

# PLUMAS COUNTY

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## CALIFORNIA Administrative Officer



**TO:** Honorable Chair and Board Supervisors

**FROM:** Debra Lucero, CAO

**MEETING DATE:** July 9, 2024

**SUBJECT:** CAO Report 6/01/24 – 6/30/24

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### BUDGET PROCESS

June 25, 2024 Transmittal Letter to the BOS that accompanied the Budget Book

In light of the Budget Hearing on June 18, 2024 and an Open Letter dated June 18, 2024, and signed by David Hollister, District Attorney; Todd Johns, Sheriff; Cindie Froggatt, Assessor; Martee Nieman Graham, Auditor; Julie White, Treasurer-Tax Collector and Mimi Hall, Supervisor-Elect, please accept my revised letter for the Recommended 2024-25 Budget.

#### Open Letter – June 18, 2024

The Open Letter has several inaccuracies or misrepresentations but I am only going to address those that are most material.

- 1) Page 3 – 4<sup>th</sup> paragraph reads: *“It is true that Plumas County has used Fund Balance to close prior budget gaps, but budget advisors during several years without a CAO worked to keep use of fund balance to far below \$1M to balance annual budgets. However, it is **not** a historic trend ...”*

The charts below shows a 10-year look at past budgets which can be found on the County’s website and demonstrates the County was relying on fund balance to balance the budget ranging from approximately \$800,000 in FY 2015-16, to more than \$1.8 million beginning in FY 2016-17 and every year thereafter.

<b>Analysis of Budget Book Schedules 2016-2025 for General Fund</b>				
Information was taken from Schedule 1 and Schedule 4				
2015-16	Expenditures	Revenues	Deficit	Fund Balance
	\$32,509,614.00	\$31,704,562.00	<b>\$805,052.00</b>	\$805,052.00
2016-17				
	\$32,851,647.00	\$30,968,087.00	<b>\$1,883,560.00</b>	\$2,827,235.00
2017-18				
	\$34,955,980.00	\$32,556,026.00	<b>\$2,399,954.00</b>	\$1,699,964.00
2018-19				
	\$36,418,751.00	\$32,838,901.00	<b>\$3,579,850.00</b>	\$5,671,618.00
2019-20				
	\$38,812,091.00	\$35,348,200.00	<b>\$3,463,891.00</b>	\$3,170,115.00
2020-21				
	\$40,490,554.00	\$36,429,372.00	<b>\$4,061,182.00</b>	\$3,661,182.00
2021-22				
	\$40,699,801.00	\$37,311,472.00	<b>\$3,388,329.00</b>	\$3,011,823.00
2022-23				
	\$44,562,773.00	\$41,399,583.00	<b>\$3,163,190.00</b>	\$8,053,739.00
2023-24				
	\$51,091,809.00	\$42,439,091.00	<b>\$8,652,718.00</b>	\$15,571,208.00
2024-25				
	\$57,616,932.00	\$47,282,674.00	<b>\$10,334,258.00</b>	\$6,891,163.00

To be clear, I am in agreement that this is not a good practice and while there have been a variety of contributing factors, it is going to take a committed, multi-year approach among all leaders in Plumas County to reverse this trend.

The June 18, 2024, Open Letter also states: *“(The Budget) ... regurgitates the same narrative from the past eighteen months by pointing a finger to others for responsibility to provide solutions that ‘need(s) to be addressed by the leadership team.’ Absent is a clear roadmap from the CAO/County Budgetary Officer with best practices such as documented timelines, objectives, strategies and measures for success to assure the County’s progress towards that future.”*

Creating a documented timeline, objectives, strategies and measurements, such as a Strategic Plan, including budget processes, is essential and requires cooperation from the entire leadership team. The CAO is the primary individual responsible for facilitating the discussions with the leadership team and making policy recommendations to the Board of Supervisors, and we have attempted to do so. However, without the cooperation and participation of all appointed and elected department heads, we will not be effective.

The Open Letter also raises concerns relative to the term “roll-over” budget, and public statements regarding this term were raised during the budget hearing. Please note, it was never my intention to undermine Plumas County employees by using this term and I apologize if it was interpreted in that manner.

There are several benefits to moving the adoption of the budget up to June, but my primary reason for this approach is to allow for spending on capital projects to begin from July – September, rather than having to wait until after the budget is adopted in September and the construction is delayed until the spring due to weather. This should not be interpreted as indicating prior budgets were done incorrectly, but instead, a way to make us more efficient.

Finally, the Open Letter states: *“The 2024-2025 Recommended Budget, like the prior year, proposes increased expenditures without the revenue to pay for them, and it is balanced by one-time fixes with no concrete, sustainable long-term financing strategy.”*

As referenced above, relying on one-time funds has been a practice of Plumas County for many years. However, if I am understanding the concerns of those who signed the Open Letter, I am in complete agreement that we should reduce our reliance on one-time funds as well as develop a long-term financing strategy. Unfortunately, many of the challenges we face accumulated over multiple years and it will take a multi-year approach to address the issues. It will require updated policies that must be adhered too by all staff, and in some cases will require significant up-front costs to replace existing systems.

Without these actions, Plumas County will continue to struggle in understanding and preparing informed and realistic budgets to the Board of Supervisors. Considering our current circumstances, it requires all of us to be even more diligent in monitoring our expenses so that any potential overruns are identified and corrected as quickly as possible.

### Employee Compensation

As we are all aware, personnel costs make up the majority of expenses in any local government agency. In addition, there is likely close to unanimous agreement that Plumas County does not have the resources to offer salaries that are competitive with many other counties, much less competitive with public sector positions. However, the Board has made it a priority to increase compensation as much as possible.

