



WASHINGTON COUNTY, MARYLAND

# FISCAL & ECONOMIC UPDATE

QUARTERLY REPORT

DECEMBER 2023



# Washington County

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AS OF JUNE 30, 2023

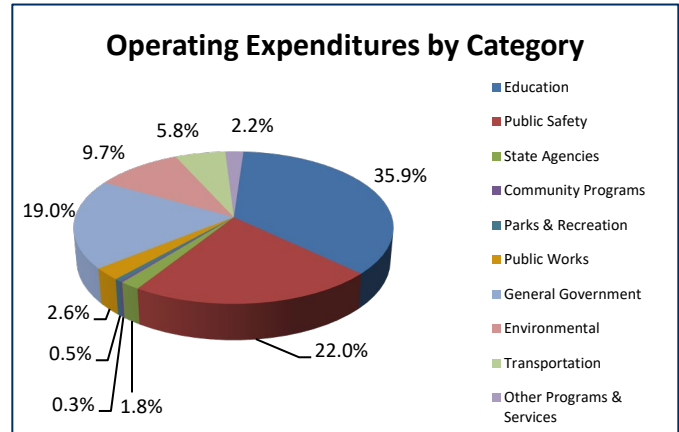
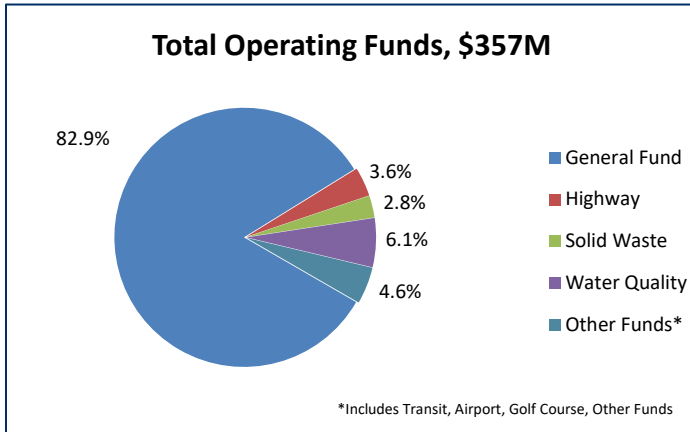
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Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is 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 155,590 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 FY2022, 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

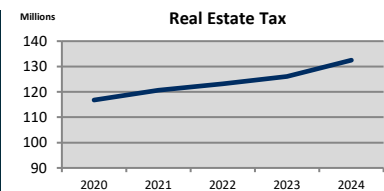


Washington County will spend approximately \$357 million annually on public services in FY2024. The General Fund budget represents the County's largest fund at \$296.1 million, or 82.9%. Major revenues that make up the General Fund budget are Property Tax, Local Income Tax, and Other Local Taxes including 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.

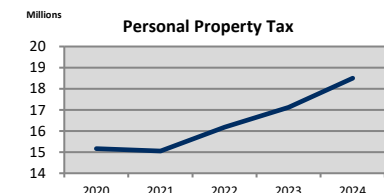
## MAJOR REVENUE TRENDS

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.

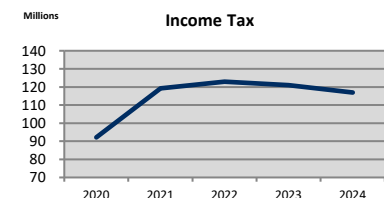
Real Estate Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
129,808,316	133,156,353	3,348,037	2.6%	6.0%



Personal Property Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
9,974,415	14,102,380	4,127,965	41.4%	28.9%

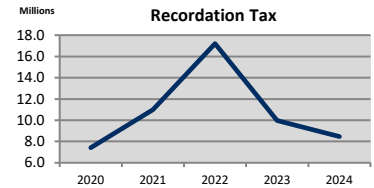


Income Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
30,613,467	34,280,379	3,666,912	12.0%	19.6%



## MAJOR REVENUE TRENDS (CONTINUED)

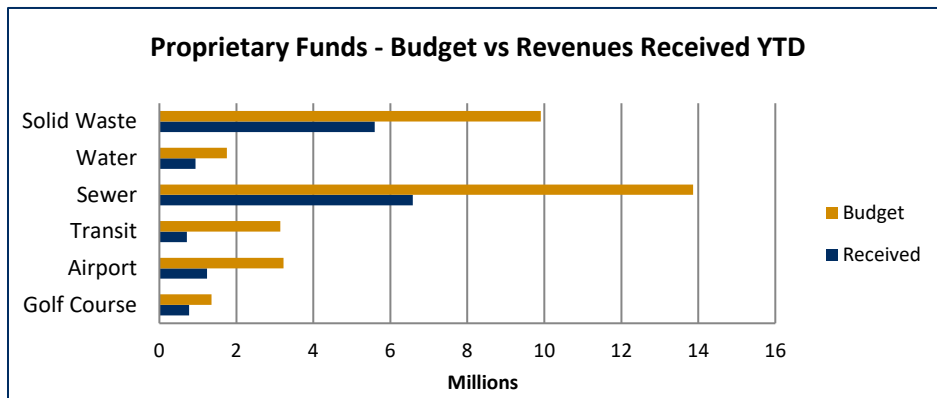
Recordation Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
4,018,827	4,023,251	4,424	0.1%	(27.9%)



