

Washington County, Maryland

Forecast and Summary For Period Ended | March 2010

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 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. 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.

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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

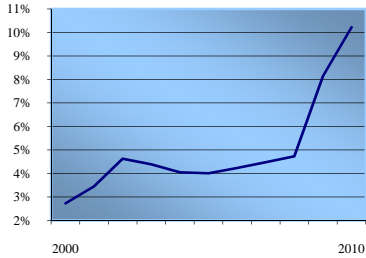
Fiscal Comments:

Overall general operating revenue for Washington County is down from fiscal year 2009 mainly from Income Tax and Highway User revenues. Income Tax revenue declines are the result of higher unemployment numbers and Highway User revenue losses resulted from State of Maryland revenue cuts. Total overall revenues will be below budget; however these shortfalls will be offset by unexpended funds in public safety, general operations, capital related items, excess capital reserves, and the accumulation of multiple departmental budgets. It is projected that the General Fund will end fiscal year 2010 with a positive balance and meet the cash reserve target.

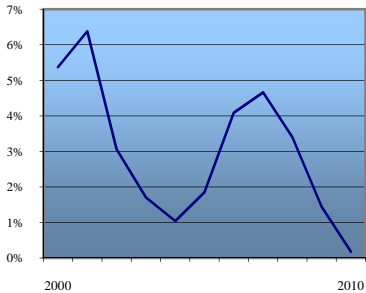
Washington County financial condition continues to remain strong as compared to its peers across the State of Maryland due to prior financial planning in past years and strong fiscal policies. However as each month moves forward we will continue to monitor the fiscal trends and State budgetary actions in order to make any adjustment, if warranted, to base budgets. The County Commissioners did reduce base line operating costs in the 2011 budget and restructured the Ten Year Capital Improvement Plan based on current and projected economic trends. We are anticipating further reductions from the State of Maryland in the form of State pension cost pass-through in fiscal year 2012.

Economic Trends

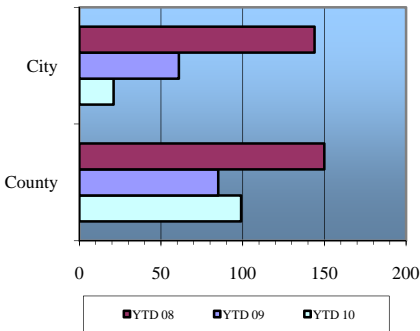
Average Unemployment Rate



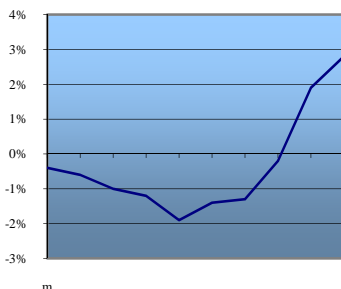
Average Investment Rate



Permits Issued YTD



CPI - 12-Month Change



Employment Statistics – March Comparison

No. Of Employed	No. Of Unemployed	County		State	
		Current Unemployment Rate	Prior Unemployment Rate	Current Unemployment Rate	Prior Unemployment Rate
60,023	7,509	11.1%	10.5%	7.7%	6.9%

Source: Maryland Department of Labor, Licensing & Regulation

Investment Portfolio Information

Current		Year-to-date		
Invested	Average Yield	Invested	Average Yield	Est. Earnings
137,157,651	.110%	336,900,690	.175%	266,110

Number of Permits Issued

Area of Activity	Prior Year Year-to-date	Current Year Year-to-date	Variance	
			#	%
County	85	99	14	16%
Hagerstown	61	21	(40)	(66%)
Total	146	120	(26)	(18%)

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

Housing Statistics

Description	2010	2009	% Change
Housing Activity:			
Average Sold Price	178,142	197,815	(9.9%)
Total Units Sold	832	672	23.8%
Average Active Inventory	1,164	1,285	(9.4%)
Foreclosure Activity:			
Units in foreclosure	592	163	263.2%
Average Foreclosure rate:			
County	.24%	.05%	344.2%
State	.26%	.07%	269.3%
National	.26%	.17%	56.2%

Source: Realtytrac and Maryland Association of Realtors

Consumer Price Index

Current Period		Prior Period	
Index	Annual Change	Index	Annual Change
217.7	2.4%	212.7	(.4%)

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
		\$	%	
116,552,620	115,936,931	(615,689)	(.53%)	7.24%

Income Tax (operating revenue)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
37,507,428	29,755,602	(7,751,826)	(20.67%)	(13.36%)

Recordation Tax (operating revenue)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
3,551,785	2,752,255	(799,503)	(22.51%)	(24.71%)

Tipping Fees (operating revenue)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
4,287,745	3,877,337	(410,408)	(9.57%)	(15.75%)

Total Residential Development Fees (restricted for capital)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
903,678	836,027	(67,651)	(7.49%)	(.93%)

Transfer Tax (restricted for capital)				
Current Budget Year-to-date	Actual Revenue Year-to-date	Budget Variance		Actual Growth % CY vs. PY
		\$	%	
1,579,494	1,004,491	(574,955)	(36.40%)	(21.36%)

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.