You may recall that on March 1, 2022, the Board approved salary adjustments for elected officials, increasing compensation by 25.67% to 61.94% depending on the position. In addition, on June 5, 2022, the Board approved equity adjustments for Department Heads ranging from 2.3% up to 45%. These actions, while needed, have now set an expectation for line staff to receive equity adjustments as well which will put an additional strain on the budget.

Since 2022, rank and file employees received the following pays raises.

- **OE3 General Unit – 6%**
- **OE3 Mid Management Unit – 6%**
- **Public Works Unit - 20% plus another 2% July 2024**
- **Public Works Mid-Management Unit – 20% plus another 2% July 2024**
- **Sheriff's Department Unit – 23%**
- **Sheriff's Mid-Management Unit – 23%**
- **Confidential Unit – 8.5%**
- **Probation Unit – 11.5%**
- **Probation Mid-Management Unit – 11.5%**

This year, the Board of Supervisors prioritized increasing pay and proposed up-to-a-10% increase for all employees except those who have already had recent salary level adjustments (Sheriff's Department, Child Support, Public Works). Additionally, this would not apply to department heads or elected officials. The potential pay increase was proposed at this time so we could calculate the costs and include the calculations in the budget. Also proposed is up-to-a-20% increase for Social Services which is severely behind in pay equity compared to other counties. Meet and confer with unions must still occur.

For this reason, I felt it was important to be transparent and demonstrate to the Board and the public that funding is included in the budget to absorb some of the compensation increases that may be approved through the negotiation process. Please note that if those funds are not needed, they cannot be spent on something else without Board direction and in all likelihood, will result in additional fund balance heading into FY 2025-26.

The Board wants pay raises to occur without relying on one-time monies which is always the preferred scenario. However, we should also keep in mind that much of the one-time funding we have available is a result of salary savings since we have not been able to fill positions. As a result, if it is still the priority to increase wages so that Plumas County can attract more employees; the actual costs, vacancy rates, etc. will need to be closely monitored to ensure Plumas County is not forced into a position of making workforce reductions in future years.

The up-to-10%-across-the-board raises for General Fund employees would have a budget impact of \$1.34 million annually, while the Non-General Fund increases amount to \$1.46 million annually. Together, the above potential and approved raises in this budget alone amount to \$5.4 million annually. Please note that this assumes all positions are filled for the entire year which is not reasonable. However, it is the most conservative budget approach and any year-end salary savings can be used to offset compensation increases for a 2 – 3 years while we identify other ways to increase revenue and reduce expenditures, ideally without having to reduce services.

### Other Funding Sources

Counties across the state have seen significant revenue increases as a result of ARPA, COVID and LATCF funds. In addition, due to natural disasters Plumas has received FEMA funding to offset the costs of those events. These are all one-time funds, a portion of which have been used to balance the budget.

### Fiscal Year 2024/25 Priorities

The following is a summary of high-level priorities the CAO's Office, along with our Executive Leadership team of elected and appointed department heads, should continue focusing on over the next 12 months:

- **Understanding and creating better internal financial controls.** On this note, the Cost Plan for our County is woefully inadequate and is managed by the Auditor-Controller who is attempting to get it up to date. The Cost Plan enables grantees (county user departments) to recover costs incurred in the administration of a grant, entitlement or any form of assistance from the Federal, State, or other agencies outside the county. This is a revenue area that needs attention.
- **Truing up budget obligations.** On this note, days before we were to publish the budget, the Auditor-Controller found a \$2 million journal error. The Annex mortgage payment had not been journaled since 2021 and the Treasurer-Tax Collector had not transferred necessary funds from a subfund so the General Fund took another \$2 million hit just before we published.
- **Greater transparency and accountability in all areas of County financial affairs.**
- **Utilizing technology and/or outside consultants to assist under-staffed departments.**
- **Serving the citizens of Plumas County more effectively and efficiently.**

### Recommended Budget Summary

This year's \$156 million Recommended Budget includes a \$57.5 million General Fund with a proposed reserve of \$6.5 million per the County's Fiscal Policy. Last year was the first year - in at least six years - that this reserve policy was fully funded. The General Fund increased by 15% between the hearings due to adding back in positions and retirement expenditures in one department that were not included in the previous budget.

Addressing the deficit will require a combination of the following and each one of these would require a strategy and a plan – not something I would develop in a vacuum but with a team of professionals and those in charge of key financial functions within the County:

## Increasing Revenues:

1. **Tighten internal financial processes for better revenue and expenditure control:** Do month-end processes, year-end processes; make payments timely to state and federal agencies to avoid fines or fees. (Please note, I have been asking for a report on late fines or fees for months from the Auditor-Controller due to the fact the Treasurer-Tax Collector received \$36,000 in fines for missing deadlines recently.) We need to investigate investment strategies for more yield; collect taxes, fines and fees more vigorously; enforce leases on county-owned land; review fees that have not changed in years; sell surplus property the County owns; hold timely tax property sales.
2. **Proposed sales tax increase:** A  $\frac{3}{4}$  percent sales increase would bring an additional \$2 million to the county, according to proponents. This may be essential to maintain County services.
3. **Economic Development Initiatives:** Encourage business growth and attract new families to Plumas with incentives; continue to support nonprofits and businesses with grant opportunities so they can continue the vital work they are doing.
4. **Tourism Promotion:** Encourage the expansion of the Feather River Tourism Association to cover the entire County in 2025. FRTA is doing an excellent job marketing the County's many features and attractions. Along with this, the County needs to make a pledge to vigorously collect TOT taxes to enhance this effort as well as strengthen one of our largest revenue sources.
5. **Property Development:** Develop unused or underutilized county-owned land for commercial or residential purposes, either through direct development or partnerships with private developers.
6. **Fee Adjustments:** Review and adjust fees - some of which have not been adjusted in more than a decade.
7. **Public-Private Partnerships (PPPs):** Continue to collaborate with private entities on infrastructure projects or service delivery to leverage private sector expertise and resources.
8. **Grants and Funding:** Actively seek out and apply for state and federal grants that align with county priorities, such as infrastructure improvements, economic development, social services, corrections, trails, etc.

