



WASHINGTON COUNTY, MARYLAND

FISCAL & ECONOMIC UPDATE

QUARTERLY REPORT

March 2023



Washington County

M A R Y L A N D

FINANCIAL STATISTICS

3

REVENUE TRENDS

3

SUMMARY OF MAJOR EXPENDITURE ACTIVITY

4

EMPLOYMENT DATA

5

SPENDING DATA

6

HOUSING DATA

6

INVESTMENTS

7

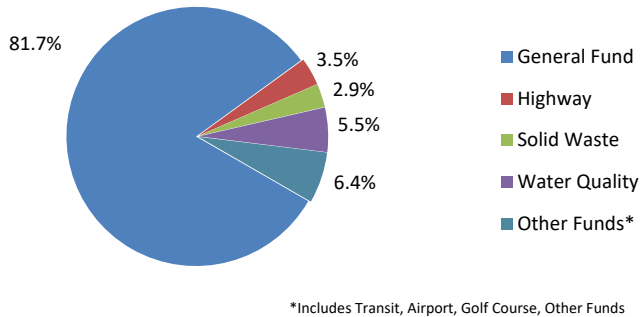
Washington County is located in northwestern Maryland, bordered by Pennsylvania to the north and West Virginia to the south. It is bordered on the east by Frederick County, Maryland and on the west by Allegany County, Maryland. Washington County is approximately 70 miles from Washington, D.C. and Baltimore, 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.

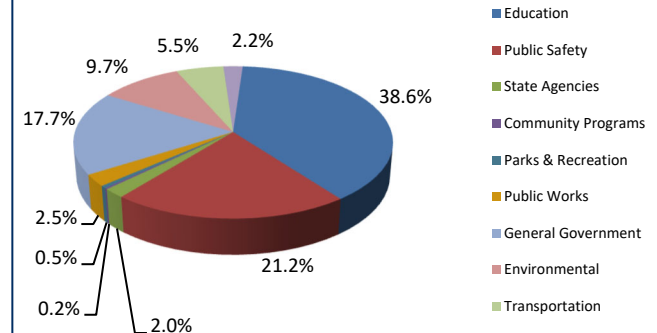
Population Rank	11th
Property Tax per capita	20th
Per pupil local funding	18th
Expenditure per capita	24th
Revenue per capita	22nd

FINANCIAL STATS

Total Operating Funds, \$341M



Operating Expenditures by Category



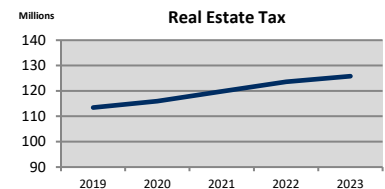
Washington County will spend approximately \$341 million annually on public services in FY2023. The General Fund budget represents the County's largest fund at \$278 million, or 81.7%. Major revenues that make up the General Fund budget are Property Tax, Local Income Tax, and Other Local Taxes including 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.

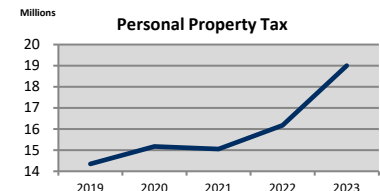
Real Estate Tax

Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
122,128,770	126,074,847	3,946,077	3.2%	2.2%



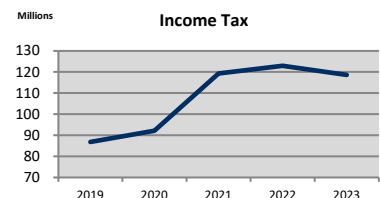
Personal Property Tax

Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
12,995,723	17,095,942	4,100,219	31.6%	15.4%



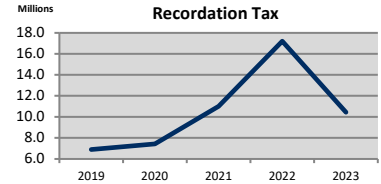
Income Tax

Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
63,633,948	70,294,101	6,660,153	10.5%	(2.0%)

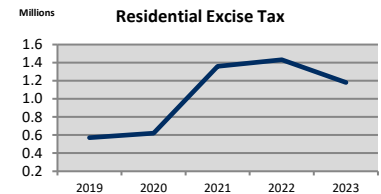


MAJOR REVENUE TRENDS (CONTINUED)