Residential Excise Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
246,158	352,939	106,781	43.4%	(56.2%)



Transfer Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
1,755,779	1,787,696	31,917	1.8%	(13.9%)



## SUMMARY OF MAJOR EXPENDITURE ACTIVITY

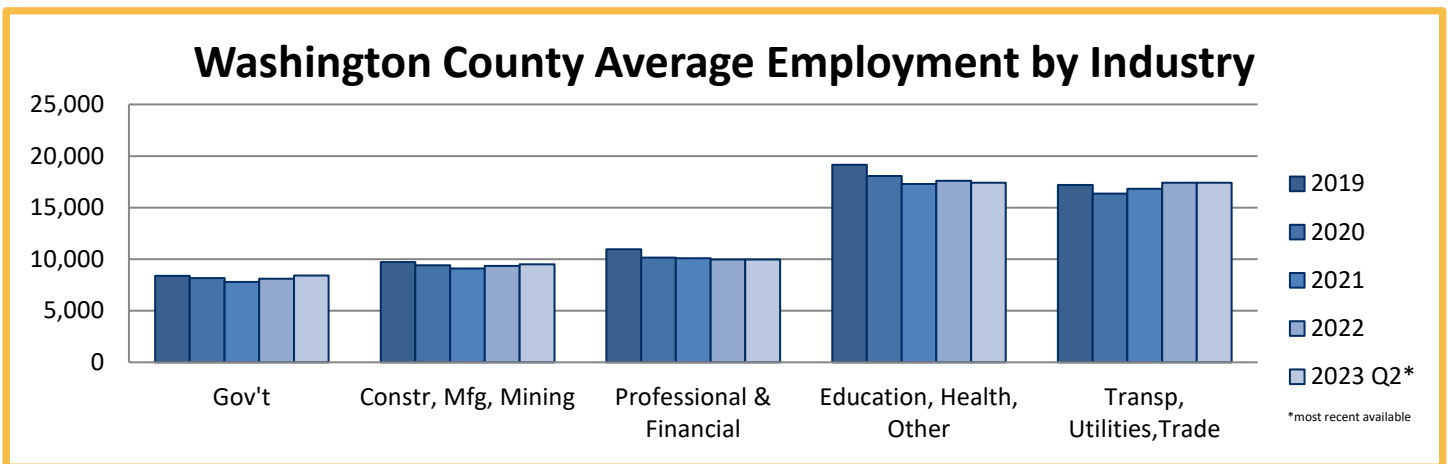
Expenditure Activity by Major Fund (in millions)					
Fund	Budget	Spent	Encumbered	Unexpended	% Expended
General	296.1	150.3	4.0	141.8	51%
Highway	13.0	5.9	1.0	6.1	46%
Solid Waste	9.9	3.8	3.2	2.9	38%
Water	1.8	0.8	0.0	1.0	44%
Sewer	13.9	6.6	0.2	7.1	47%
Transit	3.1	1.6	0.2	1.3	52%
Airport	3.2	1.6	0.1	1.5	50%
Golf Course	1.4	0.6	0.0	0.8	43%
<b>Total</b>	<b>342.4</b>	<b>171.2</b>	<b>8.7</b>	<b>162.5</b>	<b>50%</b>

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 50% if not subject to seasonal fluctuation.

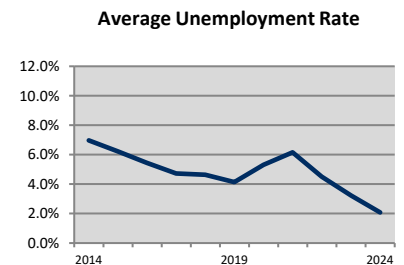
The first distribution of income tax quarterly withholdings for FY24 was received in November (July, August, and September 2023 withholdings) totaling \$22.8 million, a decrease of \$0.1 million from the comparative FY23 distribution, and is \$1.1 million less than budgeted. Tax Year 2023 withholdings declined by 0.7% and estimated payments declined by 9.0% from the prior tax year. The County also received a reconciling distribution of \$6.8 million in November, which was \$4.0 million more than budgeted. The current fiscal year is the first year where the full 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 29% higher than the prior fiscal year representing steady growth in personal property tax receipts.

