



WASHINGTON COUNTY, MARYLAND

# FISCAL & ECONOMIC UPDATE

QUARTERLY REPORT

SEPTEMBER 2023



# Washington County

M A R Y L A N D

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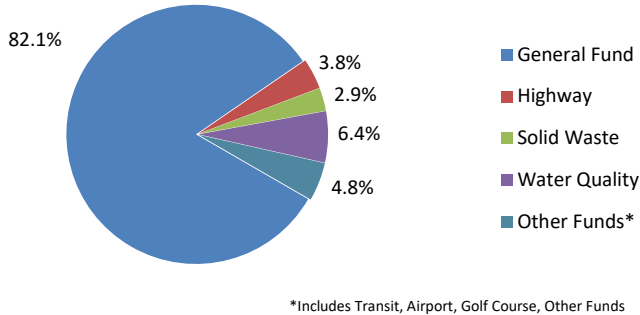
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, 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 154,937 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. The County Commissioners are elected on a county-wide basis and serve four-year terms. Other elected County funded positions include County Sheriff, Treasurer, and State's Attorney.

Information provided below indicates where Washington County ranks within Maryland Counties for the services and statistics provided among 23 counties and Baltimore City for FY2021, the most recent available year.

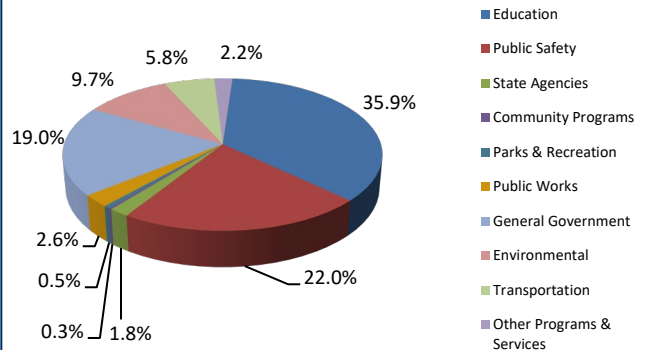
Population Rank	11th
Property Tax per capita	20th
Per pupil local funding	18th
Expenditure per capita	24th
Revenue per capita	22nd

## FINANCIAL STATS

**Total Operating Funds, \$342M**



**Operating Expenditures by Category**



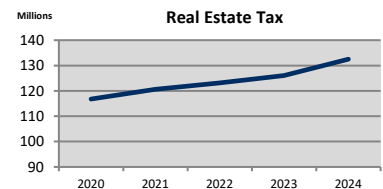
Washington County will spend approximately \$342 million annually on public services in FY2024. The General Fund budget represents the County's largest fund at \$281 million, or 82.1%. Major revenues that make up the General Fund budget are Property Tax, Local Income Tax, and Other Local Taxes including Recordation Tax, Service Fees, and Intergovernmental Grants. General Fund dollars are spent on Education, Public Safety, Debt Service, General Government, Courts, State Agencies, Community Programs, Public Works, Parks & Recreation, and sometimes support other funds through an intergovernmental transfer.

## MAJOR REVENUE TRENDS

The following information summarizes key revenue sources that affect the County's overall financial condition. External economic factors such as the unemployment rate, inflation and interest rates, and real property sales impact County revenues. Amounts reported reflect distributions received as of the reported date. The revenue graphs to the right reflect total actual revenues collected for each of the prior fiscal years and the projected total annual revenue based on existing trends for the current year.

**Real Estate Tax**

Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
129,808,316	133,181,416	3,373,100	2.6%	6.0%



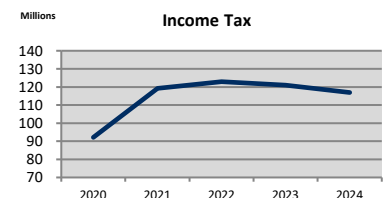
**Personal Property Tax**

Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
2,443,345	5,472,951	3,029,606	124.0%	57.2%



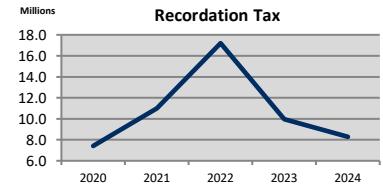
**Income Tax**

Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
168,520	0	(168,520)	(100.0%)	0.0%