## Reducing Expenditures:

1. **Operational Efficiency:** Have Department Heads conduct a thorough review of operations to identify inefficiencies and areas for streamlining processes, reducing duplication, and improving productivity.
2. **Outsourcing:** Continue to outsource services to specialized vendors or neighboring counties to reduce operating costs while maintaining service quality.
3. **Staffing Optimization:** Review staffing levels across departments and implement measures such as eliminating vacant positions. Look to Department Heads to evaluate workflows and consider new or different employee positions and technology.
4. **Technology Investments:** Invest in technology solutions such as automation, digitalization, and data analytics to improve operational efficiency and reduce the need for manual labor or redundant processes.
5. **Energy and Resource Conservation:** Implement energy-saving measures, such as installing energy-efficient lighting, optimizing HVAC systems, and promoting water conservation, to reduce utility costs for county-owned facilities. We are actively doing this with the Engie Project (**See Page 22 For a synopsis of this project**).
6. **Consolidation of Services:** Explore opportunities to consolidate or merge certain County services or departments to eliminate duplication of efforts and achieve economies of scale.

Our total General Fund Opening Fund Balance is \$20.2. This budget assumes a 2% property tax growth rate and a 3.9% growth in General Fund revenues. Our overall growth rate is estimated to be about \$842,000 after analyzing the past twelve years of taxes and assessments.

Position allocation for FY24-25 for the final recommendation is 420.746 Full-Time Equivalents (FTEs). This budget eliminates three vacant positions from the General Fund which have remained open for one year without being filled in the following departments:

Building - 1  
Probation – 2

Solving a deficit is not just about increasing revenues. While County staff can recommend the Board update our fee schedules to ensure full cost recovery where allowable, and should be done as quickly as possible, the majority of revenue comes from taxes and any increases must be approved by the voters.

As a result, we must also consider reducing positions, particularly those that have been vacant for more than one year, in order to present a balanced budget. With the suggestions at the June 18<sup>th</sup> Budget Hearing, we have added back in 15.02 positions, bringing the total vacancies to 84.695 which remain unfilled and allocated as of the publishing of this budget. These positions are worth approximately \$8 million. It will be important during the next budgeting cycle to strategically eliminate unfilled positions to bring the county's projected vacancy rate from 20.3% to 10% in the next budget cycle, while also recognizing that if warranted, positions can be reinstated at any time upon approval by the Board of Supervisors. This is a constantly changing scenario as people retire, quit or are hired. There is currently legislation that will affect vacancy rates in government positions which may become law in January 2025.

In addition to requested and negotiated pay raises, it should be noted that potentially 238 employees of our 401 allocated positions or nearly 60% of the workforce for the upcoming fiscal year, will receive a 5% Merit or Longevity pay increase. These increases will cost the County nearly \$1 million in addition to any proposed raises. Also, the County is obligated to pay out accrued and unused comp time, vacation pay and a portion of sick leave (depending on years of service) for retirees. This is estimated to be about \$400,000 for the next fiscal year.

It's clear that we cannot keep pace with needed raises and obligations and continue to do business in the same manner. We must look at increasing revenues and decreasing expenditures as outlined above; and other cost-savings measures.

This year's Budget does have bright spots with the Engie Energy Project to reduce PG&E costs and increase efficiencies as well as replace aging equipment such as generators, HVAC systems and more. Much of our equipment is approaching 20 years old or older. Even with the cost of the project, it is projected to save the county upwards of \$130,000 annually.

The County's new jail will be fully operational and the Public Works and the Sheriff's Department should be commended for coming in at or near budget. We still do not understand, however, how operating the new jail may impact the budget.

The new Budget also assumes capital improvement projects that are long overdue at County facilities such as libraries, parking lots, roads, and parks. We will continue to look for good-fit grant opportunities and state revenues to assist with these projects.

Five new positions are being added in the following Departments - all are as a result of being required by law or are grant-required or being funded as a result of the Dixie Fire:

#### **Behavioral Health**

- 2 Behavioral Health Therapists - required by State Law and paid with state funds.

## **CAO's Office - Grant Management**

- .333 Extra Help position required for Quincy/Chester BRE Grant (paid from grant funds)
- 1 Recovery Coordinator Position, (Three-Year Sunset Position) proposed to be funded by PG&E Settlement Funds. This position will coordinate with the Dixie Fire Collaborative and maintain Dixie Fire-related mitigation and disaster recovery grants

## **Planning**

- 1 Executive Assistant in Planning to assist with approximately 17 grants (including hazard mitigation grants) the Department is attempting to manage (paid from General Fund).

For a variety of factors, the County does not have current and accurate budget information readily available. While the CAO is responsible for providing future year projections of revenues and expenditures, without having valid and accurate historical information, it simply is not feasible. In addition, not having accurate historical information puts the entire organization in a very awkward position of having to make recommendations and ultimately approve the use of millions of dollars of tax-payer money. It is also a contributing factor of potentially having to rely too heavily on the use of one-time funds.

