

# Washington County, Maryland

*Forecast and Summary For Period Ended | December 2009*

## FY 2010 Financial Update

## Commissioners



**John Barr**

President, County Commissioner



**Terry Baker**

Vice President, County Commissioner



**Kristin Aleshire**

County Commissioner



**William Wivell**

County Commissioner



**James Kercheval**

County Commissioner

## County Administration



**Gregory B. Murray**

County Administrator

## Washington County, MD

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 147,000 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. As authorized by the County Code, the Board appoints the County Administrator, County Clerk, and Director of Budget and Finance. Other elected County funded positions include County Sheriff, State’s Attorney, and Treasurer.

### Table of Contents

Statement of Purpose	1
Current Developments	1
Selected Economic Trends	2
Major Revenue Trends	3
Expenditure and Construction Activity	4
Other Financial/Budgetary Information	5

## 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

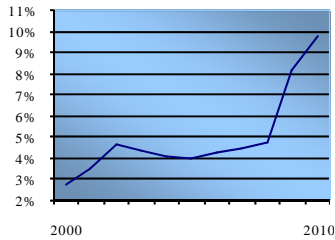
### **General Fund Fiscal Trends:**

Projected Real Estate revenue for the current fiscal year is expected to be very close to the set budget of \$117 million. Income Tax however will be substantially lower than the current budget of \$68 million, which was planned during the budgetary process. The forecast for total annual Income Tax revenue is approximately \$60 - \$63 million. This budgetary shortfall was expected and will be offset by one-time reserves and expenditure savings in fiscal year 2010. The fiscal year end is still several months away however, with the anticipated Income Tax shortfall, advanced planning, and additional one-time reserves, it is projected that the General Fund will still end fiscal year 2010 with a positive balance and meet cash reserve targets.

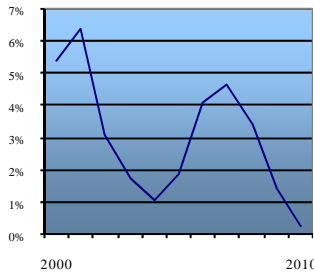
The County's financial condition continues to remain stable amidst State budget cuts and reductions due to prior financing planning over the past several years. We are anticipating further State reductions in the upcoming fiscal year. Continued analysis and monitoring of the County's position both short-term and long-term will be updated and monitored. State reductions, revenue write-downs, and new program implementations are being considered while balancing the upcoming 2011 budget. Based on current submissions most departments and agencies have adhered to the County's request to hold the budget flat if not decrease their 2010 base line cost. We anticipate having a balanced draft available mid March.

## Economic Trends

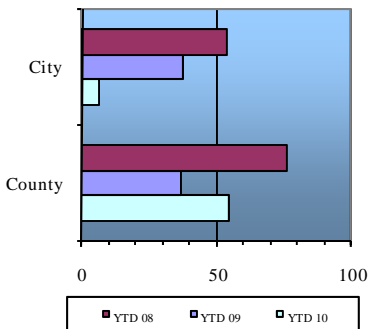
Average Unemployment Rate



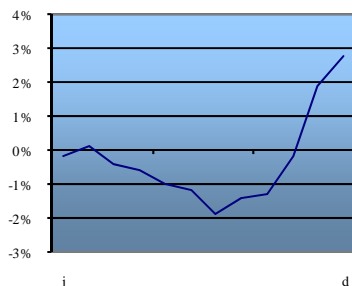
Average Investment Rate



Permits Issued YTD



CPI - 12-Month Change



## Employment Statistics – December Comparison

No. Of Employed	No. Of Unemployed	County		State	
		Current Unemployment Rate	Prior Unemployment Rate	Current Unemployment Rate	Prior Unemployment Rate
60,541	6,515	9.7%	7.5%	7.2%	5.5%

Source: Maryland Department of Labor, Licensing & Regulation

## Investment Portfolio Information

Current		Year-to-date		
Invested	Average Yield	Invested	Average Yield	Est. Earnings
150,167,053	.142%	306,726,000	.184%	260,800