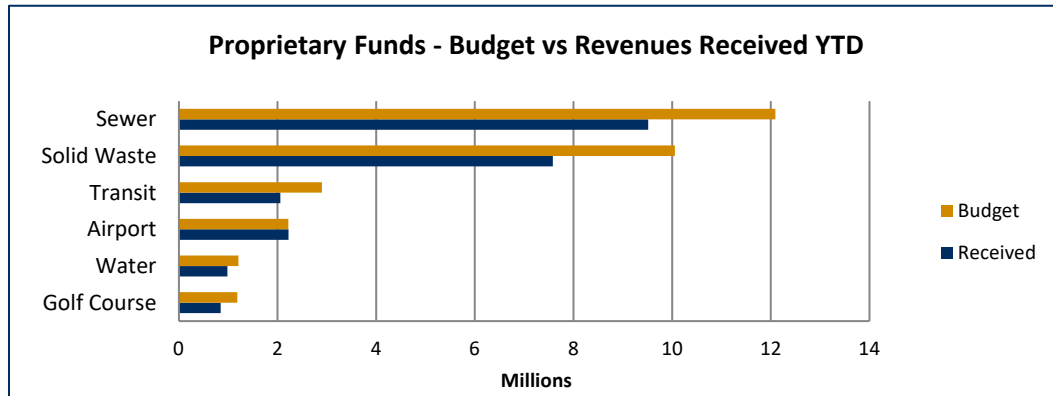
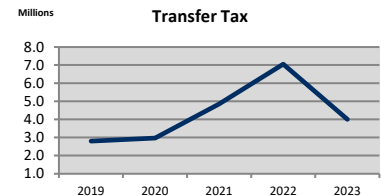
Recordation Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
4,993,204	7,352,176	2,358,972	47.2%	(38.2%)



Residential Excise Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
407,161	1,037,755	630,594	154.9%	(8.4%)



Transfer Tax				
Year-to-Date		Budget Variance		Actual Growth
Budget	Revenues	\$	%	PY vs. CY %
1,764,426	2,830,904	1,066,478	60.4%	(44.8%)



SUMMARY OF MAJOR EXPENDITURE ACTIVITY

Expenditure Activity by Major Fund (in millions)					
Fund	Budget	Spent	Encumbered	Unexpended	% Expended
General	278.8	208.2	4.2	66.4	75%
Highway	11.8	8.2	0.2	3.4	69%
Solid Waste	10.0	7.0	2.5	0.5	70%
Water	1.2	0.8	0.0	0.4	67%
Sewer	12.1	8.6	0.2	3.3	71%
Transit	2.9	2.1	0.2	0.6	71%
Airport	2.2	1.6	0.1	0.5	71%
Golf Course	1.2	1.0	0.1	0.1	85%
Total	320.2	237.5	7.5	75.2	74%

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 75% if not subject to seasonal fluctuation.

FISCAL & ECONOMIC UPDATE

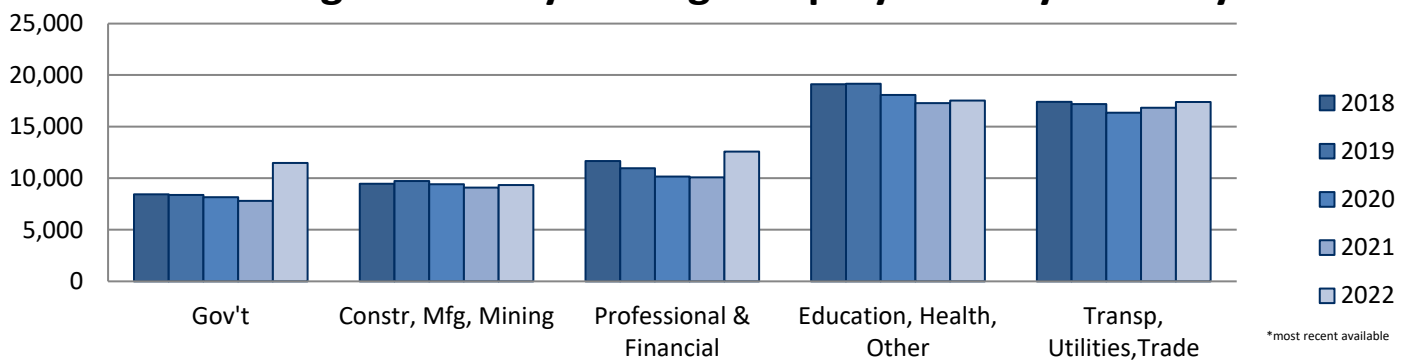
Income tax revenue at the end of the third quarter of FY23 totaled \$70.3M and compared to the same time last fiscal year (\$71.7) is an overall decrease of (-2%) or \$-1.4M. Income tax is projected to end FY23 at \$116.0M which is approximately \$6.6M higher than the FY23 budget of \$109.4M. Current year base wages (income) grew by 1.2% over the prior year. This growth rate is in line with the national GDP growth rate of 1.1%. Higher interest rates, the pullback in lending from banks and the gradual weakening in the labor market will combine to slow growth as the year continues. This is a clear indicator that the labor market recovery is nearing completion. It is still unclear when the slowdown will turn into a recession, regardless, the economy is beginning to weaken. As banks become more reluctant to extend new credit, capital spending by businesses will decline.