*True* teamwork will get us where we need to go.

I want to thank all the Department Heads, Finance Officers and the Budget Team for working to improve our processes. This was a particularly difficult year as one of the main Budget Team members was unavailable to us. But we pushed through. Next year, we will use OpenGov software to assist us in the budgeting process.

We have also done a tremendous amount of research on new job classifications and/or compensation studies for the following departments:

- Public Health
- Library
- Information Technology (IT)
- Building
- Risk Management/OES
- Planning
- Sheriff's Department
- County Fair
- Behavioral Health
- Environmental Health
- CAO
- Agriculture
- Human Resources
- Probation
- Public Works
- County Counsel
- Social Services

We will be working with departments to re-organize beginning in January 2025 for the 2025-26 Fiscal Year. Also accompanying the Budget Book was a separate memo regarding the Treasurer-Tax Collector's Office and the Auditor-Controller's Office – two essential departments to the development of the Budget.

# MEMO (included in June 25, 2024 Agenda but not budget book)

To: Honorable Board of Supervisors

FROM: Debra Lucero, CAO

RE: Recommended Budget Adoption 2024-25

Soon after coming to Plumas County, I discovered the lack of knowledge, training, compliance and more as it relates to the financial processes. I went to the then Executive Director of Trindel, the County's insurance company, to get some advice as to what to do. I was advised to get an accountancy firm to look at the books and workflow to determine pinch points and issues. Soon after, the Board approved Clifton, Larson & Allen (CLA) to come onboard to assist in catch-up and workflow management. As a result, several best practices and other recommendations were made. Few have been implemented.

The County has allocated \$1,412,000 over two to three years to update its financial processes and catch up on work that has hindered the timely filing of required financial statements, processes and audits. This work is essential in preparing an annual budget. When books are not closed in a timely manner, necessary internal reports are unavailable and external reports such as audits are late. The last one Plumas County turned in was on April 22, 2024 for FY2021-22. It was due on March 31, 2023. Our FY2022-23 is also late; it was due on March 31, 2024. This is a continuing pattern.

Below are the firms that are assisting Plumas County in this work:

**CLA contract** - \$728,000 over two fiscal years from one-time Local Assistance Tribal **Consistency Fund (LATCF)** and \$85,000 from the General Fund.

**Craig Goodman** - \$310,000 (Auditor-Controller consultant over two fiscal years from the General Fund).

**OpenGov** software for budgeting purposes - \$277,000 (3-year contract - General Fund)

**Sympro** Software for investment reporting - \$97,000 (3-year – General Fund)

The County has spent tax payer dollars to get its financial house in order but that work will be for not, if financial processes are not done monthly, quarterly, etc. In the 2021-22 audit (the most recently completed Single Audit), the Auditor-Controller stated in her Corrective Plan:

*"The Auditor-Controller and Treasurer-Tax Collector worked with the contracted consulting firm to develop a new procedure to balance cash within the MUNIS system to tie to the bank accounts monthly. We have created new templates and Excel reports to utilize monthly going forward for cash reconciliation. **The County is now caught up to December 2023.**"*

This is not a true statement as of the publishing of the Recommended 2024-25 Budget. November and December cash reconciliations have not been done.

The Auditor-Controller further states:

*"Reconciling cash will be a monthly procedure and **the Auditor-Controller anticipates the FY 23/24 will be completely reconciled by June 30, 2024.** The Auditor-Controller anticipates full cooperation from both departments to ensure that this is done in a timely manner."*

This has not been done as of the publishing of the budget, putting the County eight months behind in cash reconciliation.

It should be noted that being an accountant is not part of the CAO's job description but it is part of the Auditor-Controller's position.



While the position is an elected one; the current Auditor-Controller was appointed by the Board. California Law Section 26945 of the Government Code requires certain qualifications. (a) The person possesses a valid and active certificate issued by the California Board of Accountancy under Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code showing the person to be, and a permit authorizing the person to practice as, a certified public accountant.

(b) The person possesses a baccalaureate degree from an accredited university, college, or other four-year institution, with a major in accounting, as described in subdivision (a) of Section 5081.1 of the Business and Professions Code, as that section read on December 31, 2009, or a business-related degree that includes at least 24 semester units, or equivalent quarter units, in accounting-related subjects, including, but not limited to, accounting, financial reporting, auditing, and taxation, and has served within the last five years in a senior fiscal management position in a county, city, or other public agency, or a nonprofit organization, dealing with similar fiscal responsibilities, including, but not limited to, public accounting or auditing responsibilities, for a continuous period of not less than three years.

(c) The person has served as county auditor, chief deputy county auditor, or assistant county auditor, or an equivalent position for a continuous period of not less than three years.

County auditors serve as the chief accountant for county funds. Plumas County needs an accountant onboard. Their responsibilities include keeping accounts current with the treasurer, examining and settling the accounts of individuals who owe money to the county, and reconciling the county's cash and investment accounts with the treasurer.

Consistency in the arena of internal controls relating to the above financial processes, has been lacking for many, many years. The following data came from my April 2024 CAO Report:

In the past 11 completed audits from 2012 to 2022, the following findings were repeated:

1. Reconciliation of Pooled Cash & Investments (2022,2021,2020,2014)
2. Allocation (apportionment) of Interest Earnings (2021,2022)
3. Year-End Closing Process (2018,2017,2016,2015,2014)
4. Prior Period Adjustments (2017,2016)
5. Plumas County Transit Authority (2017,2016,2015,2014)
6. Accounts Receivable (2014,2015)
7. Capital Assets Prior Period Adjustment (2013,2012)
8. Capital Assets Disposal (2013,2012)

Other items mentioned throughout the 11-year period:

1. Final Accruals in the financial Statements (2022)
2. Accountability of Capital Assets (2021)
3. Payment of Expenditures (2021)
4. Audit Adjustments (2019)
5. Schedule of Expenditures of Federal Awards (2017)
6. Accounts Payable (2014)
7. EFT Deposits Lack of Timely Processing (2014)

From 2012 to 2017, there were five "Material Weakness" findings.