The county unemployment rate at the end of December was 2.2% compared to 3.7% nationwide. Permits issued for new residential homes in Washington County have decreased by almost -19% through December when compared to the prior fiscal year. The total number of homes sold through December 2023 decreased by -7.5% (from 957 to 885) from December of 2022. Housing prices have continued to increase with YTD average sales up \$26,680, or 8.8%, from the previous year. As interest rates along with housing prices remain elevated, home sales will likely continue to decline due to the increased cost for borrowers. The housing market remains competitive with demand outpacing supply of homes, despite high prices and interest rates. The median days a home was on the market in Washington County was 20 and 9 for December of 2023 and 2022 respectively.

## EMPLOYMENT DATA

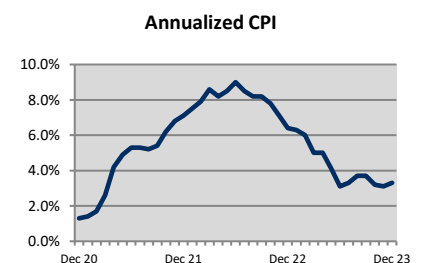


Employment Statistics - December					
County				State	National
Fiscal Year	Number of Employed	Number of Unemployed	Unemployment	Unemployment	Unemployment
2023	70,743	2,347	3.2%	3.0%	3.5%
2024	69,397	1,564	2.2%	1.9%	3.7%

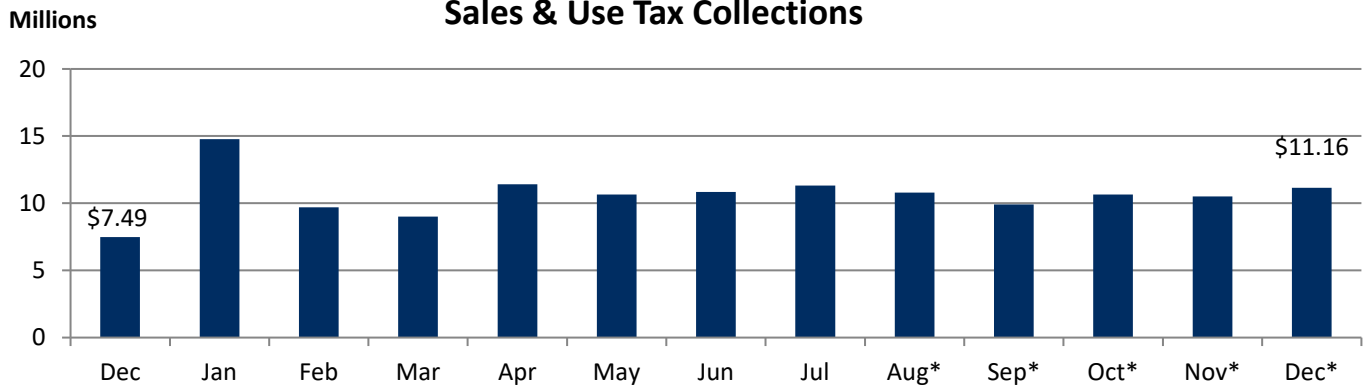


## SPENDING DATA

Consumer Price Index (CPI)			
Current Period		Prior Period	
Index	Annual Change	Index	Annual Change
308.7	-3.1%	298.1	-0.7%