Grocery prices fell in March by -0.3% for the first time since 2020. Even with the recent decline, food prices are still up 8.5% over the previous year. Food prices are expected to continue to remain elevated. Crude oil is down from \$90 per barrel last October 2022 to between \$75 and \$85 per barrel this spring.

The unemployment rate in Washington County at the end of March was 2.7% compared to 3.5% nationwide. The unemployment rate has steadily decreased since the pandemic resulting in increases in withholdings for earned wages. Permits issued for new residential homes in Washington County have decreased year over year by -20.9% (177 to 140). Nationwide, sales of existing homes continue to slide; and, sales fell -2.4% in March vs February 2023. Home sales are trending at the slowest pace in a decade. March's dip was driven by increasing mortgage rates and low inventories. The total number of homes sold has decreased by -28.5% (from 1,745 to 1,247). Although the average price (\$301,053) of homes sold in Washington County has increased by 3.4% over the prior year, it has decreased from an average of \$308,610 at the end of September 2022 and \$305,084 at the end of December 2022. Real home prices are still more than 20% above what economists think are a healthy level and over 40% higher than at the start of the pandemic.

EMPLOYMENT DATA

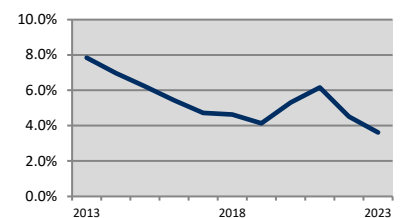
Washington County Average Employment by Industry



Employment Statistics - March

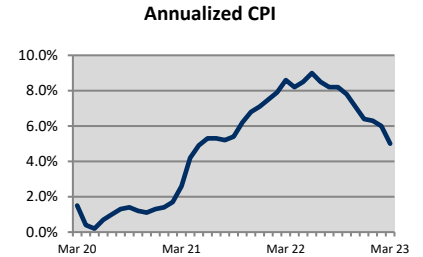
Fiscal Year	County			State	National
	Number of Employed	Number of Unemployed	Unemployment	Unemployment	Unemployment
2022	69,865	3,115	4.3%	4.6%	3.6%
2023	70,538	1,928	2.7%	2.7%	3.5%

Average Unemployment Rate

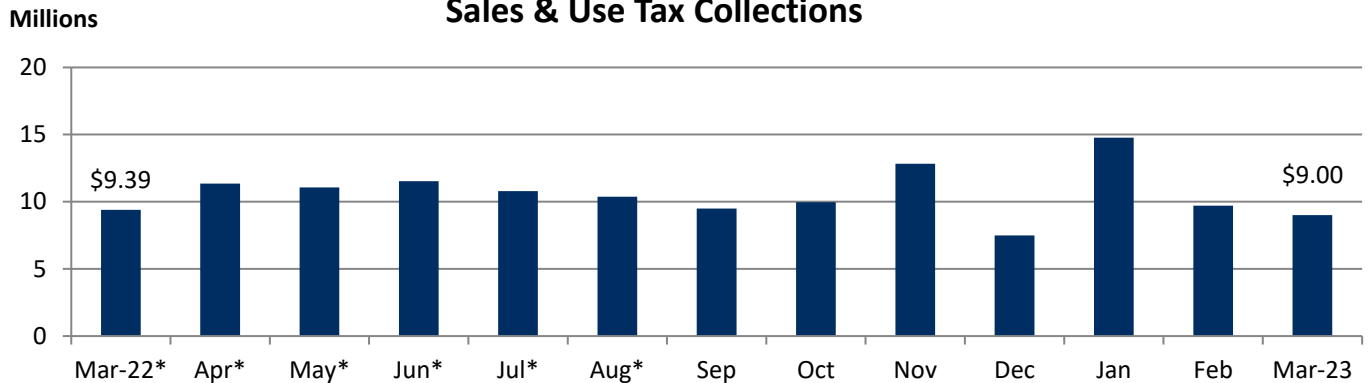


SPENDING DATA

Consumer Price Index (CPI)			
Current Period		Prior Period	
Index	Annual Change	Index	Annual Change
301.8	-3.6%	287.7	6.0%