During this same time period, there were 15 "Significant Deficiencies" including the Federal Awards & Questions. These audit findings are important, but less so than a material weakness.

From 2018 to 2022, there were eight “Significant Deficiencies” but “Material Weaknesses” have grown to represent the bulk of the findings in recent audits. This is a disturbing trend but the Board of Supervisors authorized the CLA contract to assist our financial departments in the past year to address some of these internal control patterns.

Single Audit Comparisons 2012-2022 (11 Fiscal Years Reviewed)						
YEAR	FINDING YEAR-NO FINANCIAL STATEMENT FINDINGS	TYPE OF FINDING	FEDERAL AWARDS & QUESTIONED COSTS	TYPE OF FINDING	REPEAT FINDING	
2022	Finding 2021-001					
	1		Schools and Roads - Grants to states	Material Weakness	YES	
	2		Highway Planning & Construction	Material Weakness	YES	
	3		Foster Care - Title IV-E	Material Weakness	YES	
	4		Medical Assistance Program	Material Weakness	YES	
	Finding 2022-002	Reconciliation of Pooled Cash & Invs		Material Weakness	YES	
	Finding 2022-003	Apportionment of Quarterly Investments		Material Weakness	YES	
	Finding 2022-004	Final Accruals in the Financial State		Significant Deficiency	NO	
2021	Finding 2021-001					
	1		Schools and Roads - Grants to states	Material Weakness	YES	
	2		Highway Planning & Construction	Material Weakness	YES	
	3		Coronavirus Relief Fund	Material Weakness	NO	
	4		Foster Care - Title IV-E	Material Weakness	YES	
	5		Medical Assistance Program	Material Weakness	YES	
	Finding 2021-002	Reconciliation of Pooled Cash & Invs		Material Weakness	YES	
	Finding 2021-003	Accountability of Capital Assets		Significant Deficiency	NO	
	Finding 2021-004	Payment of Expenditures		Significant Deficiency	NO	
	Finding 2021-005	Allocation of Interest Earnings		Significant Deficiency	NO	
2020	Finding 2020-001					
	1		Schools and Roads - Grants to states	Material Weakness	YES	
	2		Highway Planning & Construction	Material Weakness	YES	
	3		Foster Care - Title IV-E	Material Weakness	YES	
	4		Medical Assistance Program	Material Weakness	YES	
	Finding 2020-002	Reconciliation of Pooled Cash & Invs		Significant Deficiency	YES	
2019	Finding 2019-001					
	1		Schools and Roads - Grants to states	Material Weakness	YES	
	2		Foster Care - Title IV-E	Material Weakness	YES	
	3		Medical Assistance Program	Material Weakness	YES	
	Finding 2019-002		Foster Care - Title IV-E	Material Weakness	NO	
	Finding 2019-003	Audit Adjustments		Significant Deficiency	?	
2018	Finding 2018-001					
	1		Airport Improvement Program	Significant Deficiency	?	

Single Audit Comparisons 2012-2022 (11 Fiscal Years Reviewed)						
YEAR	FINDING YEAR-NO FINANCIAL STATEMENT FINDINGS	TYPE OF FINDING	FEDERAL AWARDS & QUESTIONED COSTS	TYPE OF FINDING	REPEAT FINDING	
	Finding 2018-002	Year-End Closing Process		Significant Deficiency	YES	
2017	Finding 2017-001	Prior Period Adjustments		Material Weakness		
	Finding 2017-002	Schedule of Expenditures of Federal		Material Weakness		
	Finding 2017-003	Year-End Closing Process		Significant Deficiency	YES	
	Finding 2017-004	Plumas County Transit Authority		Significant Deficiency	YES	
2016	Finding 2016-001	Prior Period Adjustments		Material Weakness	YES	
	Finding 2016-002	Year-End Closing Process		Significant Deficiency	YES	
	Finding 2016-003	Plumas County Transit Authority		Significant Deficiency	YES	
2015	Finding 2015-001	Year-End Closing Process		Significant Deficiency	YES	
	Finding 2015-002	Accounts Receivable		Significant Deficiency		
	Finding 2015-003	Plumas County Transit Authority		Significant Deficiency	Yes	
2014	Finding 2014-001	Year-End Closing Process		Significant Deficiency		
	Finding 2014-002	Pooled Cash Reconciliation		Significant Deficiency		
	Finding 2014-003	Accounts Payable		Significant Deficiency		
	Finding 2014-004	Accounts Receivable		Significant Deficiency		
	Finding 2014-005	EFT Deposits Lack of Timely Process		Significant Deficiency		
	Finding 2014-006	Plumas County Transit Authority		Significant Deficiency	YES	
2013	Finding 2013-001	Capital Assets Prior Period Adjustme		Material Weakness	YES	
	Finding 2013-002	Capital Asset Disposal		Significant Deficiency	YES	
2012	Finding 2012-001	Capital Assets Prior Period Adjustme		Material Weakness		
	Finding 2012-002	Capital Asset Disposal		Significant Deficiency		

## Plumas County Treasury Oversight Examination Comparison 2012-2022 11-Year Review

In the past 11 completed Treasury Oversight Examinations from 2012 to 2022, the following years are not on file in the Treasurer-Tax Collector’s office: 2012 and 2015. Of the nine years on file, the following findings and the Treasurer’s responses are summarized below:

