

FINANCIAL UPDATE

QUARTERLY REPORT

WASHINGTON COUNTY, MARYLAND

Inside this Quarter:

Washington County Description	1
Municipal Solid Waste Site Costs	1
Current Financial Status and Comments	2
Economic Trends	2
Major Revenue Trends	4
Fuel Consumption Trends	5
Summary of Major Expenditure Activity	6
Total Fixed Asset Base June 2010	7
Statement of Purpose	8

Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the South. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, Maryland. Two major Highways, Interstate 81—running north and south, and Interstate

70—running east and west, cross within Washington County's borders.

The County is a body corporate and politic and is a mid-size multi-service local government serving the needs of approximately 149,000 residents with nine incorporated municipalities.

Under public local law both the executive and legislative functions of the County are vested in the elected, five member

Board of County Commissioners of Washington County (Board).

The County Commissioners are elected on a countywide basis and serve four-year terms. Other elected County funded positions include County Sheriff, Treasurer, and State's Attorney.

MUNICIPAL SOLID WASTE SITE COSTS

Washington County currently operates one active solid waste site and three non-active sites. In accordance with federal and state mandates the County is required to provide closure, post-closure, and set aside funding on the estimated liabilities for certain sites with accompanying

financial assurance. These costs in general include covering of the landfill areas, inspection costs, gas monitoring, groundwater monitoring, and leachate control.

The total remaining projected costs for closure and post-closure is \$55.6

million. Under current requirements approximately 30% of that balance has already been set aside for the future payment of the costs. For 40 West Landfill, the remaining cost is being set aside over the useful life of the landfill from a portion of the tip fee.

CURRENT FINANCIAL STATUS AND COMMENTS

Second quarter trends continue to show slight improvement over prior year actual but still remain at or below budgeted projections.

The County's two largest revenue sources Real Estate and Income Tax are still continuing to hold with first quarter trends. Real Estate is projected to be within .09% of budget. The County still has yet to receive a large quarterly withholding which will set one of the major trend indicators for this revenue source. The

first major distribution is expected at the end of February. It is anticipated that the distribution will be up from the prior year actual but at or slightly below budget. All other expenditure and consumption trends appear to be in-line at the end of December. Overall financial results are still expected to end on the positive side.

Capital and Operating budgets have now been submitted by most departments and agen-

cies for the upcoming budget cycle. In the upcoming months budget development, revenue estimation, and detail review of requests will occur in order to prepare for the fiscal year 2012 budget hearing. The County will monitor State budget activity for any impact of State budget reductions or additional costs passed down to the local levels.

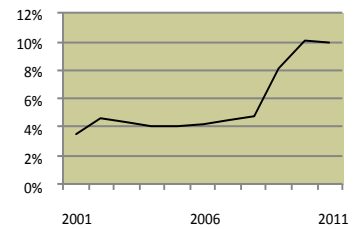
“Washington County will monitor State budget activity for any impact of State budget reductions or additional costs passed down to the local levels.”

ECONOMIC TRENDS

Employment Statistics - November

Fiscal Year	County				State	
	Number of Employed	Number of Unemployed	Nov Unemployment	Oct Unemployment	Nov Unemployment	Oct Unemployment
2011	59,417	6,466	9.8%	9.4%	7.4%	6.9%
2010	60,905	6,392	9.5%	10.0%	7.1%	7.3%

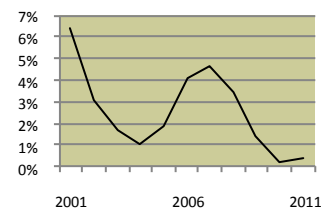
Average Unemployment Rate



Investment Portfolio Summary

Current		Year-to-Date		
Invested	Average Yield	Invested	Average Yield	Estimated Earnings
160,582,743	.638%	306,520,398	.391%	155,678

