Synopsis of County Financial Situation

- 2019 Commissioners enact the "Treatment of Carry-Over Amounts" Policy
  "The Treasurer's Office will treat any carry-over amounts from a department budget in the following manner. Any entry will be carried over into the next years' budget in the corresponding line. This practice will become effective with the 2020 budget year and continued thereafter."
  "Carry-over" is effectively "fund balance". It did not take into consideration overspent line items or under collected revenues.

This practice was carried out years 2020, 2021, 2022, 2023 and 2024 on unaudited figures which started the depletion of the fund balance (aka surplus and carryovers)

The practice of this policy completely ended in the creation of the 2025 fiscal year budget.

The reason the cashflow shortage was undetected because the ARPA funds were in 2021 and 2022 in the total $6.1 million. So cashflow was available for the County.

According to an unaudited projection, provided by the County Auditor:

- The County reduced the budgets by use of carryovers and then did the action again mid-year, increasing the deficit as shown below:

Washington County - 2022 - 2024 Fiscal Years - Unaudited Revenues & Expenditures Summary

		Actual Unaudited Results	Budgeted use of Fund Balance	
			0.00	Use of surplus
			-1,445,016.00	Carryovers
2022 Fiscal year adjusted revenues		8,233,482.15	-100,000.00	Contingency
2022 Fiscal year adjusted expenditures		-9,603,322.93	-1,301,361.00	Subsequent approval of prior carryovers
	a	-1,369,840.78	-2,846,377.00	
			-325,000.00	Use of surplus
			-1,301,361.00	Carryovers
2023 Fiscal year adjusted revenues		8,948,504.98	0.00	Contingency
2023 Fiscal year adjusted expenditures		-10,342,550.71	-1,613,460.00	Subsequent approval of prior carryovers
	b	-1,394,045.73	-3,239,821.00	
			0.00	Use of surplus
			-1,613,460.00	Carryovers
2024 Fiscal year adjusted revenues		10,281,666.30	0.00	Contingency
2024 Fiscal year adjusted expenditures		-11,704,989.81	-2,082,601.00	Subsequent approval of prior carryovers
	c	-1,423,323.51	-3,696,061.00	
Estimated and Unaudited Annual Surplus:				
2022 Fiscal year	a	-1,369,840.78		
2023 Fiscal year	b	-1,394,045.73		
2024 Fiscal year	c	-1,423,323.51		
	d	-4,187,210.02		
Audited General Fund Balance:				
2021 Fiscal year	d	1,563,477.74		
Estimated and Unaudited General Fund Balance				
2024 Fiscal year	d	-2,623,732.28		

- 2025 is the first budget that did not reflect carryovers. Reserves were cut during the budget process and funds, such as liability insurance, were not raised due to the thought “reserves” existed for those operating funds. They didn’t.
- While the County was experiencing cash flow issues over the year 2021-2024, the ARPA funds cash were transferred to the general fund to be used for cash flow, until the Tax Anticipation Note (TAN) could be established by February of the each year.
- The Sheriff’s building project in whole was completed and paid for by the ARPA funds, however the cash for the project basically came from the 2025 TAN.
- This leaves the County the inability to pay back the 2025 TAN which is $7,612,174. Combined with the unaudited back deficit of $2,623,733 and the projected 2025 cash shortfall of $700,000, the team has produced the need for a general obligation bond of $11,000,000. Projected interest on the life of the loan at 6% would be $3,654,706.26. The deadline for the State ballot referendum is August 22, 2025 in which it has to be sent to the Secretary of State.

  The County plans to be able to pay the loan off sooner with better fiscal planning such as changing from a calendar year for operation to a fiscal year like the State and most municipalities. Eventually, this action would help to eliminate the need for a TAN for operations, thus saving money on interest. The County would begin year of operation July 1^{st}, issue tax bills with a due date of September 1^{st}. When municipalities would then pay the county tax by October 31^{st}. From a cashflow standpoint, the County would only have to operate July 1-October 31^{st} without the county tax payments coming in, versus the current situation January – September without many payments; thus causing the requirement for the TAN.