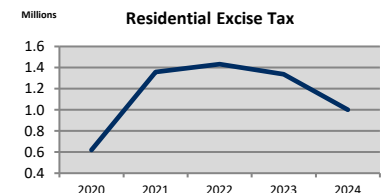


## MAJOR REVENUE TRENDS (CONTINUED)

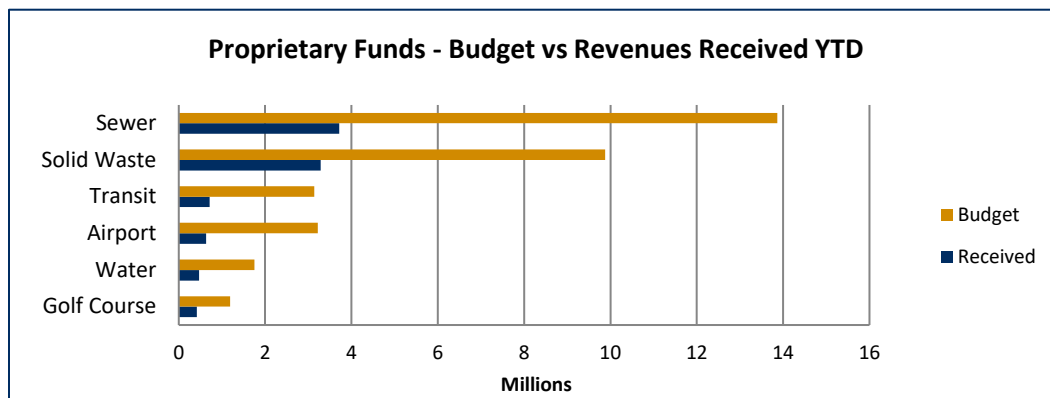
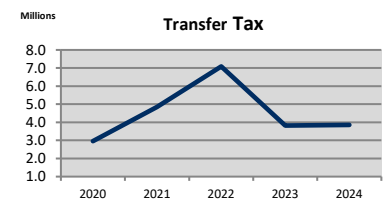
Recordation Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
1,918,322	1,954,837	36,515	1.9%	(41.9%)



Residential Excise Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
155,304	197,025	41,721	26.9%	7.9%



Transfer Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
780,462	913,166	132,704	17.0%	(24.3%)



## SUMMARY OF MAJOR EXPENDITURE ACTIVITY

Fund	Budget	Spent	Encumbered	Unexpended	% Expended
General	291.5	78.5	6.5	206.5	27%
Highway	13.0	3.2	0.4	9.4	24%
Solid Waste	9.9	1.8	3.3	4.8	18%
Water	1.8	0.4	0.0	1.4	25%
Sewer	13.9	3.3	0.2	10.4	24%
Transit	3.1	0.8	0.2	2.1	25%
Airport	3.2	0.8	0.1	2.3	26%
Golf Course	1.4	0.4	0.0	1.0	28%
Total	337.8	89.2	10.7	237.9	26%

The table 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. Funds expended and encumbered should average around 25% if not subject to seasonal fluctuation.

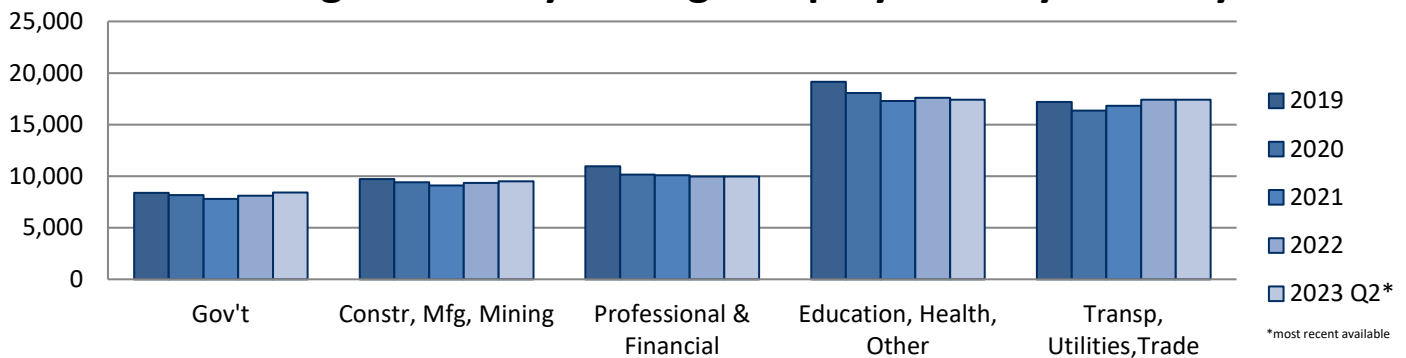
## FISCAL & ECONOMIC UPDATE

The first distribution of quarterly withholdings for income tax for FY24 will not be received until late November. However, the October distribution for delinquent taxes was received totaling \$3 million which was \$0.8 million over budget. Additionally, the first quarter disparity grant was received amounting to \$747,519 which is \$211,052 less than the prior year due to the change in income tax rate. FY24 is the first full fiscal year where the impact of changes in the tax rate from 3.0% to 2.95% will be recognized in distributions to the county. Personal Property tax receipts YTD are 57.2% higher than the prior year.

