

FINANCIAL UPDATE

QUARTERLY REPORT

WASHINGTON COUNTY, MARYLAND

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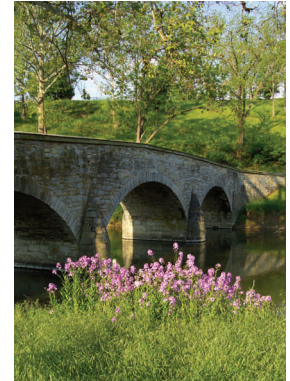
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Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the South. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is 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



Burnside Bridge

funded positions include County Sheriff, Treasurer, and State's Attorney.

CURRENT TOTAL OPERATIONS

Fund Type	March 31, 2011
Operating Funds	\$ 208.2
Restricted Funds	5.6
Enterprise Funds	29.1
Capital Improvement Funds	213.0
Total	\$ 455.9

CURRENT FINANCIAL STATUS AND COMMENTS

Third quarter trends continue to show improvement over prior year actual but still remain at or below budgeted projections of most major revenues.

The County's two largest revenue sources Real Estate and Income Tax are showing improvement and picking up pace as compared to first quarter numbers. Real Estate is projected to be within budget considering recent appeal activity. The County's Income Tax revenue is behind year-to-date

budget but ahead of prior year actual. This is a positive trend as the past two fiscal years reflected decreasing distributions. This is also reflective of the unemployment rate decrease from March 2010 compared to March 2011. All other expenditure and consumption trends appear to be in-line at the end of March. General fund expenditures are slightly over the benchmark target. This is due to debt service payments

due January 1st which prematurely increase the expenditure rate for the third quarter. Overall financial results are still expected to end on the positive side.

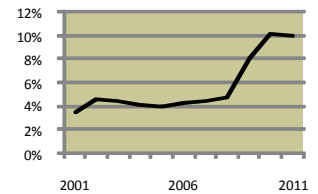
The County's budgets will be taken to public hearing on May 12th and 7:00 p.m.. Public hearing guides are available on the web or in hard copy.

“Unemployment rates are showing slight improvement, which reflects in the actual comparisons in Income Tax revenue.”

ECONOMIC TRENDS

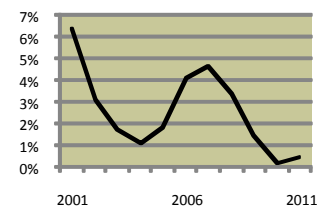
Employment Statistics						
Fiscal Year	County				State	
	Number of Employed	Number of Unemployed	Nov Unemployment	Oct Unemployment	Nov Unemployment	Oct Unemployment
2011	61,172	6,718	9.9%	10.6%	7.0%	7.3%
2010	60,131	7,445	11.0%	11.9%	7.7%	7.7%

Average Unemployment Rate



Investment Portfolio Summary				
Current		Year-to-Date		
Invested	Average Yield	Invested	Average Yield	Estimated Earnings
147,462,645	.767%	446,466,032	.447%	117,017

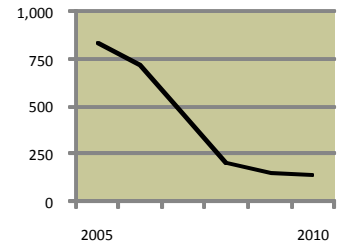
Average Investment Rate



New Residential Housing Permits Issued

Area	Prior YTD	Current YTD	Variance	
			# of Permits	% of Change
Wash. County	99	93	-6	-6.1%
City of Hagerstown	21	25	4	19.0%
Total	120	118	-2	-1.7%

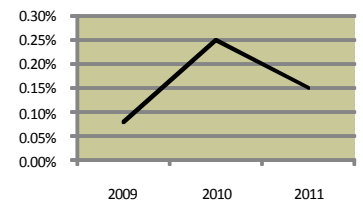
New Housing Permit History



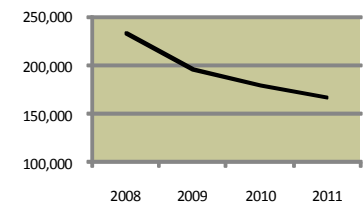
Washington County Housing Statistics

Housing & Foreclosure:	2011	2010	% Change
Housing Activity:			
Average price sold	157,500	178,041	-11.54%
Total units sold	784	838	-6.54%
Average inventory	1,091	1,156	-5.55%
Foreclosure Activity:			
Units in foreclosure	458	592	-22.64%
Average foreclosure rate:			
Washington County	.12%	.24%	-49.30%
State of Maryland	.13%	.26%	-50.21%
National	.22%	.26%	-16.03%

