

# The Siskiyou County Budget Process

## Summary

The 2021-2022 Civil Grand Jury decided to examine how the budget process works in Siskiyou County. We did not concern ourselves with the funds in the budget, but with how the County budget is developed and monitored. The development of the County's annual budget is one of the largest processes impacting the citizens of Siskiyou County. The budget controls all the public services that are provided by the County. For fiscal year 2021-2022 the County is planning to spend an average of \$3,500.00 per County resident. This includes such services as law enforcement, transportation, public health, roads, agriculture, and emergency services. This does not include expenditures and fees from incorporated cities or districts not under the control of, or managed by, the County. We should note that a large segment of this budget is funded through State and Federal funds, which come with specific spending restrictions the County must follow. The Civil Grand Jury was further encouraged to pursue understanding of the County budget process because of a frustrating experience encountered with their own current year's budget.

During the interview process we met with appointed and elected officials, and persons with direct involvement with budget preparation. It became apparent that there was a great deal of conflicting testimony. Discrepancies may have been directly related to the isolationism caused by COVID lockdowns over the prior two years. This time has been challenging for all in the County, and especially new staff who seem to be moving forward in a positive way.

The budget process is difficult and time consuming for all parties. There are improvements already identified by administrative staff which could make a difference in the future. It is encouraging that staff has begun this process.

To a large extent the budget results seem to be driven by the preparation process instead of planning and priorities. As the County noted in this year's budget request to departments, "This year we are asking that you keep budget status quo, based on the Board of Supervisors' approval on September 21, 2021. We will, of course, take into

consideration salary increases and other established costs that have or will increase.” This seems to set a foundation for “status quo” and does not, however, adequately address changes within the County or priority shifts.

## **Background**

Siskiyou County is governed by a five-member Board of Supervisors, each representing a specific district. The members are elected by the citizens and serve a four-year term. As noted on the Siskiyou County web page, “the Board serves in various capacities which include reviewing and approving department budgets, purchase of capital assets and has budgetary authority for County departments. The Board examines and studies State and Federal regulations, which affect Siskiyou County and its departments and people.” The County prepares the budget once during each fiscal year. The Siskiyou County fiscal year runs from July 1 through June 30<sup>th</sup>. The County budgeting process occurs between January and September.

Siskiyou County has a population of approximately 45,000 residents, of which about one-half live within incorporated cities and districts. Within the County the nine incorporated cities and 11 districts have their own elected officials and budgets. The cities and districts govern themselves, but the County does provide some State-mandated services and controls. Incorporated cities and districts are not included in the County’s budget.

## **Methodology**

During review of the County’s budget process the Grand Jury collected several documents that the County uses to prepare their budget. Additionally, interviews were conducted with over one dozen individuals from different County administrative levels, who either participate in compiling the budget or contribute input.

## **Discussion**

The final Siskiyou County budget is over 500 pages. It is available to the public for review on the [County’s website](#). It is also available at the County Clerk’s Office for limited review. Anyone may purchase a copy through the Clerk’s Office at a cost of \$.50 per page, or \$250.00 for the entire report. Publicly available copies of the budget have different formats.

The Siskiyou County budget is approximately \$157,000,000. It is complex and difficult to understand unless one has public budget experience or was involved with its preparation. In most years, the County's general fund makes up roughly one-third of the total budget. This is the portion of the budget over which the County officials have the most control. A savings of just 1% in this portion of the budget can result in nearly half a million dollars in funds that could be diverted to more pressing priorities.

The County has a budget team, sometimes referred to as a panel or committee. It is comprised of seven members. There seems to be varying opinions on team size, membership, and function. Many of the members are recently employed with the County and have yet to attend a budget team meeting. The budget team members seem to be appointed by the County Administrative Officer (CAO). Some members have little knowledge of budget development. The budget team did not meet in person last year due to COVID, but completed their work communicating via email, phone, and video conferencing.

The budget process follows a calendar that is adopted by the Board of Supervisors each fiscal year. Below is a summary of that calendar.

### **Summary of the Siskiyou County Budget Calendar**

- 1<sup>st</sup> thru 3<sup>rd</sup> week of January: Mid-year budget review process for current year.
- February 15: County Administrator presents Board of Supervisors with a current mid-year review, a budget plan for the next fiscal year, as well as a budget development calendar.
- March 18: Budget materials distributed to departments.
- March 25: Final personnel change request submitted to personnel manager and budget team.
- April 15: Department budgets due back to budget team and Auditor-Controller office.
- April 18 - May 20: County budget team reviews the budgets submitted, hold hearings, recommends changes, and tries to reconcile any issues with departments and appeals by departments to County Board of Supervisors.
- June 1: Board publishes notice throughout the County that the proposed budget is available for review by citizens and conducts public hearings on the proposed budget.

- June 6: Deadline for all departments' purchases.
- June 7: County Administrator will provide recommended budget to Board for budget hearing.
- June 14: Board to conduct public hearing, may make changes and approve the budget preliminarily.
- June 14<sup>th</sup> - September 23<sup>rd</sup>: Budget changes will be allowed.
- August 5: Deadline for departments to submit accruals.
- August 12: All budget and personnel changes submitted to budget team.
- September 20: Board of Supervisors conducts hearing and approves budget.
- December 1: Final budget is determined and adopted and filed with County Clerk by the Auditor.

This is a brief summary of Siskiyou County's budget calendar. For more details see the complete calendar on the County's web site.