Treasury Oversight Examination	Type of Finding	Response to Finding by Treasurer-Tax Collector
<b>2022</b>		
Finding 2022-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	We are implementing new investment software for efficiency and timely reporting.
Finding 2022-002	Administrative Fee	We will review all calculations after the admin fee is calculated.
Finding 2022-003	Interest Apportionment	The interest apportionments fell behind during catastrophic events. There have been new spreadsheets created to calculate the interest more efficiently.
<b>2021</b>		
Finding 2021-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	The accounting of the investments is time consuming. We are currently researching software and having discussions on how to make a more efficient process while keeping accurate accounting.
Finding 2021-002	Administrative Fee	We will proof all calculations for accuracy.
<b>2020</b>		
Finding 2020-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	The Treasurer's office will continue to make timely reports a priority.
Finding 2020-002	Administrative Fee	Each quarterly administrative fee charge will be reviewed before each interest apportionment.
<b>2019</b>		
Finding 2019-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	The Treasurer's office will continue to make timely reports a priority.
<b>2018</b>		
Finding 2018-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	The Treasurer's office will continue to make timely reports a priority.
<b>2017</b>		
Finding 2017-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	The Treasurer's office will make an earnest effort for timely reports
<b>2016</b>		
Finding 2016-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	August 31, 20 The Treasurer's Office will make an effort to have the reports submitted within 30 days to the Board of Supervisors.
2015	Not available according to the Treasurer-Tax Collector	The Treasurer's office will make an effort to have the reports submitted within 30 days to the Board of Supervisors
<b>2014</b>		
Finding 2014-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	February 28, No management response
<b>2013</b>		
Findings 2013-001	Monthly Investment Reporting not being submitted to the BOS within 30 days following the end of the month.	Corrective Action Plan stated: This will be implemented in 2013-14
Findings 2013-002	Costs of complying with the audit	Implemented
<b>2012</b>		
Not on file		

Audit findings and lack of internal controls have been the topic of many board meetings and my CAO reports and most recently, in the 2023-24 Grand Jury Report. In that report, the Grand Jury pointed out the following areas of non-compliance – mostly focusing on the Treasurer-Tax Collector but many of these functions involve the Auditor-Controller as mentioned above:

- A backlog of journal entries
- Failing to reconcile cash and investments
- Failing to apportion interest to the special districts
- Insufficient staffing
- Insufficient training on software
- Lack of updated policies and procedures
- Non-existence of a Treasury Oversight Committee.

Collecting revenues is a major function of the Treasurer-Tax Collector yet one of our greatest revenue generators, Transient Occupancy Tax (TOT) has been languishing. Although the fund is up in revenue over past years; there are 100-150 noncompliant properties. Enforcement and compliance is part of the Treasurer-Tax Collector's job. It's difficult to know how our investments are doing because of the lack of transparency and reporting.

The Grand Jury also recommended a Chief Financial Officer and I concur with that finding and think it would be prudent to hire one prior to the Oct. 2 final adoption deadline.

## GRANTS MANAGER

- Re-Registered our annual SAM registration
- Budgeting and OpenGov; Budget hearings
- Worked on a time extension and fund extension for one grant with Sierra Buttes Trail Stewardship
- Met with Sierra Buttes Trail Stewardship for operations planning
- Continued discussions and meetings around Town Hall/Library/Community Center in Greenville
- Continued discussions and planning with Library, IT, Planning and Clerk Recorder
- Updated Fire Escape route for CAO and BOS offices
- Provided support for CalOES grants
- Still working on contract with RCAC

- Preparing for Opioid Reporting

## **RISK MANAGEMENT**

6/4 – Mitigation for Emergency Managers  
 6/5 – Mitigation for Emergency Managers  
 6/6 – Mitigation for Emergency Managers  
 6/11-12 Trindel Board of Directors meeting  
 6/13 – Fire Safe Board Meeting  
 6/13 – Fire Safe Council Meeting  
 6/14 – Hazard Mitigation Meeting – Kickoff – with Cal OES  
 6/18 – VOAD Planning Meeting  
 6/20 – BSIR Training  
 6/24 – Rainbow Family update  
 6/25 – Hazard Mitigation team meeting  
 6/26 – Rainbow Family – Public Health Webinar  
 6/27 – Plumas Social Service meeting regarding Shelter Planning, Extreme Weather, training staff  
 6/27 – Public Health meeting regarding Shelter, Transportation, Extreme Weather

## **CAL-OES UPDATE**

6/1 – Fire Chiefs  
 6/4 – Mitigation for Emergency Managers  
 6/5 – Mitigation for Emergency Managers  
 6/6 – Mitigation for Emergency Managers  
 6/13 – Fire Safe Board Meeting  
 6/13 – Fire Safe Council Meeting  
 6/14 – Hazard Mitigation Meeting – Kickoff – with Cal OES  
 6/15 – Plumas Drought Task Force Meeting  
 6/18 – VOAD Planning Meeting  
 6/20 – BSIR Training  
 6/20 – CA Wildfire Smoke Call Preseason Call  
 6/24 – Webinar – NWS spot weather  
 6/24 – Rainbow Family update  
 6/25 – Hazard Mitigation team meeting  
 6/26 – FEMA Go training webinar  
 6/26 – Rainbow Family – Public Health Webinar  
 6/27 – Plumas Social Service meeting regarding Shelter Planning, Extreme Weather, training staff  
 6/27 – Public Health meeting regarding Shelter, Transportation, Extreme Weather

## **CLIFTON, LARSON & ALLEN (CLA UPDATE)**

### **Highlights for June:**

## **BUDGET-RELATED ACTIONS to Recommended Budget Adoption June 25**

- Budget preparation & review; participate in meetings and emails.
- Fund balances
- Coordination, information gathering and follow up with department heads
- Salary calculations, allocations, vacancy rates and modifications made to salaries and assumptions
- Preparation of budget book, schedules, for publishing deadlines and board meetings
- Participation in daily budget meetings as well as board meetings
- Tracking budget adjustments and modifications and updates to schedules
- Status meeting planning and attendance.
- Attended 6/18/24 Board Meeting.
- FY25 Budget preparation, various calculation, review.
- OpenGov Workforce meeting.