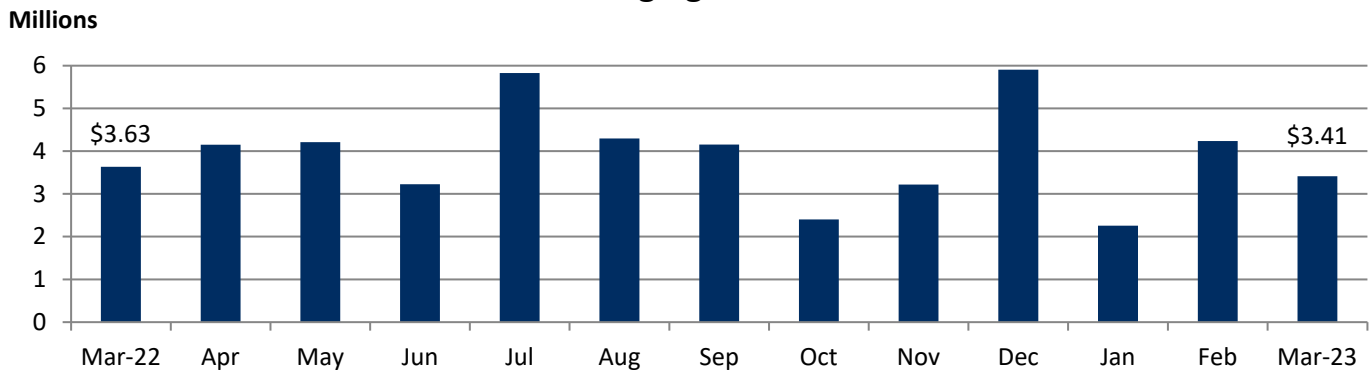


Consumer Spending Patterns - Washington County Sales & Use Tax Collections



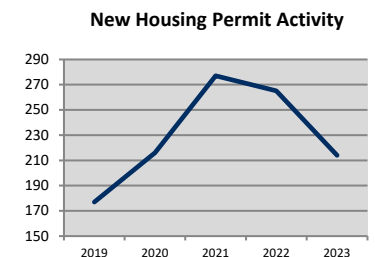
* Due to Legislative changes, report is not available and has been estimated.

Gross Lodging Revenues



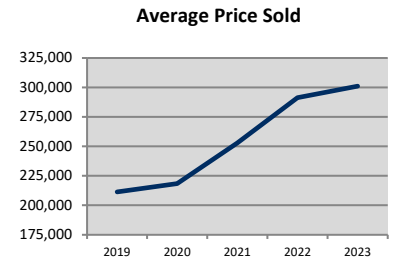
HOUSING DATA

New Residential Housing Permits Issued				
Area	Prior YTD	Current YTD	Variance	
			# of Permits	% Change
Washington County	177	140	(37)	(20.9%)
City of Hagerstown	88	74	(14)	(15.9%)
Total	265	214	(51)	(19.2%)



HOUSING DATA (continued)

Washington County Housing Statistics			
Housing Activity:	2022 YTD	2023 YTD	% Change
Average Price Sold	291,260	301,053	3.4%
Total Units Sold	1,745	1,247	(28.5%)
Average Inventory	248	236	(4.8%)



INVESTMENTS

Year-to-Date Investment Activity				
Investment Type	Settlement Date	Maturity Date	Yield	Cost
Treasury Note	6/30/2022	5/15/2023	2.840%	9,970,730
Treasury Note	6/30/2022	6/15/2023	2.850%	9,994,754
Treasury Note	8/2/2022	6/30/2023	3.020%	9,742,720
Treasury Note	9/30/2022	6/30/2023	4.080%	19,987,631
Treasury Note	9/30/2022	4/15/2023	3.840%	9,987,138
T-Bill	11/16/2022	5/18/2023	4.467%	19,561,817
T-Bill	12/14/2022	6/15/2023	4.605%	19,548,600
T-Bill	12/14/2022	11/30/2023	4.555%	9,575,875
Treasury Note	12/14/2022	9/30/2023	4.519%	9,675,751
T-Bill	3/8/2023	9/7/2023	5.062%	9,752,442
Treasury Note	3/8/2023	12/15/2023	5.115%	9,626,953
Treasury Note	3/8/2023	3/31/2024	5.190%	9,699,609
Treasury Note	3/8/2023	11/15/2023	5.050%	9,846,094
Treasury Note	3/8/2023	12/31/2023	5.160%	19,600,000
			4.311%	\$176,570,114

WASHINGTON COUNTY, MARYLAND



John F. Barr
County Commissioner, President
jbarr@washco-md.net

Jeffrey A. Cline
County Commissioner, Vice President
jcline@washco-md.net



Derek Harvey
County Commissioner
dharvey@washco-md.net

Wayne K. Keefer
County Commissioner
wkeefe@washco-md.net



Randall E. Wagner
County Commissioner
rwagner@washco-md.net

John Martirano
County Administrator
jmartirano@washco-md.net



100 West Washington Street



Hagerstown, Maryland 21740

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.