERE ARE EMPLOYEES LOCATED TO SERVE THE CITIZENS



Fiscal year 2015 reflects an increase of .5 positions, representing a decrease of one position in FTE's since 2011. Included in these numbers have been 18 eliminated positions in government operations in order to shift 17 positions over to County public safety areas.

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 - 2015

	2015	2014	\$ Change	% Change
General Fund:				
Education				
Board of Education	90,745,750	90,531,700	214,050	0.24%
State Mandated Pension Shift	4,099,800	3,921,880	177,920	4.54%
Hagerstown Community College	8,965,010	8,965,010	0	0.00%
Free Library	2,892,330	2,752,330	140,000	5.09%
Clear Spring Library Building	13,000	13,500	(500)	(3.70%)
Smithsburg Library Building	12,000	11,000	1,000	9.09%
Boonsboro Library Building	10,500	11,000	(500)	(4.55%)
Total Education	106,738,390	106,206,420	531,970	0.50%
Public Safety				
Sheriff - Judicial	2,271,750	2,151,740	120,010	5.58%
Sheriff - Process Servers	127,920	124,210	3,710	2.99%
Sheriff - Patrol	9,534,430	8,981,860	552,570	6.15%
Sheriff - Central Booking	832,960	821,160	11,800	1.44%
Sheriff - Detention Center	13,200,620	12,626,840	573,780	4.54%
Sheriff - Narcotics Task Force	632,430	606,440	25,990	4.29%
Civil Air Patrol	3,600	3,600	0	0.00%
Air Unit	43,770	27,040	16,730	61.87%
Special Operations	384,020	358,920	25,100	6.99%

Department Expenditure by Function - 2015				
	2015	2014	\$ Change	% Change
Fire & Rescue Volunteer Services	7,056,310	6,471,150	585,160	9.04%
911 - Communications	4,165,790	3,964,620	201,170	5.07%
Fire and Rescue Operations	1,181,960	1,068,800	113,160	10.59%
Emergency Management	124,520	117,700	6,820	5.79%
Wireless Communications	1,343,660	1,293,700	49,960	3.86%
Animal Control Services - Humane Society	1,199,320	1,172,050	27,270	2.33%
Total Public Safety	42,103,060	39,789,830	2,313,230	5.81%
Operating and Capital				
Highway	7,788,090	7,674,690	113,400	1.48%
Solid Waste	491,360	491,360	0	0.00%
Agricultural Education Center	189,190	172,770	16,420	9.50%
Community Grant Management	248,280	205,330	42,950	20.92%
Land Preservation	96,810	100,420	(3,610)	(3.59%)
HEPMPO	7,510	11,850	(4,340)	(36.62%)
Utility Administration	95,820	84,000	11,820	14.07%
Transit	472,270	532,420	(60,150)	(11.30%)
Airport	14,500	105,410	(90,910)	(86.24%)
Golf Course	151,590	135,170	16,420	12.15%
Municipality in Lieu of Bank Shares	38,550	38,550	0	0.00%
Capital Improvement Fund	1,800,000	2,550,000	(750,000)	(29.41%)
Debt Service	14,910,280	14,440,530	469,750	3.25%
Total Operating Transfers and Capital	26,304,250	26,542,500	(238,250)	(0.90%)
Courts				
Circuit Court	1,439,400	1,387,600	51,800	3.73%
Orphans Court	29,820	29,820	0	0.00%
State's Attorney	2,963,590	2,746,930	216,660	7.89%
Total Courts	4,432,810	4,164,350	268,460	6.45%
State Agency, Programs, & Services				
Health Department	2,339,270	2,339,270	0	0.00%
Social Services	331,990	324,050	7,940	2.45%
University of MD Extension	225,650	210,990	14,660	6.95%
County Cooperative Extension	38,730	38,730	0	0.00%
Election Board	926,970	847,340	79,630	9.40%

Department Expenditure by Function - 2015

	2015	2014	\$ Change	% Change
Soil Conservation	132,240	126,630	5,610	4.43%
Weed Control	192,170	169,670	22,500	13.26%
Gypsy Moth Program	10,000	10,000	0	0.00%
Total State Agencies	4,197,020	4,066,680	130,340	3.21%
Community Programs & Services				
Total Community Programs & Services	1,683,420	1,683,420	0	0.00%
General Government				
County Commissioners	213,890	211,260	2,630	1.24%
County Clerk	95,290	91,070	4,220	4.63%
County Administrator	406,840	263,400	143,440	54.46%
Public Relations and Community Affairs	373,530	475,350	(101,820)	(21.42%)
Budget & Finance	1,404,360	1,332,860	71,500	5.36%
Independent Accounting & Auditing	70,000	80,000	(10,000)	(12.50%)
Purchasing	491,340	460,570	30,770	6.68%
Treasurer	409,070	467,150	(58,080)	(12.43%)
County Attorney	650,690	623,350	27,340	4.39%
Human Resources	648,350	627,360	20,990	3.35%
Central Services	201,770	201,040	730	0.36%
Information Technology	2,035,800	1,855,800	180,000	9.70%
General Operations	1,204,280	1,524,650	(320,370)	(21.01%)
Planning and Zoning	638,500	640,450	(1,950)	(0.30%)
Board of Zoning Appeals	53,440	53,440	0	0.00%
Martin Luther King Building	108,700	117,320	(8,620)	(7.35%)
Administration Building	219,600	256,700	(37,100)	(14.45%)
Administration Building II	91,850	96,460	(4,610)	(4.78%)
Court House	562,730	567,550	(4,820)	(0.85%)
County Office Building	214,610	217,490	(2,880)	(1.32%)
Administration Annex	55,720	59,220	(3,500)	(5.91%)
Dwyer Center	31,390	31,390	0	0.00%
Rental Properties	2,000	2,000	0	0.00%