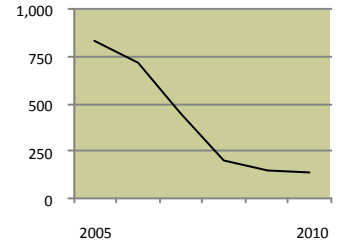
Average Investment Rate



New Residential Housing Permits Issued

Area	Prior YTD	Current YTD	Variance	
			# of Permits	% of Change
Wash. County	55	69	14	25%
City of Hagerstown	7	17	10	142%
Total	62	86	24	39%

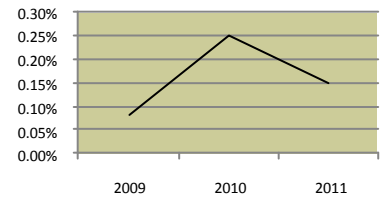
New Housing Permit History



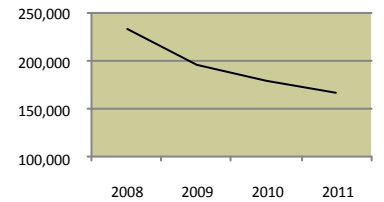
Washington County Housing Statistics

Housing & Foreclosure:	2011	2010	% Change
Housing Activity:			
Average price sold	166,457	184,078	-9.6%
Total units sold	533	613	-12.9%
Average inventory	1,169	1,191	-1.85%
Foreclosure Activity:			
Units in foreclosure	354	327	8.26%
Average foreclosure rate:			
Washington County	.15%	.23%	-37.14%
State of Maryland	.16%	.27%	-41.98%
National	.24%	.27%	-10.0%

Average Foreclosure Rate



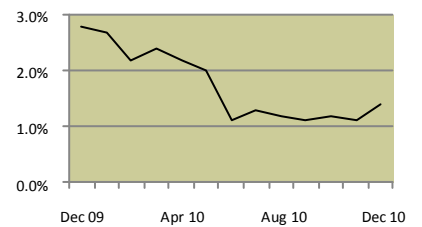
Average Price Sold



Consumer Price Index (CPI)

Current Period		Prior Period	
Index	Annual Change	Index	Annual Change
220.3	1.4%	217.5	2.8%

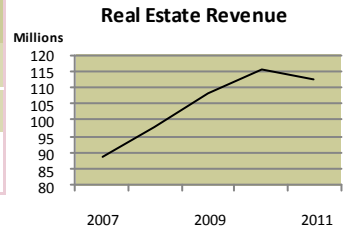
Annualized CPI



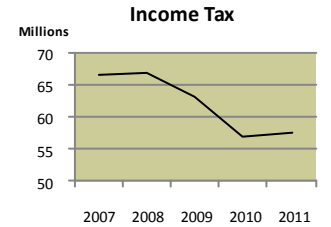
MAJOR REVENUE TRENDS

The following information summarizes key revenue sources that affect the County's overall financial condition. Many of these revenues change with the economy. The revenues shown below are before year-end accrual adjustments. Amounts reflect distributions received as of report date. The revenue graphs to the right reflect total actual revenues collected for each of the prior fiscal years. The current fiscal year, if shown, reflects the projected total annual revenue for the current fiscal year based on existing trends and is subject to change.

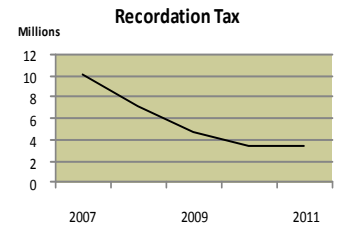
Real Estate Tax					
Year-to-Date		Budget Variance		Actual Growth	
Budget	Revenues	\$	%	PY vs. CY %	
112,416,701	112,968,655	551,954	.49%	-2.44%	



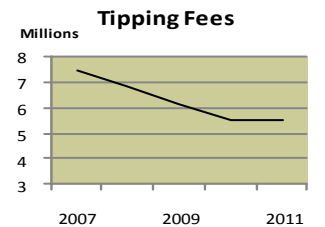
Income Tax					
Year-to-Date		Budget Variance		Actual Growth	
Budget	Revenues	\$	%	PY vs. CY %	
15,719,348	14,621,150	-1,098,198	-6.99%	3.04%	