- Budget preparation & review; participate in meetings and emails.
- Attended June 25, 2024 Special Board of Supervisor meeting for FY25 Recommended Budget adoption.

### **Recurring Recommendations:**

- Set up each person within Treasury department responsible for banking / financial institution transactions, reconciliations, or review duties with their own appropriate login (no sharing logins).
- Setup read only access rights for Financial Institutions for the CAO & access rights for the Auditor Controller based on needs of job function.
- BOS obtain an inventory of all County bank accounts / financial institutions and review the account listing for completeness and accuracy of all accounts under the County's purview and inclusion for monitoring for proper internal controls, i.e. appropriate access levels assigned, access to statements, monitoring of account balances, proper segregation of duties, bank account reconciliations proper internal controls within the functions of Treasury, Auditor-Controller, and CAO offices.
- Utilization of investment software will expedite the process to get caught up on investment compliance reporting and ongoing management of investment reporting & recording of transactions. We recommend that the County explore its current service agreement with PFM. Enhancing services with the current provider may be another way to expedite the process of maintaining compliance with the County's investment reporting requirements. Additionally, although the calculation of interest apportionment was not in our scope, we recommend the County review the current interest apportionment process, and calculations derived by the County's internally developed tool for completeness and accuracy. Consider updating or replacing the legacy interest apportionment system in conjunction with investment software and process upgrades under consideration.
- CLA recommends that a fiscal officer or administrative assistant be hired or identified within the County to assist the CAO's office. Currently, the CAO's office does not have adequate staffing levels to assign the budget tasks performed by CLA's interim accounting team. Under direction of the CAO, this position would prepare, manage, and coordinate the details necessary for the development of the County's annual operating and capital budget; assist with forecasts of necessary funds including supplies, services and staffing; discuss and resolve budget issues with appropriate staff; coordinate preparation and publishing of the budget book with required schedules and targeted improvements; implement budget adjustments as necessary. This position, at the direction of the CAO, may assist with other tasks and initiatives such as, monitor and report on expenditures vs. budget across all departments regularly, facilitate fund administration across the County, provide CAO support to departments, Travel & Expense compliance, and process improvement.
- CLA recommends that an assistant controller or an accounting manager be hired for the existing open/allocated position within the Auditor Controller Department. Currently, the Auditor Controller office does not have adequate management staffing levels to perform regular general ledger accounting close tasks, such as reconciling cash transactions in Munis daily and monthly to bank balances, recording transactions timely, processing payables and receivables timely, and regularly closing the general ledger in Munis with balance sheet accounts reconciled. Under direction of the Auditor Controller, this new/open position can assist with staff management and training, maintenance of the Chart of Accounts, process improvement projects, and assist with creation of performance reporting for Auditor Controller / CAO / Board of Supervisors. This filled position can also assist with supporting the annual audit.

### **ENERGY ASSESSMENT FINANCE UPDATE**

We have continued to meet with banking, finance and attorney representatives on the Engie financing. We expect to bring this to the board on July 16 or August 6 with final closing occurring approximately one week after either date.

### **OTHER CAO MEETINGS / ACTIVITIES**

1. 6/3 – Meeting with National Forest and new concessionaires

2. 6/4 – BOS Meeting
3. 6/4 – Budget Meeting
4. 6/5 – OpenGov Meeting
5. 6/5 – Budget Meeting
6. 6/5 – Re-Group Budget Meeting
7. 6/5 – OpenGov Meeting
8. 6/5 – CLA/County Meeting
9. 6/6 – Human Resources/MRG Weekly Check-In
10. 6/6 – Budget Meeting
11. 6/6 – Budget Meeting
12. 6/7 – Budget published to website to begin 10-day public review
13. 6/7 – Budget Meeting
14. 6/7 – Budget Meeting
15. 6/7 – Budget Meeting
16. 6/10 – Engie/County of Plumas Kick-Off Meeting
17. 6/11 – BOS Meeting
18. 6/11 – Department Head Meeting
19. 6/12 – County of Plumas/CLA Status Meeting
20. 6/12 – CCP Meeting to go over proposed budgets/projects
21. 6/12 – Budget Meeting
22. 6/12 – Dinner with Trindel in Chester
23. 6/13 – Human Resources/MRG Weekly Check-In
24. 6/13 – Budget Meeting
25. 6/13 – Budget Meeting
26. 6/13 – Engie Finance Meeting
27. 6/13 – Budget Meeting
28. 6/13 – Budget Meeting
29. 6/14 – Budget Meeting
30. 6/17 – OpenGov Meeting
31. 6/17 – Budget Meeting
32. 6/17 – Debt Service Pre-Meeting with KNN
33. 6/17 – LCW/MRG Meeting on Budget & Wages
34. 6/17 – Human Resources/MRG Meeting
35. 6/17 – Meeting with KNN on Engie Finance
36. 6/18 – Budget Meeting
37. 6/18 – Budget Hearing with BOS
38. 6/19 – Budget Wrap Meeting with CLA
39. 6/20 – Human Resources/MRG Weekly Check-In
40. 6/20 – Budget Meeting
41. 6/20 – OpenGov Preview Prep Meeting
42. 6/20 – Grand Jury Swearing In
43. 6/20 – Budget Meeting with CLA
44. 6/21 – Budget Meeting
45. 6/21 – Budget Meeting
46. 6/24 – OpenGov Project Status Meeting
47. 6/24 – Social Services/County Counsel Meeting to discuss Grand Jury Report
48. 6/25 – Staff meeting about Professional Services funds
49. 6/25 – Special Board Meeting to adopt Recommended Budget
50. 6/27 – Human Resources/MRG Weekly Check-In
51. 6/27 – Meeting with Facility Services
52. 6/27 – Meeting with Assessor's Office

