



Financial Update

Fiscal Year 2008

For the period ended December 2007

## Commissioners



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**John Barr**  
President, County Commissioner



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**Terry Baker**  
Vice President, County Commissioner



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**Kristin Aleshire**  
County Commissioner



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**William Wivell**  
County Commissioner



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**James Kercheval**  
County Commissioner

## County Administration



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**Gregory B. Murray**  
County Administrator

## Washington County

Washington County is a mid-size, multi-service local government serving the needs of approximately 143,000 residents.

The county provides 67,167 jobs with an unemployment rate of 3.9% as of November 2007. This is compared to the State employment rate of 3.5%.

Washington County has nine municipalities within its boundaries, with Hagerstown as the largest. The majority of the residents live outside of any corporate limits.

Washington County has five elected commissioners that govern the County. In addition to the taxpayers, the commissioners directly oversee the County Administrator, County Clerk, and the Director and Budget and Finance.

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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 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.

### *Please Note:*

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

## Current Developments

### **Revenue Trends:**

With the exception of Income and Real Estate tax, other major revenue sources are continuing to show budgetary shortfalls as shown in the economic and revenue trend sections of this report. Real Estate tax revenue is currently 1% over projected budget, before the half-year assessment in January. Income tax at mid-year is 7% over budget. However, with the special session income tax restructure that the State approved, an estimated \$850,000 reduction in local income tax revenues for fiscal year 2008 is anticipated. We will continue to monitor current revenue trends, as continued reductions will cause adjustments in fiscal year 2009 and out.

### **Projects:**

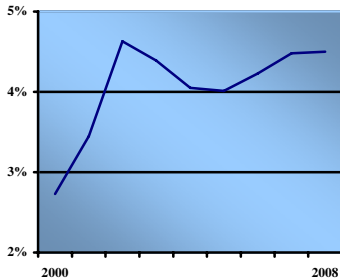
The Office of Budget and Finance has contacted each county in the State of Maryland regarding their use, if any, of educational funding formulas. Most counties have replied. We are in the process of evaluating each response. Once the evaluation is complete results will be sent out for review to the commissioners.

### **Bond Issue:**

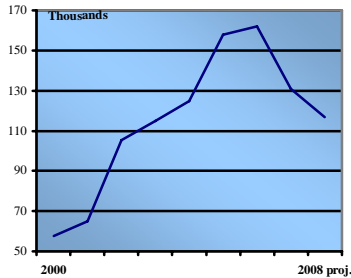
We are tentatively planning the public bond sale for April or May and are currently in the process of preparing the official statement for the rating agencies and the bid market.

## Economic Trends

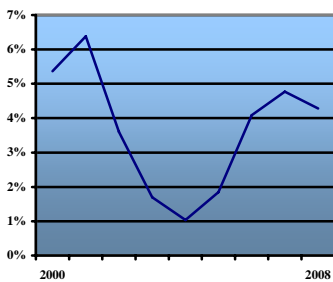
Average Unemployment Rate



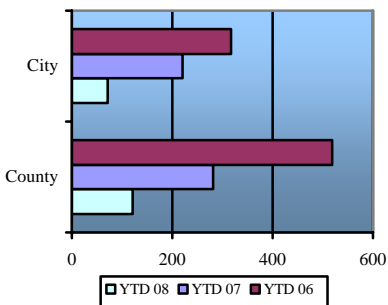
Annual Tonnage History



Annual Average Investment Rate



Permits Issued YTD



### Employment Statistics -November

No. Of Employed	No. Of Unemployed	County		State	
		Current Unemployment Rate	Prior Unemployment Rate	Current Unemployment Rate	Prior Unemployment Rate
67,167	2,744	3.9%	4.0%	3.5%	3.8%

### Tonnage Information (tons)

Current Budget Year-to-date tons	Actual Year-to-date tons	Budget Variance - tons		Actual Growth % CY vs. PY
		#	%	
68,650	61,802	-6,848	-9.98%	-9.41%

### Investment Portfolio Information

Current		Year-to-date		
Portfolio	Average Yield	Invested	Average Yield	Earnings
170,736,320	4.094%	322,473,672	4.283%	5,748,930

### Number of Permits Issued

Area of Activity	Prior Year Year-to-date	Current Year Year-to-date	Variance	
			#	%
County	281	121	-160	-56.9%
Hagerstown	221	71	-150	-67.9%
Total	502	192	-310	-61.8%

## Major Revenue Trends

The following 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 reflected as of report date unless otherwise noted.

Real Estate Tax (operating revenue)				
Current Budget	Revenue Billed	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
97,322,730	98,320,977	998,247	1.03%	1.81%

Income Tax (operating revenue) – Before State Restructure – Effective January 1, 2008				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
16,048,276	17,165,330	1,117,054	7.0%	4.18%

Recordation Tax (operating revenue)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
3,870,463	3,391,250	-479,213	-12.38%	-21.70%

Tipping Fees (operating revenue)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
4,209,082	3,516,697	-692,385	-16.45%	-11.03%

Highway User Revenue (operating revenue) – <i>Amount Projected by State as of 10/4/07 was \$9.2 m or \$150,000 short.</i>				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
3,777,707	3,427,508	-350,199	-9.27%	-6.83%

Residential Excise Tax (restricted for capital)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
3,143,130	947,101	-2,196,029	-69.9%	-37.86%

Transfer Tax (restricted for capital)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
1,438,615	1,161,495	-277,120	-19.26%	-22.48%

## Operating Activity

The table below compares fiscal year-to-date approved budget to fiscal year-to-date expenditures on major funds for fiscal year 2008. It incorporates the variance by dollar and percentage along with a total expenditure activity combining operating and capital is the third chart.

