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Carroll County Independent

County treasurer resigns, criticizes delegation's 2015 budget

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OSSIPEE — County Treasurer Jack Widmer of Tuftonboro submitted a letter of resignation last Saturday, April 4, to Karen Umberger (R-Kearsarge), chairman of the Carroll County Delegation.

The delegation consists of all 15 elected state representatives from Carroll County. It is responsible for approving the county budget.

A copy of Widmer's letter is printed in the Letters to the Editor section of today's edition on page A8.

Widmer has served as country treasurer for five years and was re-elected last November. He is also Tuftonboro town treasurer and Tuftonboro's representative to the Governor Wentworth Regional School District board.



JACK WIDMER (Elissa Paquette photo) ([click for larger version](#))

Widmer's resignation was precipitated by the county borrowing \$567,000 this year under his direction to pay 2014 bills. This led Umberger to send an email to him and the three Carroll County commissioners on April 4 stating, "we need to get to the bottom of the \$567,000 overspending in 2014. I have heard all kinds of things from the revenue was not sufficient to we didn't put money in for the [nursing home] bond. All of that aside. According to DRA [state Department of Revenue Administration] we reported a \$2.9 million dollar surplus (MS45) in 2013 and removed just over \$1 million to reduce taxes for 2014. This should have left us with [a] \$1.9 million surplus. Somehow that surplus has evaporated during 2014...."

Widmer responded to Umberger's email stating, "I am distressed that at this late date there is nothing but finger pointing going on so the delegation does not have to take responsibility for the mess they have created with the 2015 budget. We did not overspend 2014 but delayed paying 2014 bills until 2015 because we did not have enough cash flow from the taxes raised to pay for the borrowed money which was due to the bank by December 31. We then had to dip into the borrowed funds for 2015 to pay the outstanding bills for 2014.

"I am not willing to spend any more time trying to explain how the delegation has put the county in such a horrible financial state.

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"I will be forwarding my letter of resignation (as Representative [Gene] Chandler urged) to you, the members of the the delegation, the commissioners and the local newspapers...

"I wish you well in resolving this issue."

The 2015 county budget of \$28.7 million was formally approved by the delegation in a special meeting in Concord on March 25.

Widmer's perspective

Contacted by phone by this reporter, Widmer gave an explanation of how the county came to face a \$2 million anticipated shortfall in 2015.

He began by pointing out that the county operates through most of the year on a line of credit, borrowing to pay its expenses, until it receives tax revenues from county towns in December. Those funds are due by Dec. 17. At that point the line of credit is paid down, only to be drawn against the following year.

The amount of the line of credit is determined by the revenue estimate of the amount to be raised by taxes, as approved by the county delegation. In 2014 that limit was set at \$15 million, out of a total \$27 million budget (the other source of revenue were from fees, primarily from the nursing home). Actual revenues from fees were \$800,000 less than the estimate because of Medicaid cuts and other factors affecting the nursing home. That left the county with not enough money to pay all of its 2014 bills until the 2015 line of credit became available. The \$567,000 borrowing was needed to pay bills left over from 2014 due to the revenue shortfall.

"There was no overspending," Widmer emphasized. "The report of expenses against budget shows that."

The underlying problem, according to Widmer, is that the county has no "Undesignated Fund Balance" or reserve to fall back on. Normally towns and counties aim to build up a surplus of revenues over expenses to serve as a cushion against revenue shortfalls, such as abatements granted, or extraordinary expenses. The DRA recommends an Undesignated Fund Balance of 10 percent of the budget, which for Carroll County in 2014 should have been \$2.7 million.

Carroll County has no Undesignated Fund Balance, according to Widmer, so there is no reserve to draw on.

That situation dates back to 2011 when the new Mountain View Community nursing home was completed and the first payment on the bond was due. The county budget should have been \$2 million higher to cover that payment but the final budget did not include that extra amount. Instead the reserve was used to make that payment, and for the next three years the process was repeated by the delegation until there was no reserve left.

In 2014, as Umberger notes in her email, the delegation used \$1 million of what it thought was a \$2.9 million reserve to reduce tax assessments.

Widmer said he provided the delegation with a spreadsheet on the Undesignated Fund Balance that showed the problem, and last November he also presented an debt service analysis to make clear the impact of the bond payments on the budget. He feels he has done his best to make clear the nature and extent of the coming budget crisis to delegation members and that is why he wrote in his email, "I am not willing to spend any more time trying to explain how the delegation has put the county in such a horrible financial state."

The solution, which Widmer sets out in his letter, is to ask taxpayers to pay the bond payments for the nursing home and increase the 2015 tax assessment by \$2 million to do so. Otherwise the county will find itself at the end of 2015 with a \$2 million deficit.

He said he also feels that the delegation should function as the county's board of directors and not try to

micromanage the county commissioners. The delegation knows about most of the upcoming budget by December but then spends until the end of March micromanaging the details. Widmer says in his opinion that's not the right way to do it.

Umberger responds

When contacted on Tuesday, April 7, Delegation Chair Umberger said she was disappointed by Widmer's decision to resign. "He's done a wonderful job. I am sorry he resigned."

She said the delegation is scheduled to meet on Friday, April 24, to discuss the matter. She said in the meantime she is gathering information on county finances in preparation.

"It's time to address the problem," she said.

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