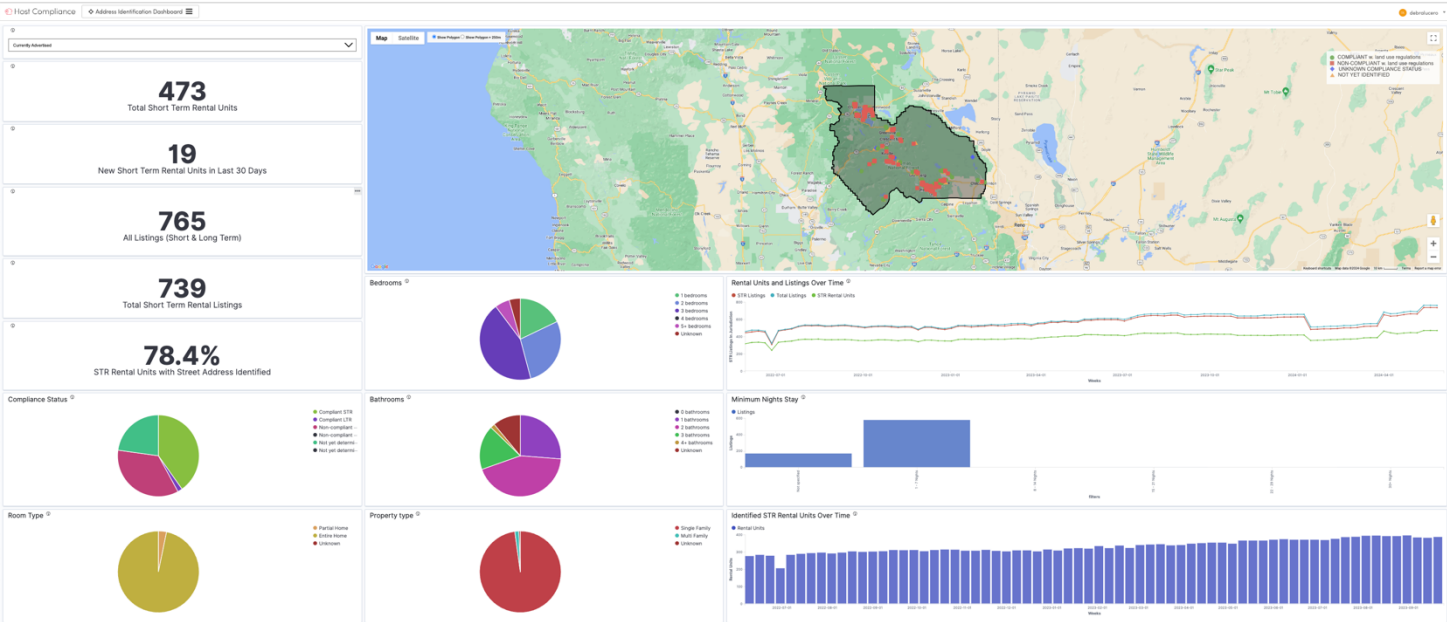
## TRANSIENT OCCUPANCY TAX (TOT) REPORT

Although budget activity has taken the majority of the time this past month, we recognize the importance of getting our TOT-generating properties in compliance. We are in the process of contacting other counties to compare ordinances, compliance issues, etc., and working with the Feather River Tourism Association. The Treasurer-Tax Collector also made comments at a recent Board meeting about “working as a team” to enhance TOT revenues, collections and compliance. Our office stands ready to assist.

Granicus generated the following reports: (Also showing is June 2, 2024 so it can be compared to last month’s report and the current July 2, 2024 report).

Monthly status report	Monthly status report
Report for Plumas County, CA (Plumas County, CA) generated on June 2, 2024.	Report for Plumas County, CA (Plumas County, CA) generated on July 2, 2024.
<b>473</b> Properties in or near Plumas County, CA	<b>459</b> Properties in or near Plumas County, CA
<b>371</b> Properties in or near Plumas County, CA with address identified	<b>371</b> Properties in or near Plumas County, CA with address identified
<b>194</b> Compliant Short Term Rentals	<b>184</b> Compliant Short Term Rentals
<b>170</b> Non-compliant properties	<b>180</b> Non-compliant properties
<b>109</b> Properties with unknown compliance	<b>95</b> Properties with unknown compliance
<b>211</b> Properties that have received letters since first mailing	<b>211</b> Properties that have received letters since first mailing
<b>108</b> Properties that have received letters and are now compliant	<b>108</b> Properties that have received letters and are now compliant
<b>103</b> Properties that have received letters but are still non-compliant	<b>103</b> Properties that have received letters but are still non-compliant

JUNE 2, 2024



JULY 2, 2024