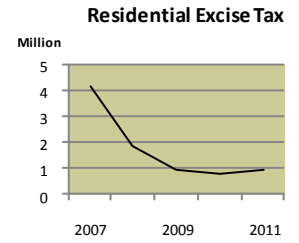
Recordation Tax					
Year-to-Date		Budget Variance		Actual Growth	
Budget	Revenues	\$	%	PY vs. CY %	
2,481,722	1,836,109	-645,613	-26.01%	-7.74%	



Tipping Fees					
Year-to-Date		Budget Variance		Actual Growth	
Budget	Revenues	\$	%	PY vs. CY %	
2,994,886	2,877,003	-117,883	-3.94%	4.90%	



Residential Excise Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
481,752	466,002	-15,750	-3.27%	10.14%



Transfer Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
678,840	688,435	9,595	1.41%	-1.83%



FUEL CONSUMPTION TRENDS

Fuel Purchased and Average Price Per Gallon				
Fund	Gasoline		Diesel	
	Gallons Purchased	Average Cost	Gallons Purchased	Average Cost
Airport	1,629	2.561	1,371	2.411
Golf Course	5,164	2.513	1,075	2.495
Highway	40,235	2.466	65,071	2.246
Parks	7,405	2.550	2,877	2.384
Sheriff	65,611	2.465	0	0
Solid Waste	1,000	2.567	22,124	2.219
Transit	0	0	39,023	2.257
Water Quality	9,456	2.515	9,759	2.614
Weighted Average	130,500	2.520	141,300	2.375
Budgeted Unit Price		2.735		2.50

The chart represents major fuel purchases for the current fiscal year. Average price per gallon is based on weighted averages and discounted bulk bid prices. Comparisons related to service level, countywide costs, and budgetary information have been provided.

Retail energy prices for the 4th qtr were as follows:

Gasoline \$3.11

Diesel \$3.43

Retail energy prices for the 1st qtr are projected as follows:

Gasoline \$3.50

Diesel \$3.60

SUMMARY OF MAJOR EXPENDITURE ACTIVITY

Operating Activity by Major Fund (in millions)					
Fund	Budget	Spent	Encumbered	Unexpended	% Expended
General	199.6	103.5	2.2	93.9	53%
Highway	8.5	3.9	1.0	3.6	58%
Solid Waste	7.3	3.3	0.8	3.2	56%
Water	1.6	0.8	0.0	0.8	50%
Sewer	10.2	4.8	0.1	5.3	48%
Transit	2.2	1.0	0.2	1.0	55%
Airport	3.0	1.4	0.1	1.5	50%
Golf Course	1.2	0.6	0.0	0.6	50%
Total	233.6	119.3	4.4	109.9	53%

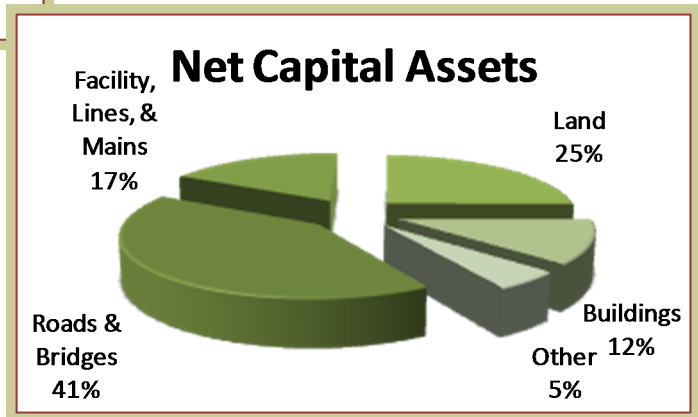
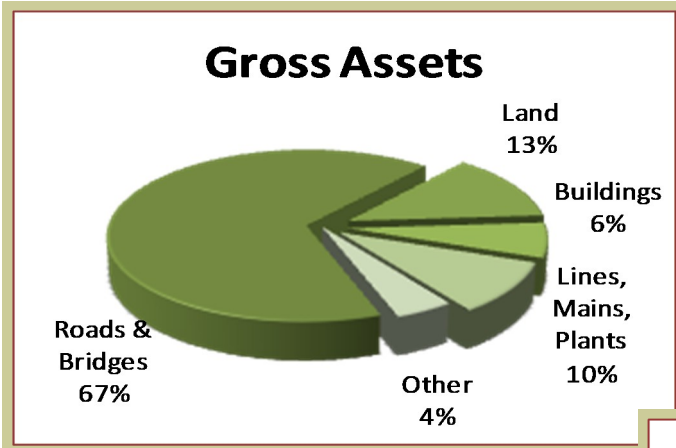
The tables to the left compares major year-to-date expenditure activity to budgeted funding. It incorporates the variance by dollar and percentage along with total expenditure activity. The grand total combines operating and capital expenditures for total corporate activity and trends. Funds expended and encumbered should average around 50%, if not subject to seasonal or construction activity.