## Number of Permits Issued

Area of Activity	Prior Year Year-to-date	Current Year Year-to-date	Variance	
			#	%
County	75	55	(20)	(27%)
Hagerstown	49	7	(42)	(86%)
Total	124	62	(62)	(50%)

Source: Washington County Planning Department and City of Hagerstown Planning Department

## Housing Statistics

Description	2010	2009	% Change
<b>Housing Activity:</b>			
Average Sold Price	184,078	202,513	(9.1%)
Total Units Sold	613	487	25.9%
Average Active Inventory	1,191	1,342	(11.3%)
<b>Foreclosure Activity:</b>			
Units in foreclosure	327	106	208.5%
<b>Average Foreclosure rate:</b>			
County	.23%	.03%	607.1%
State	.27%	.05%	493.4%
National	.27%	.14%	92.5%

Source: Realtytrac and Maryland Association of Realtors

## Consumer Price Index

Current Period		Prior Period	
Index	Annual Change	Index	Annual Change
217.5	2.8%	211.6	(.1%)

Source: Bureau of Labor Statistics

## 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 reflect distributions received as of report date.

Real Estate Tax (operating revenue)				
Current Budget	Revenue Billed	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
116,103,600	115,796,294	(307,306)	(.26%)	7.44%

Income Tax (operating revenue)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
19,171,845	14,189,456	(4,982,389)	(25.99%)	(19.17%)

Recordation Tax (operating revenue)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
2,199,101	1,712,698	(486,403)	(22.12%)	(24.33%)

Tipping Fees (operating revenue)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
3,045,701	2,739,558	(306,143)	(10.05%)	(16.20%)

Total Residential Development Fees (restricted for capital)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
797,363	750,242	(47,121)	(5.91%)	12.67%

Transfer Tax (restricted for capital)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
1,081,063	580,507	(500,556)	(46.30%)	(33.60%)

## Operating Activity

The table below compares fiscal year-to-date approved budget to fiscal year-to-date expenditures on major funds. It incorporates the variance by dollar and percentage along with total expenditure activity. The grand total combines operating and capital for total corporate activity and trends.

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

Operating Activity by Major Fund (in millions)					
Major Funds	Budget	Expended	Encumbered Funds	Unexpended	% Expended & Encumbered
General	213.1	102.6	2.1	108.3	49%
Highway	8.7	3.6	1.0	4.1	53%
Solid Waste	8.2	3.8	0	4.4	46%
Water	1.8	.9	0	.9	49%
Sewer	11.1	5.2	0	5.8	48%
Transit	2.4	1.1	.2	1.1	55%
Airport	2.9	1.5	0	1.3	53%
Golf Course	1.2	.6	0	.6	50%
<b>Total</b>	<b>249.4</b>	<b>119.4</b>	<b>3.4</b>	<b>126.6</b>	<b>49%</b>

## Construction Activity

The table below represents the County's *construction in progress* for the period ended. It discloses the current project budget, expenditures as of report date, along with variance reporting. The table summarizes the projects by category.

Construction Activity (in millions)					
Category	Budget	Expended	Encumbered Under Contract	Unexpended	% Expended & Encumbered
General	5.7	.2	.1	5.4	5%
Public Safety	35.5	25.3	4.7	5.5	85%
Roads & Bridges	53.5	7.8	8.9	36.8	31%
Parks	.8	.2	0	.6	26%
Education	47.3	5.7	.9	40.7	14%
Solid Waste	19.5	8.1	.5	10.8	44%
Utility	50.2	4.8	3.5	42.0	16%
Transit	3.5	.1	.2	3.1	10%
Airport	12.1	3.2	3.7	5.2	57%
<b>Total</b>	<b>228.0</b>	<b>55.4</b>	<b>22.5</b>	<b>150.2</b>	<b>34%</b>