Operating Activity by Major Fund (in millions)					
Major Funds	Budget	Expended	Encumbered Funds	Unexpended	% Expended & Encumbered
General	215.2	155.6	1.3	58.3	73%
Highway	8.7	6.7	.6	1.4	84%
Solid Waste	8.2	5.7	.8	1.7	80%
Water	1.8	1.3	0	.5	73%
Sewer	11.1	7.9	.1	3.1	72%
Transit	2.4	1.6	.1	.7	73%
Airport	2.9	2.3	0	.6	78%
Golf Course	1.2	.8	0	.4	65%
Total	251.5	181.9	2.9	66.7	70%

Funds expended & encumbered should average around 75% if not seasonal

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	5.8	.4	.1	5.3	8%
Public Safety	35.5	26.1	4.4	5.0	86%
Roads & Bridges	53.6	9.7	8.3	35.6	34%
Parks	.8	.2	.1	.5	43%
Education	47.3	8.1	.7	38.5	19%
Solid Waste	19.5	8.9	.5	10.1	48%
Utility	45.9	5.3	3.0	37.6	18%
Transit	3.5	.1	.3	3.1	11%
Airport	12.2	3.6	3.5	5.1	59%
Total	224.1	62.4	20.9	140.8	37%

Total Major Expenditure Activity

Grand Total (millions)	475.6	244.3	23.8	207.5	60%
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Average Fuel Unit Price Trends				
Fund or Service	Gasoline		Diesel	
	Gallons Purchased	Weighted Average Per Gallon	Gallons Purchased	Weighted Average Per Gallon
Airport	3,734	2.388	4,112	2.140
Golf Course	4,935	2.346	1,354	2.222
Highway	61,883	2.405	118,750	2.075
Parks	11,763	2.377	4,670	2.139
Sheriff Operations	90,305	2.424	0	0
Solid Waste	994	2.406	43,706	2.053
Transit	0	0	73,649	2.040
Water Quality	13,510	2.409	22,236	2.397
Total weighted average	187,123	2.394	268,477	2.152
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 show an increase in the average unit price since last quarter, reflective of the typical summer market price movement.

Retail energy prices were projected to average by March \$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.

Washington County, Maryland
Investments
Account 103000 -10- 00000
March 31, 2010

Investment Type	Settlement Date	Maturity Date	Cost	Maturity Value	Total Interest Income	Yield
FHLB	7/30/2009	4/26/2010	11,982,900.00	12,000,000.00	17,100.00	0.193%
FM Discounts	9/30/2009	6/23/2010	14,986,700.00	15,000,000.00	13,300.00	0.122%
FHLB	11/9/2009	6/30/2010	9,993,527.78	10,000,000.00	6,472.22	0.101%
FHLB	12/2/2009	5/26/2010	14,994,895.83	15,000,000.00	5,104.17	0.071%
FHLB	12/2/2009	9/10/2010	1,021,490.00	1,045,000.00	1,010.00	0.127%
FHLB	12/2/2009	9/21/2010	4,004,513.33	4,016,800.00	3,886.67	0.121%
FHLB	12/2/2009	10/18/2010	5,019,055.56	5,025,000.00	5,944.44	0.135%
FHLB	12/22/2009	7/1/2010	9,994,694.44	10,000,000.00	5,305.56	0.101%
FNMA	12/22/2009	5/26/2010	9,996,125.00	10,000,000.00	3,875.00	0.091%
FHLMC	12/22/2009	4/28/2010	9,997,354.17	10,000,000.00	2,645.83	0.076%
FHLMC	12/29/2009	6/28/2010	14,991,704.17	15,000,000.00	8,295.83	0.112%
FHLMC	1/22/2010	5/19/2010	14,997,562.50	15,000,000.00	2,437.50	0.050%
FNMA	2/26/2010	5/25/2010	14,997,433.33	15,000,000.00	2,566.67	0.071%
Subtotal			137,008,856.11	137,086,800.00	77,943.89	
Worker's Comp	2/1/2010	1/27/2011	179,694.85	180,000.00	305.15	0.170%
Total			137,188,550.96	137,266,800.00	78,249.04	0.110%



Prepared by the Office of Budget and Finance