Departments prepare their own budgets with help from the Auditor's Office on personnel costs and general County allocations. Historical information is a large factor in putting together an individual department's budget. Budgets that do not meet the historical criteria are frequently reviewed and questioned by the budget team, seeking justification for increases. Departments that do not spend all their funds are subject to future year reductions since their historical numbers will be lowered. The Civil Grand Jury is concerned that a "spend it or lose it" philosophy is currently part of the budget process for some departments. Currently no system of rewards is in place to encourage budget related creativity or savings. There may be subsequent annual budget reductions if the current year's budget amounts are not spent!

Most departments monitor their budget progress internally. Departments that monitor their own expenditures use a system which they have developed or purchased, such as Microsoft Excel or Intuit QuickBooks. These internal review tools may not be the same in all departments. Departments indicated that the County's accounting system, Banner, is not timely enough, nor does it address some of their departmental needs. The departments periodically reconcile their system with the County system. This is a duplication of effort but is considered appropriate or necessary by most County department heads.

Most departments have fiscal staff to prepare and monitor budgets. Their staff also submit income and expenditures to the Auditor's Office and act as financial managers. Most departments enter information into their own bookkeeping system and the County system. There are over 70 positions identified as fiscal staff within the County including the Auditor's Office. The total number of employees in Siskiyou County is approximately 700.

The majority of budget transfers, except personnel expenses, can be made by department heads if the transfers are between line items within the department's budget. Opinions differ markedly about the transfer process. Budget increases or transfers from one department to another must be approved by the Board of Supervisors.

Each department has a budget for personnel costs for "X" number of employees. If a department has a vacancy during the fiscal year, and that vacancy is not filled, the associated personnel cost cannot be used or transferred to another cost area within the department. Personnel costs are a major part of the County budget. The vacancy funds cannot be transferred without the Board of Supervisors' authorization. These budgeted personnel costs created by a vacancy may or may not be returned by departments to the General Fund during the current fiscal year, only at the fiscal year's end.

Not all County departments prepare a budget. Small departments, advisory boards, districts, or voluntary departments have no staff or advocate to speak on their behalf, the budget team determines those budgets, and in some cases without input. Due to a lack of representation, those preparing these budgets may not realize the tasks required for agencies to complete required projects, some mandated or constitutionally required.

The budget team is where departments present their budgets. The budget team reviews, requests information, and may question the departments about their budget. Except for department appeals to the Board of Supervisors, the budget team makes the final recommendation about a department's budget to the County.

The Grand Jury did not find that departments receive specific budget guidance. Historical information plays an important role and is a large guiding factor in generating the overall budget. Proposed budgets are discussed and adjusted by the budget team and are then consolidated into the County budget. The Grand Jury is aware that interplay occurs

throughout the year between departments, County Administration and the Board of Supervisors which has a positive impact on future budgets.

The County budget currently has a 'provisions fund', sometimes referred to as a contingency fund, which consists of unassigned funds within the budget that are used for emergencies or as the Board of Supervisors designates. The fund amount is uncertain.

The findings and recommendations contained herein may be of minimal cost, with some possible savings for Siskiyou County.

## **Findings**

F1: Accessibility of the approved budget on the County web site and limited review in the County Clerk's Office may not serve the needs of all citizens.

F2: Reviewing the County budget is difficult for the public and staff to understand.

F3: Publically available copies of the fiscal year budget have different formats which makes use, understanding, and comparison difficult.

F4: Unspent personnel costs, the largest part of the County's budget, is left to accumulate in department budgets when vacancies occur until year-end. If unaddressed, this accumulation of unspent funds then becomes unavailable for needed uses and transfers during the current fiscal year.

F5: The County accounting system, Banner, is being supplemented and or duplicated by many users across most County departments.

F6: The strong emphasis on historical data in budget preparation has created an environment that restricts flexibility and the incentive to save.

## **Recommendations**

R1: The Board of Supervisors should provide an approved copy of the County budget in all public libraries, by September 30, 2022, allowing citizens the opportunity to review it on their time.

R2: The Board of Supervisors should attach a summary glossary of important terms, and acronyms, with definitions to all copies of the budget to help citizens and staff to understand the budgeting terminology by August 31, 2022.

R3: Copies of the budgets available to the public at the County Clerk's, Auditor's Office and County web page should use the same format by September 30, 2022.

R3b: The Board of Supervisors should incorporate a summary of the budget, prepared annually by the County Administrative Officer titled "Budget Highlights," anywhere the budget is made available for review by September 30, 2022.

R4: The Board of Supervisors should consider a periodic review, perhaps quarterly, to evaluate unspent personnel funds under County control, identifying funds that the County could use for changing priorities during the fiscal year by September 30, 2022.

R5: The Board of Supervisors should oversee the development of a system to assure that all fiscal personnel be made aware of and trained on Banner's capabilities by December 31, 2022.

R5b: To reduce duplication of accounting systems, the Board of Supervisors should establish a panel to evaluate all departments' accounting needs and systems currently in use. This should include possible modifications to Banner system by June 30, 2023.

R6: To deemphasize the use of historical data in budget preparation, the Board of Supervisors should encourage departments and the budget team to react to changes and priority shifts in preparing budgets accordingly by January 1, 2023.

R6b: The Board of Supervisors should provide additional direction by communicating to all department heads and staff a set of County priorities and goals prior to the beginning of each year's budgeting process by January 1, 2023.

## **Requested Responses**

Pursuant to Penal Code 933 and 933.05 the Grand Jury requests responses from the following elected officials within 60 days:

Siskiyou County Board of Supervisors  
Finding # 1 through 6  
Recommendations #1 through 6

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that report of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.