## Total Major Expenditure Activity

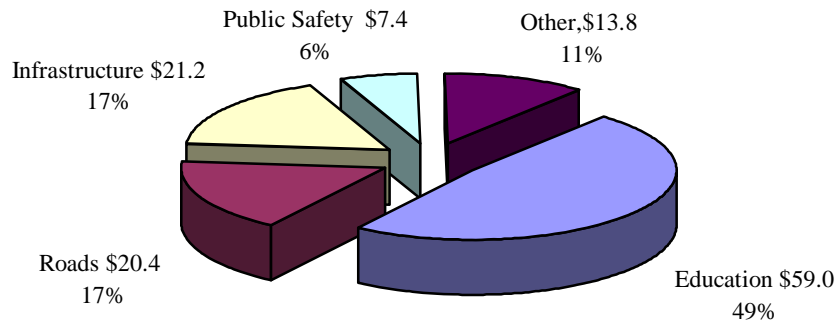
<b>Grand Total (millions)</b>	<b>477.4</b>	<b>174.7</b>	<b>25.8</b>	<b>276.8</b>	<b>42%</b>
-------------------------------	--------------	--------------	-------------	--------------	------------

Average Fuel Unit Price Trends				
Fund or Service	Gasoline		Diesel	
	Gallons Purchased	Weighted Average Per Gallon	Gallons Purchased	Weighted Average Per Gallon
Airport	2,347	2.331	1,601	2.016
Golf Course	4,630	2.312	1,058	2.183
Highway	36,728	2.237	49,406	1.974
Parks	9,368	2.336	3,076	2.080
Sheriff Operations	57,703	1.647	0	0
Solid Waste	994	1.907	29,206	2.017
Transit	0	0	51,045	1.867
Water Quality	7,996	2.349	15,433	2.336
Total weighted average	119,767	2.160	150,826	2.068
Unit Price Budgeted		3.235		3.50

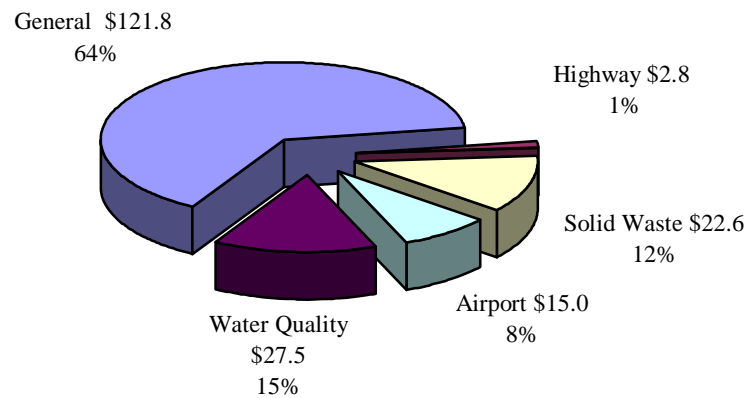
The above chart represents major fuel purchases for the current fiscal year. The average price per gallon is based on weighted averages. Comparisons related to service level, countywide cost, and budgetary information have been provided. Pricing sheets and the weighted average per gallon above indicate the continued downward trend of gasoline and diesel fuels since the last financial update.

Energy prices by March of 2010 are expected to average \$2.75-\$2.85 per gallon for gasoline, \$3.00-\$3.10 per gallon for diesel, and \$3.00-\$3.10 per gallon for heating oil. Current bid pricing sheets average .20¢ - .30¢ below retail price.

## Outstand Debt - General Fund \$121.8 m



## Total Outstanding Debt - all funds - \$189.7 m



### Scheduled Payoff Ratios & Debt Service Ratios

	2010	2009	Peer Group	Industry Standard
Five Year Payoff	37%	36%	-	25%
Ten Year Payoff	67%	66%	-	50%
Debt Service ratio	6.99%	6.49%	8.07%	<=10%







Prepared by the Office of Budget and Finance