



Sutter County, California:

How We Worked to Get Our Fiscal House in Order

By Nathan Black, Auditor-Controller



Finding new solutions to challenging issues is a common theme among local governments, especially when it comes to budgeting and finances. In California, for example, municipalities are being challenged by liabilities resulting from unfunded pensions and other post-employment benefits (OPEB). A government unable to fulfill its financial promises to its citizens is a government that will quickly lose credibility with its citizens. This can lead to people leaving the state to find better opportunity elsewhere. To help solve some of these pressing issues, municipalities are turning to unified financial software to help get their fiscal house in order and improve their fiscal health for the long term. Here's how Sutter County turned these liabilities into opportunities:

STEP ONE: COMMUNICATE CRITICAL FINANCIAL INFORMATION

Located in Northern California, Sutter County is home to almost 100,000 residents. One of our goals at the auditor-controller department is to communicate important, complex financial information to our citizens and stakeholders in an easily understandable format. With that goal in mind, in 2018, Sutter County produced the first ever comprehensive annual financial report (CAFR) in the county's history. In a single year, we went from a simple audit report to a new, comprehensive CAFR, which included extensive documentation, supporting materials and

discussion of our operations as well as photos to thoroughly inform necessary parties of the financial health of the county.

We also produced a popular annual financial report, also known as the PAFR, or a citizen's report. Unlike the CAFR's 200-plus pages, the PAFR is eight or 12 pages, which is far more digestible for the reader. It's one way we can synthesize down the difficult, complex data into an easy-to-understand financial format, making it much more effective in reaching a greater number of people.

STEP TWO: LEVERAGE TECHNOLOGY TO STREAMLINE AND IMPROVE EFFICIENCY

Completing the CAFR historically takes a significant amount of time, sometimes several months. Sutter County took the added step of digitizing the CAFR as it was being built to allow for more efficient compilation in the future. With the help of CentralSquare, the newly-built CAFR was engineered in a way that allowed us to dynamically pull the financial figures from our general ledger upon opening the application, as opposed to having to print all of the schedules from our general ledger and manually key in the outputs that were required in the CAFR. This has streamlined CAFR production tremendously – up to 80 percent of it is now automated, allowing the department to focus on other urgent priorities.



STEP THREE: ENSURE DATA QUALITY

The integration of technology solutions is absolutely key in the 21st-century workplace. Software used across departments must talk to other systems, particularly the financial systems. Without integration, data often has to be input more than once. Not only is it extremely inefficient to have one person key in information then have another person key in that very same information later, but it also impacts quality control because the human error component comes into play. By turning a manual process into an automated one, higher data quality results because fewer people have worked with the data.

FINAL RESULT

Technology can have a tangible impact at every level of the financial process, from accounting to reporting. Instead of relying on a temporary fix to solve a permanent problem, such as increasing taxes to raise more revenue for our jurisdictions, we need to figure out a better way to become more efficient and reduce our expenditures. Digitizing the CAFR is the first step to this critical process of understanding the root problems. We can leverage tools that are designed to help us gain greater value from the limited resources we have to resolve many of the financial challenges facing governments today.