

TO: Washington County Commissioners
Washington County Budget Committee
FROM: Susan Lessard, Municipal Consultant
DATE: November 17, 2025
RE: Finance & 2026 Budget

The purpose of this memo is to provide information related to the current financial situation in Washington County as well some thoughts on ‘what comes next.’ I am a recently retired Town Manager with 45 years of experience in local government and long-term familiarity with the accounting software utilized by Washington County. I volunteered to look at the structure of the accounting system, help staff work through getting the records into an auditable condition, and help determine more concisely ‘how you got where you are today.’

In determining a path forward with the 2026 budget it is important to understand that this situation is not the result of an ‘event’ – it is the result of long-term budgeting practices that ‘carried forward’ funds for use in subsequent year budgets, accounting practices that did not correctly post annual budgets, and did not record all transactions in a timely manner, which was complicated by the receipt of over \$6 million in ARPA funding that masked the problem until it became obvious when the County completed construction of the public safety building in 2025. The result was a tax anticipation note for 2025 that is more than twice the tax anticipation note taken in 2024.

Years of using this ‘carry forward’ method artificially suppressed the amount of money needed to operate the county and depleted all cash resources that the County had. This has made the County budget impact lower on communities than it should have been to provide services that the County is mandated to provide.

It is my understanding that communities in Washington County are considering paying off their ‘share’ of the 2025 tax anticipation note to avoid adding it to the 2026 budget or creating a default situation for the County. This would be feasible way to allow the County budget to just reflect the cost of providing county services. In truth, if the budget process had not utilized carry-forwards which decimated fund balance or overspent the County ARPA allocation – communities would have paid an equivalent amount in county taxes over the past seven or eight years to cover the actual cost of operating the county. Unfortunately – instead of having these costs paid in the years that they were accrued – there is now a big hole. The best advice I can give is to stop digging.

The proposed 2026 expense/revenue budget (not including any debt service to deal with the 2025 tax anticipation note and some minor adjustments) – reflects the actual cost of running the county – includes items that were omitted in prior years budgets, such as property and casualty insurance, adds the additional costs of a new public safety building, honors previously approved staffing, and does not rely on non-existent carry-forwards. It is important to also remember that the proposed percentage budget increase over prior years is primarily because not enough money was budgeted in prior years to cover the costs of services. It is no longer possible to do that.

It is my understanding that there are proposals to reduce non-union hourly workers' hours and reduce staffing in an attempt to reduce the budget to compensate for the 'hole' created by the lack of carry-forwards that were formerly budgeted. I would respectfully caution against taking such steps, because without fully examining the workload of the departments that would be impacted, the County could find itself in an equally difficult position. There is not less work to do, there are not fewer service demands, law enforcement calls, or administrative work in catching up on financial recordkeeping and audits. Overestimating revenues for multiple years is at the root of the issue. Current county employees did not create this situation, and reducing hours and eliminating positions will have a negligible effect on the bottom line financially – but a HUGE impact not only on County services – but also on the morale of the dedicated employees who work for the county.

You are all to be commended for doing the exceedingly difficult work necessary to get the County on a sustainable financial footing. Thank you for the opportunity to comment on this matter, and if you wish, I am happy to continue to volunteer to help County staff get financial recordkeeping up to date and provide information to assist with a fiscal year change for the County.