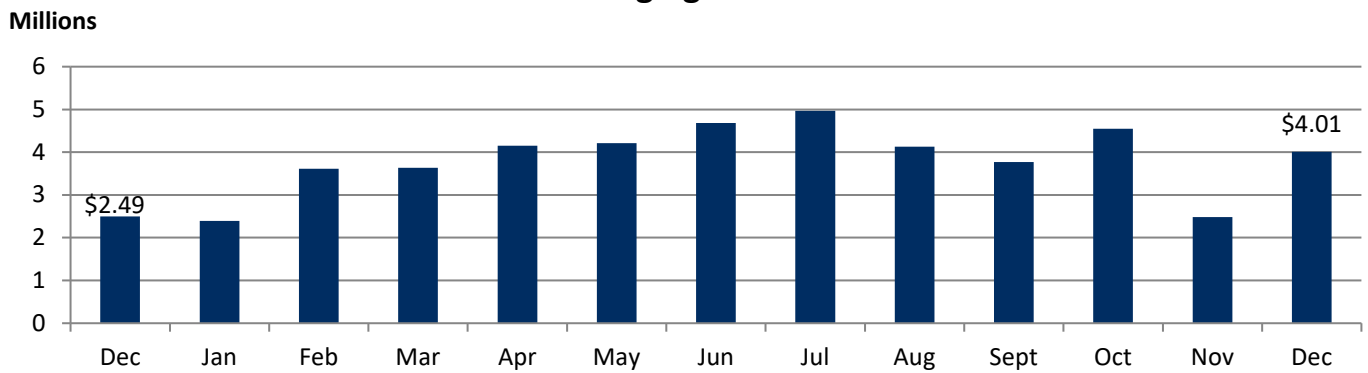


### Consumer Spending Patterns - Washington County Sales & Use Tax Collections



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

### Gross Lodging Revenues

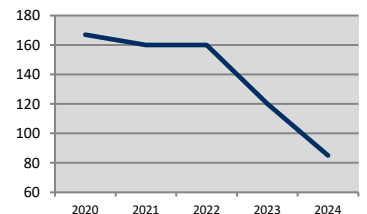


## HOUSING DATA

#### New Residential Housing Permits Issued

Area	Prior YTD	Current YTD	Variance	
			# of Permits	% Change
Washington County	95	77	(18)	(18.9%)
City of Hagerstown	25	8	(17)	(68.0%)
<b>Total</b>	<b>120</b>	<b>85</b>	<b>(35)</b>	<b>(29.2%)</b>

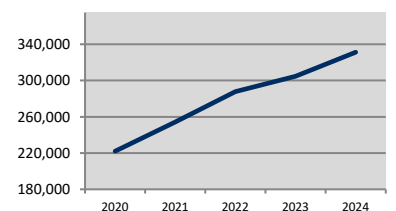
#### New Housing Permit Activity



#### Washington County Housing Statistics

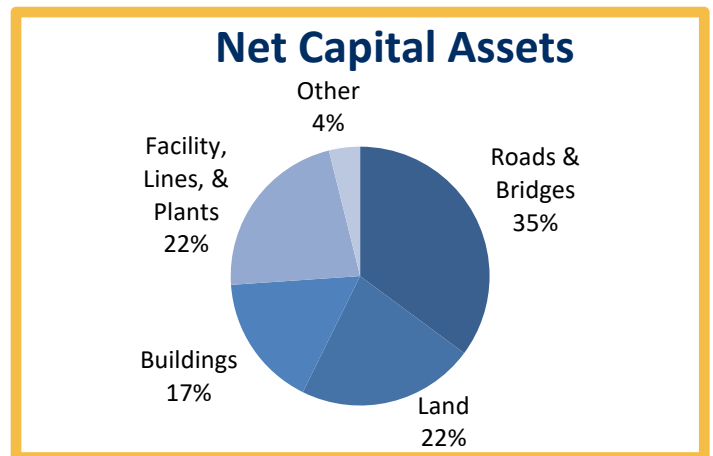
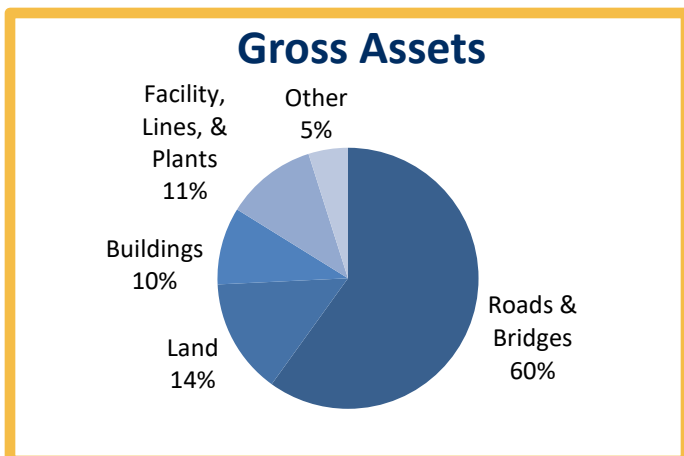
Housing Activity:	2023 YTD	2024 YTD	% Change
Average Price Sold	304,538	331,218	8.8%
Total Units Sold	957	885	(7.5%)
Average Inventory	300	250	(16.7%)

#### Average Price Sold



## TOTAL FIXED ASSET BASE AS OF JUNE 30, 2023

Washington County Total Fixed Asset Base as of June 30, 2023		
	Total Cost	Net Capital Asset
Land & Improvements	293,025,811	152,019,860
Buildings & Improvements	196,322,993	114,023,766
Facilities, Lines, & Mains	130,068,698	87,271,472
Treatment Plants	100,615,360	65,005,425
Roads & Bridges	1,227,266,872	241,180,196
Machinery & Equipment	23,949,514	6,116,867
Vehicles	32,806,718	11,613,950
Right to use - Land	274,065	234,289
Right to use - Vehicles & Equipment	4,967,628	3,876,866
Right to use - Software	2,904,661	2,464,260
Office Furniture	1,006,072	0
Computer Equipment	34,343,972	2,383,211
<b>Total</b>	<b>2,047,552,364</b>	<b>686,190,162</b>



# WASHINGTON COUNTY, MARYLAND



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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.