Funds expended & encumbered should average around 50%, if not seasonal

Expenditure Comparison (in millions)				
Major Funds	Adjusted Budget	Expended YTD	Encumbered YTD	% Expended & Encumbered YTD
General	197.5	95.6	2.0	49%
Highway	9.6	3.9	2.1	40%
Solid Waste	9.6	4.3	0.0	45%
Utility Admin	3.5	1.5	0.2	42%
Water	1.3	0.6	0.0	47%
Sewer	10.8	5.3	0.1	49%
Pretreatment	0.7	0.4	0.0	52%
Transit	2.3	1.2	0.2	46%
Airport	2.8	1.3	0.0	47%
Golf Course	1.3	0.7	0.0	56%
Total	239.4	114.8	4.6	50%

## Construction Activity

The table below represents the County's construction in progress for the period ended. It discloses the current project budget, expenditure year-to-date, along with variance reporting. The table summarizes the projects by category.

Construction Activity (in millions)					
Category	Budget	Expended YTD	Encumbered Under Contract	Unexpended	% Expended & Encumbered YTD
General	41.9	21.5	9.9	10.5	75%
Drainage, RR, Bridges	8.9	2.6	.4	5.9	34%
Roads	34.1	8.8	7.4	17.9	48%
Parks & Recreation	1.4	0.2	0.3	0.9	36%
Board of Education	63.8	16.2	0.0	47.6	25%
Hagerstown Junior College	11.1	7.8	0.0	3.3	70%
Solid Waste	15.6	7.8	1.3	6.5	58%
Utility	16.0	3.5	4.7	7.8	51%
Transportation	2.1	0.1	0.0	2.0	4%
Airport	75.1	60.3	7.0	7.8	90%
Total	270.0	128.8	31.0	110.2	59%

## Total Expenditure Activity

Grand Total (millions)	509.4	243.6	35.6	230.2	54.8%
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## Permit Trend Data – County & City of Hagerstown Combined

		# Of Permits	Variance	
<b>Year-to-Date</b> Comparisons:			#	%
FY 2006	Prior Year-to-date	836	-	-
FY 2007	Prior Year-to-date	502	-334	-40%
FY 2008	Current Year-to-date	192	-310	-62%
<b>Fiscal Year Total</b> Comparisons:				
FY 2005	Prior Fiscal Year	1,452	-	-
FY 2006	Prior Fiscal Year	1,210	-242	-17%
FY 2007	Prior Fiscal Year	734	-476	-39%

## Permit Trend Data – Washington County

		# Of Permits	Variance	
<b>Year-to-Date</b> Comparisons:			#	%
FY 2006	Prior Year-to-date	519	-	-
FY 2007	Prior Year-to-date	281	-238	-46%
FY 2008	Current Year-to-date	121	-160	-57%
<b>Fiscal Year Total</b> Comparisons:				
FY 2005	Prior Fiscal Year	834	-	-
FY 2006	Prior Fiscal Year	719	-115	-14%
FY 2007	Prior Fiscal Year	451	-268	-37%

## Permit Trend Data – City of Hagerstown

		# Of Permits	Variance	
<b>Year-to-Date</b> Comparisons:			#	%
FY 2006	Prior Year-to-date	317	-	-
FY 2007	Prior Year-to-date	221	-96	-30%
FY 2008	Current Year-to-date	71	-150	-68%
<b>Fiscal Year Total</b> Comparisons:				
FY 2005	Prior Fiscal Year	618	-	-
FY 2006	Prior Fiscal Year	491	127	-21%
FY 2007	Prior Fiscal Year	283	208	-75%

Volatile Revenue Sources - Historical Revenue Trends (millions)				
Fiscal Year	Recordation (General Revenues)		Transfer Tax (Restricted Revenues)	
	\$	% Change	\$	% Change
1998	4.0	-		
1999	3.9	-2.7		
2000	4.7	20.1		
2001	4.2	-10.1		
2002	5.2	22.0		
2003	6.7	29.9		
2004	9.1	36.1	2.4	-
2005	11.6	27.4	4.2	71.4
2006	12.6	8.5	4.3	3.4
2007	10.1	-19.9	3.4	-20.4
2008 projected	7.9	-21.7	2.4	-29.7

Approved Debt Issuance for Fiscal Year 2008 General Obligation Bond (millions)			
	Amount Budgeted	Total Projected Debt Service	
		Debt Service	Pay-off %
<b>Tax-supported Debt:</b>			
Schools	10.5		
Detention Center Purchase	2.1		
Capping Phase 2 Resh	2.0		
Various Other	0.9		
Water Quality	0.4		
	15.9		
<b>Self-supporting Debt:</b>			
Pavement Program	3.0		
Water Quality	1.0		
	4.0		
Projected Issuance and Debt Service	19.9	1.3	
Existing Debt Service		18.4	
Estimated <i>Annual</i> Debt Service		19.7	
<b>Rapidity Ratios (payoff %'s) for Outstanding Debt:</b>			
		Industry Benchmark	County Actual
Five-year payoff		25%	36%
Ten-year payoff		50%	66%
Twenty-year payoff		100%	100%

\* Projected for fiscal year 2008 issuance with current market rate for AA 20 year amortization @ 4.13%.





Prepared by the Office of Budget and Finance