The unemployment rate at the end of September was 2.0% compared to 3.5% nationwide. While employment has remained relatively unchanged compared to the first quarter of FY23, the labor force decreased by 1,947 people or 2.65% on average resulting in a much lower unemployment rate compared to September of last year (3.8%). Permits issued for new residential homes in Washington County have decreased by -37.3% for the first quarter of the fiscal year. The total number of homes sold decreased by -16.8% (from 555 to 465) from the first quarter of FY23. Housing prices have continued to increase resulting in a quarterly average increase of \$22,409 or 7.3% from the previous year. As interest rates along with housing prices remain high, home sales will likely continue to decline due to the increased cost for borrowers. While demand continues to outpace supply the housing market remains competitive despite high prices and interest rates. The median days a home was on the market in Washington county was 11 and 9 for September of 2023 and 2022 respectively, representing a slight increase.

## EMPLOYMENT DATA

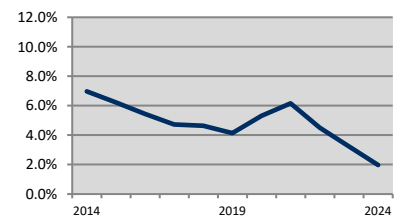
### Washington County Average Employment by Industry



### Employment Statistics - September

County				State	National
Fiscal Year	Number of Employed	Number of Unemployed	Unemployment	Unemployment	Unemployment
2023	69,940	2,730	3.8%	3.2%	3.5%
2024	69,601	1,453	2.0%	1.6%	3.8%

### Average Unemployment Rate

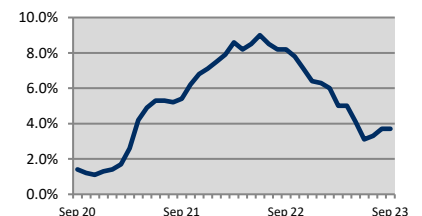


## SPENDING DATA

### Consumer Price Index (CPI)

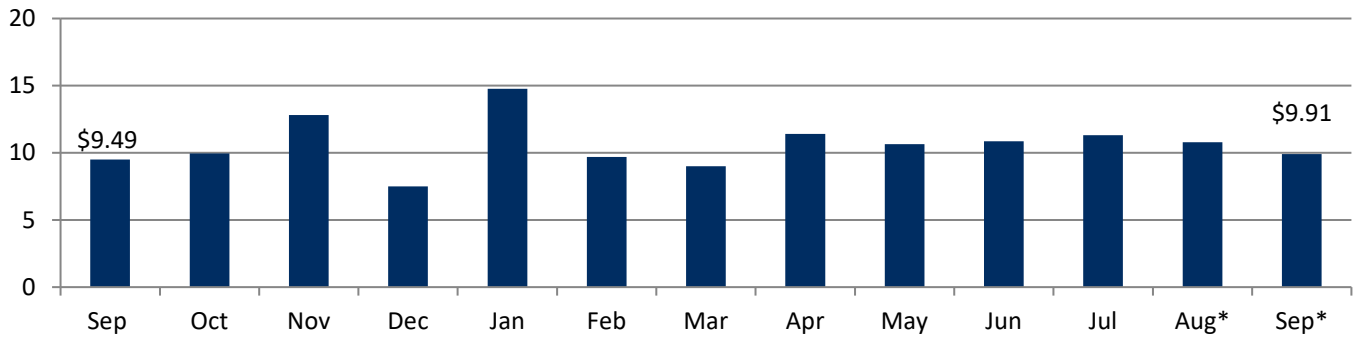
Current Period		Prior Period	
Index	Annual Change	Index	Annual Change
307.5	-4.5%	296.8	2.8%

### Annualized CPI



### Consumer Spending Patterns - Washington County Sales & Use Tax Collections

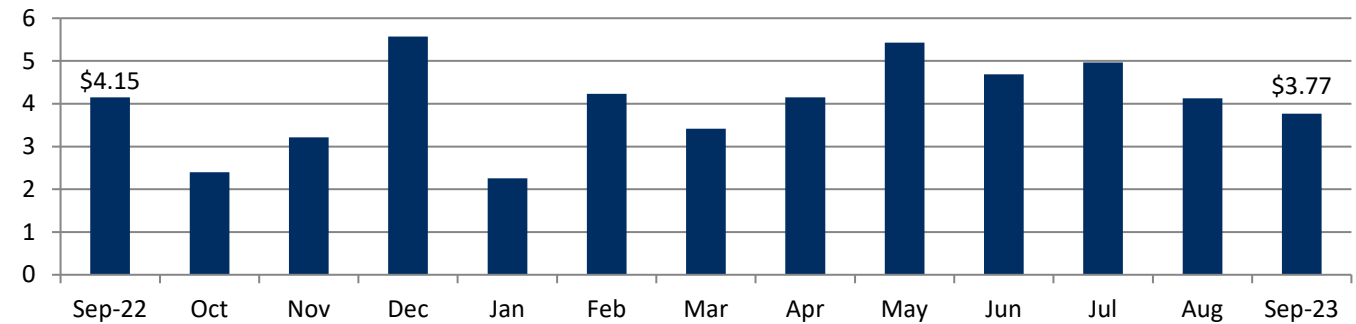
Millions



\* Due to Legislative changes, report is not available and has been estimated.