Construction Activity (in millions)					
Fund	Budget	Spent	Encumbered	Unexpended	% Expended
General	7.6	0.5	.2	6.9	9%
Public Safety	9.0	1.4	5.4	2.2	76%
Roads, Bridges	62.0	4.2	10.2	47.6	23%
Parks	1.8	0.1	0.0	1.7	6%
Education	58.4	5.6	0.9	51.9	11%
Solid Waste	15.0	0.2	0.3	14.5	3%
Utility	43.9	0.5	2.9	40.5	8%
Transit	2.8	0.7	0.9	1.2	57%
Airport	12.6	0.5	1.9	10.2	19%
Total	213.1	13.7	22.7	176.7	17%

Grand Total	446.7	133.0	27.1	286.6	35%
Spending Target					50%

TOTAL FIXED ASSET BASE AS OF JUNE 30, 2010

Washington County Total Fixed Asset Base as of June 30, 2010		
	Total Cost	Net Capital Asset
Land and Improvements	212,604,535	168,226,324
Buildings & Improvements	109,104,426	79,139,514
Facilities, Lines, and Mains	109,056,697	84,964,827
Treatment Plants	51,471,642	33,691,257
Roads & Bridges	1,110,006,033	281,924,495
Machinery & Equipment	18,250,731	5,440,533
Vehicles	19,579,393	5,826,856
Office Furniture	5,900,952	1,726,971
Computer Equipment	28,114,228	20,694,768
	1,664,088,637	681,635,545



WASHINGTON COUNTY, MARYLAND



Terry L. Baker
County Commissioner, President
tbaker@washco-md.net



John F. Barr
County Commissioner, Vice President
jbarr@washco-md.net



Ruth Anne Callaham
County Commissioner
rcallaham@washco-md.net



Jeff Cline
County Commissioner
jcline@washco-md.net



William B. McKinley
County Commissioner
wmckinley@washco-md.net



Gregory Murray
County Administrator
gmurray@washco-md.net



100 West Washington Street
Hagerstown, Md 21740
www.washco-md.net

STATEMENT OF PURPOSE

This report is designed to communicate the County's major financial operating transactions for the indicated period since the issuance of the prior audited financial statements.

This report is interim in nature and abbreviated in that it does not include details for all the various funds maintained by the county. Additionally, this report omits many of the required note disclosures typically found in a fiscal year-end financial statement report. The information contained here is intended to allow management to make limited assessments of near-term trends that may have an

impact on operations and financial results. Management views this interim period as an integral part of the annual period.

The report includes information regarding some of the more notable recent developments that may impact County finances, along with summarized information relating to the general, landfill, highway, and construction activities of the County including the local economic trends. This report is general in nature. The reader is cautioned that it does not provide the level of detail nor the comprehensive scope found in a

fiscal year-end financial statement. Those desiring or needing such information should contact The Office of Budget and Finance.

We hope that you find this report informative and meaningful. If you have any questions regarding this report, please contact The Office of Budget and Finance at 240-313-2300.

This report is provided for general information use only. The information contained in the document speaks only as of its report date.