Department Expenditure by Function - 2015				
	2015	2014	\$ Change	% Change
Public Facilities Annex	80,060	82,060	(2,000)	(2.44%)
Business Development	549,500	584,080	(34,580)	(5.92%)
Women's Commission	2,000	2,000	0	0.00%
Historic District Commission	0	350	(350)	(100.00%)
Grants	0	25,870	(25,870)	(100.00%)
Medical Examiner	15,000	15,000	0	0.00%
Pauper Burial	0	400	(400)	(100.00%)
Total General Government	10,830,310	10,965,640	(135,330)	(1.23%)
Public Works and Permits				
Public Works	326,970	626,930	(299,960)	(47.85%)
Engineering	1,480,510	2,728,510	(1,248,000)	(45.74%)
Construction	1,814,830	0	1,814,830	100.00%
Plan Review and Permitting	1,841,550	1,671,900	169,650	10.15%
Total Public Works and Permits	5,463,860	5,027,340	436,520	8.68%
Parks and Recreation				
Parks	1,837,750	1,803,220	34,530	1.91%
Martin L. Snook Pool	123,700	130,190	(6,490)	(4.99%)
Fitness and Recreation	824,440	809,680	14,760	1.82%
Total Parks and Recreation	2,785,890	2,743,090	42,800	1.56%
Total General Fund	204,539,010	201,189,270	3,349,740	1.66%
Capital Improvement				
Education	19,630,000	17,487,700	2,142,300	12.25%
Road Improvements	13,799,000	14,534,200	(735,200)	(5.06%)
Environmental	4,686,000	4,735,300	(49,300)	(1.04%)
Transportation	4,528,000	1,870,900	2,657,100	142.02%
Other	4,087,000	4,333,400	(246,400)	(5.69%)
Total Capital Improvement	46,730,000	42,961,500	3,768,500	8.70%
Environmental Funds:				
Solid Waste Fund	6,590,000	6,887,040	(297,040)	(4.31%)
Utility Administration Fund	3,966,950	3,766,120	200,830	5.33%
Water Fund	1,230,510	1,212,160	18,350	1.51%
Sewer Fund	10,931,170	10,627,500	303,670	2.86%
Pretreatment Fund	735,230	713,320	21,910	3.07%
Land Preservation Fund	2,440,780	1,677,300	763,480	45.52%
Total Environmental Funds	25,894,640	24,883,440	1,011,200	4.06%

Department Expenditure by Function - 2015

	2015	2014	\$ Change	% Change
Transportation Funds				
Highway Fund	9,313,250	9,740,490	(427,240)	(4.39%)
HEPMPO	582,970	386,950	196,020	50.66%
Transit Fund	2,379,890	2,357,280	22,610	0.96%
Airport Fund	1,744,560	1,921,870	(177,310)	(9.23%)
Total Transportation Funds	14,020,670	14,406,590	(385,920)	(2.68%)
Other Program and Service Funds				
Ag Center Fund	219,390	200,970	18,420	9.17%
Community Grant Management	330,250	336,090	(5,840)	(1.74%)
Contraband Fund	9,000	25,000	(16,000)	(64.00%)
Gaming Fund	2,058,970	2,081,410	(22,440)	(1.08%)
Golf Course Fund	1,249,490	1,228,620	20,870	1.70%
Hotel Rental Tax Fund	2,337,000	2,000,000	337,000	16.85%
Inmate Welfare Fund	480,470	490,920	(10,450)	(2.13%)
Total Other Funds	6,684,570	6,363,010	321,560	5.05%
Reallocations between cost centers	0	(934,870)	934,870	100.00%
Total All Funds	297,868,890	288,868,940	8,999,950	3.12%

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	\$ 1,124,863
Income Tax:	2.80%	Taxable Income	2001	.01%	\$ 257,964

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 \$ 113.4 million are used to support various activities related to educational funding. These include operating funds and debt service costs. In addition to operational money the County also provides funding through the Capital Improvement Plan to those various organizations. During the recent budget session the County approved the allocation of excise tax, bonds and pay-go funds to fund educational projects. In fiscal year 2015 the Capital Improvement budget reflects \$19.6 million for education related projects, of which \$10.4 million is State funded. Total educational funding available was \$133 million.

Q. What is the Constant Yield Tax Rate and how does it differ from the actual tax rate of the County?

- A. The Constant Yield Tax Rate is the rate the county could set if it wanted to collect the same amount in property tax revenue as it had the previous year, after changes in property values are taken into account. State law requires the county to calculate and publicize the Constant Yield rate if it is less than the actual current rate, in order to make clear the amount of a budget increase that is attributable to rising property values. In years when the assessed values of properties go up, the Constant Yield rate is lower than the rate the commissioners set. The current property tax rate is \$.948 and the Constant Yield rate is \$.949. That rate is one thousandth of a cent higher than the current rate.

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	240-313-2200
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



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.

Washington
County, Maryland

100 West Washington Street
Hagerstown, MD 21740

www.washco-md.net

We're on the Web

www.washco-md.net

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



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County Commuter
Info, Schedules, & Routes