### Gross Lodging Revenues

Millions

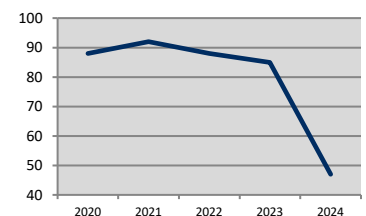


## HOUSING DATA

### New Residential Housing Permits Issued

Area	Prior YTD	Current YTD	Variance	
			# of Permits	% Change
Washington County	75	47	(28)	(37.3%)
City of Hagerstown	10	0	(10)	(100.0%)
Total	85	47	(38)	(44.7%)

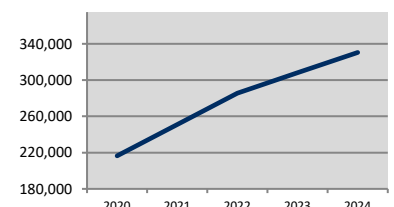
### New Housing Permit Activity



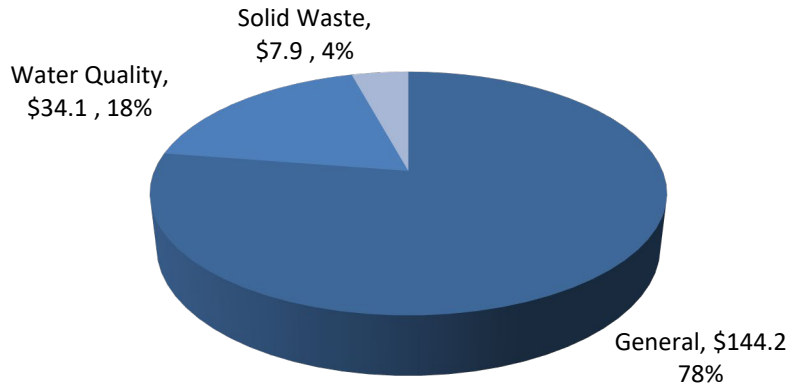
### Washington County Housing Statistics

Housing Activity:	2023 YTD	2024 YTD	% Change
Average Price Sold	308,045	330,453	7.3%
Total Units Sold	555	462	(16.8%)
Average Inventory	309	254	(17.8%)

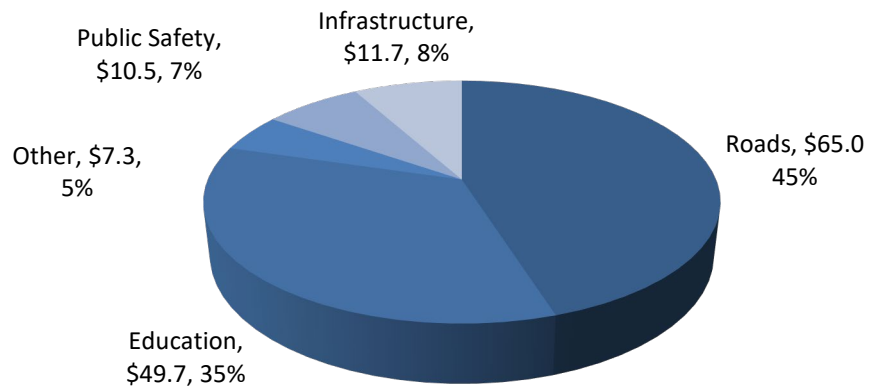
### Average Price Sold



## PROJECTED OUTSTANDING DEBT JUNE 30, 2024

**Projected Outstanding Debt FY 2024 - All Funds - \$186.2M**


The charts to the left represent current outstanding debt and anticipated borrowing for the current fiscal year ended 2024. Final determination of new bond issue amounts are typically made in the 4<sup>th</sup> quarter of the fiscal year barring any change in issuance patterns.

**Projected Outstanding Debt FY 2024 - General Fund - \$144.2 M**

**Bond Ratings**

Rating Agency	Fiscal Year 2023 Rating
Standard & Poor's	AA+
Moody's	Aa1
Fitch	AA+



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## STATEMENT OF PURPOSE

This report is designed to communicate the County's major financial trends for the indicated period since the issuance of the prior audited financial statements. The 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. This report includes information regarding some of the more notable recent developments that may impact County finances, along with summarized information relating to various operations within the County. 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.