Average Foreclosure Rate



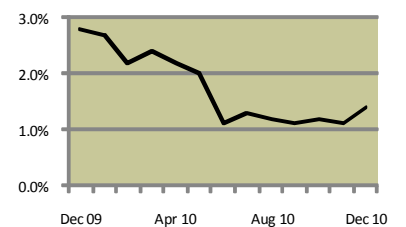
Average Price Sold



Consumer Price Index (CPI)

Current Period		Prior Period	
Index	Annual Change	Index	Annual Change
223.5	2.7%	217.7	2.4%

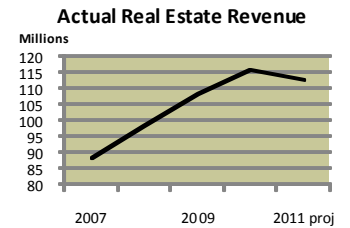
Annualized CPI



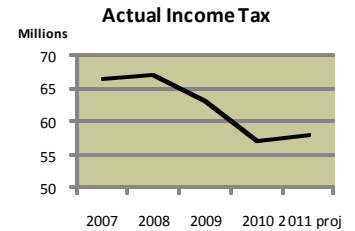
MAJOR REVENUE TRENDS

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 %
112,529,230	112,928,540	339,310	.35%	-2.59%



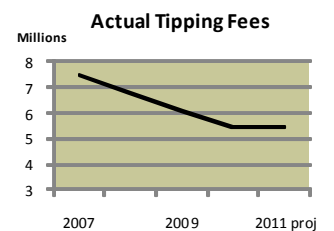
Income Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
31,911,573	30,225,071	-1,686,502	-5.28%	1.58%



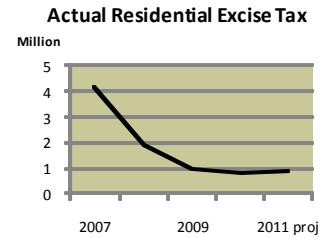
Recordation Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
3,416,443	3,003,225	-413,218	-12.09%	9.12%



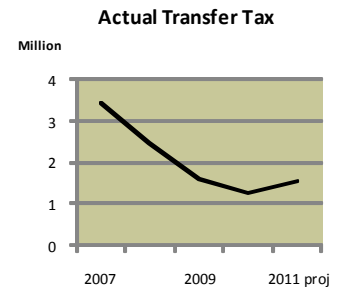
Tipping Fees				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
4,222,230	4,002,427	-219,803	-5.21%	3.16%



Residential Excise Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
650,866	638,057	-12,809	-1.97%	25.37%



Transfer Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
909,640	1,165,285	255,645	28.1%	16.01%



FUEL CONSUMPTION TRENDS

Fuel Purchased and Average Price Per Gallon				
Fund	Gasoline		Diesel	
	Gallons Purchased	Average Cost	Gallons Purchased	Average Cost
Airport	2,693	2.751	3,143	2.653
Golf Course	5,816	2.600	1,557	2.663
Highway	68,789	2.648	109,259	2.525
Parks	10,693	2.721	4,171	2.595
Sheriff	98,609	2.642	0	0
Solid Waste	1,500	2.830	40,542	2.461
Transit	0	0	50,025	2.385
Water Quality	17,026	2.763	16,490	2.655
Weighted Average	205,126	2.708	225,187	2.563
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 3rd qtr were as follows:

Gasoline \$3.56

Diesel \$3.90

Retail energy prices for the 4th qtr are projected as follows:

Gasoline \$3.87

Diesel \$4.10

SUMMARY OF MAJOR EXPENDITURE ACTIVITY

Operating Activity by Major Fund (in millions)					
Fund	Budget	Spent	Encumbered	Unexpended	% Expended
General	199.7	158.2	1.5	40.0	80%
Highway	8.5	6.3	0.8	1.4	84%
Solid Waste	7.3	4.9	0.6	1.8	75%
Water	1.6	1.2	0.0	0.4	75%
Sewer	10.2	7.3	0.1	2.8	73%
Transit	2.2	1.5	0.2	0.5	77%
Airport	3.0	2.2	0.0	0.8	73%
Golf Course	1.2	0.8	0.0	0.4	67%
Total	233.7	182.4	3.2	48.1	79%

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 75%, if not subject to seasonal or construction activity.

Construction Activity (in millions)					
Fund	Budget	Spent	Encumbered	Unexpended	% Expended
General	7.6	1.0	0.2	6.4	16%
Public Safety	9.2	3.0	4.5	1.7	82%
Roads, Bridges	62.0	14.9	13.1	34.0	45%
Parks	1.8	0.3	0.0	1.5	17%
Education	58.4	28.3	16.4	13.7	77%
Solid Waste	14.7	0.8	0.3	13.6	7%
Utility	43.9	2.6	2.9	38.4	13%
Transit	2.8	1.2	0.5	1.1	61%
Airport	12.6	7.3	0.5	4.8	62%
Total	213.0	59.4	38.4	115.2	46%

Grand Total	446.7	241.8	41.6	163.3	63%
Spending Target					75%

INVESTMENTS

Washington County Investments				
Investment Type	Settlement Date	Maturity Date	Yield	Cost
FHLB	12/2/2009	09/10/2010	0.127%	1,000,000
FHLB	12/2/2009	09/21/2010	0.121%	4,000,000
FHLB	12/22/2009	07/01/2010	0.101%	9,994,694
FHLMC	05/27/2010	09/27/2010	0.101%	24,991,458
FHLB	12/02/2009	10/18/2010	0.135%	5,000,000
FHLB	04/23/2010	12/17/2010	0.260%	15,000,000
FNMA	05/27/2010	11/24/2010	0.173%	24,978,631
FHLB	06/07/2010	03/25/2011	0.310%	10,000,000
FHLB	06/23/2010	12/22/2010	0.152%	19,984,833
FHLMC	06/30/2010	11/29/2010	0.112%	19,990,711
FHLB	07/27/2010	12/10/2010	0.140%	11,000,000
FNMA	07/26/2010	11/10/2010	0.091%	9,997,325
FHLB	07/27/2010	01/13/2011	0.240%	8,000,000
FHLB	08/06/2010	01/19/2011	0.122%	7,995,573
FNMA	08/06/2010	03/01/2011	0.167%	11,998,615
FHLB	08/06/2010	05/06/2011	0.200%	9,058,445
FHLMC	10/01/2010	06/21/2011	0.178%	9,987,215
CD	04/27/2010	04/27/2015	3.000%	400,000
FNMA	11/26/2010	04/15/2013	0.874%	10,000,000
FHLB	11/24/2010	11/23/2012	0.625%	10,000,000
FHLB	12/10/2010	12/10/2014	1.125%	9,000,000
FNMA	12/09/2010	12/09/2012	1.100%	5,000,000
FHLB	12/17/2010	09/17/2014	1.450%	9,000,000
FHLB	12/21/2010	12/01/2011	0.300%	20,000,000
FHLMC	12/21/2010	08/29/2011	0.195%	19,973,200
FHLB	12/22/2010	05/16/2011	0.149%	20,000,000
FHLMC	01/20/2011	10/25/2013	1.122%	15,000,000
FHLMC	03/29/2011	04/25/2012	0.253%	10,000,000
FHLB	04/23/2010	12/17/2010	0.200%	15,000,000
FHLMC	05/27/2010	09/27/2010	0.200%	24,991,458
FNMA	05/27/2010	11/24/2010	0.200%	24,978,631
FHLB	06/07/2010	03/25/2011	0.200%	10,000,000
FHLB	06/23/2010	12/22/2010	0.200%	19,984,833
FHLMC	06/30/2010	11/29/2010	0.200%	19,990,711
Workers Comp	02/01/2010	01/27/2011	0.170%	179,695
Total			0.447%	446,466,032

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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.