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PLUMAS COUNTY
BOARD OF SUPERVISORS

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August 9, 2024

VIA HAND-DELIVERY

Honorable Douglas Prouty
Presiding Judge
Superior Court of California
County of Plumas
520 Main Street, Room 104
Quincy, CA 95971

Re: RESPONSE TO 2023-2024 PLUMAS COUNTY GRAND JURY FINAL REPORT
ISSUED JUNE 4, 2024

Dear Judge Prouty:

I offer this response to the 2023-2024 Plumas County Grand Jury Final Report in my capacity as the County's Treasurer-Tax Collector. The Report includes an 8-page analysis of my office. The analysis contains many inaccuracies, but I limit my response presently to the following findings and recommendations. I make this submission pursuant to California Penal Code section 933, which sets dates for certain responses to Grand Jury reports. Based on a release date of June 12, 2024, my response on behalf of an agency of the County is due within 60 days of release, or August 9, 2024.

What is most concerning about this report is not the multitude of inaccuracies, but rather that the Grand Jury omitted to contact anyone at the Treasurer/Tax Collector's office. To the extent that a supplemental report may be filed, I invite the Grand Jury to consider a special session for the presentation of questions to my office for direct response to the Grand Jury and inclusion in the report.

My responses follow.

Findings:

Finding F1: The Treasurer/Tax Collector failed to use the software of the county's system (Tyler Munis) resulting in an inability to communicate with the Auditor, Assessor and CAO offices digitally.

Response: The Tyler Munis software was set-up incorrectly so that the Interest Apportionment would not work. A "work around" was created in Microsoft Access that enabled the Treasurer to communicate with the Auditor, Assessor, and CAO offices digitally. The Treasurer's office is dedicated to moving forward with updated technology and processes. The Tyler Munis software for treasury management will be implemented and the Treasurer's office is moving forward with investment software Sympro.

Finding F2: Audited financial statements and audits to the State Controller's Office have not been filed on time negatively affecting the county's ability to secure financing for projects.

Response: Financial audits are a responsibility of the Auditor's office. The Treasurer has no control or influence over when the audits are filed.

Finding F3: Single Audit Reports (SAR) for agencies with federal funds have been filed late impacting Public Works transportation projects and grant applications funded by federal dollars.

Response: Financial audits, including the Single Audit Reports, are a responsibility of the Auditor's office. The Treasurer has no control or influence over when the audits are filed.

Finding F4: The Treasurer/Tax Collector has not managed the investments of special districts leaving them with financial uncertainty and lower amounts of return.

Response: The Treasurer manages the Plumas County Investment Pool, which includes all county funds and those funds of special districts. The Treasurer ensured that all special districts received their funds based on average daily balance, but the payments were delayed.

Finding F5: The Treasurer/Tax Collector has failed to implement a system to collect taxes from Airbnb preventing the county from collecting all taxes due from all lodging facilities.

Response: The Treasurer's office has Megabyte Tax software that collects the Transient Occupancy Tax for lodging providers and short term rentals, including AirBnb.

Recommendations:

Recommendation R4: The Grand Jury recommends that the mission statements, and policies and procedures be updated in the Assessor's office, the Auditor Controller's office, and the Treasurer/Tax Collector's office by December 1, 2024.

Response: The mission statements, policies, and procedures of the Treasurer's Office are not the problem. Any revisions would divert time and resources from issues of software implementation, tax collection, and distribution of payments.

Recommendation R5: The Grand Jury recommends that all job descriptions in Treasurer/Tax Collector, Auditor and Assessor offices include experience and competencies in using digital platforms by June 30, 2025.

Response: This request is ambiguous and the Treasurer is not sure what is being recommended. The Treasurer is not an employee, but is an elected official. I have certain duties and responsibilities that I was elected to perform as determined by the legislature. If my duties and responsibilities are to change, that change must come through the legislature.

Recommendation R6: The Grand Jury recommends that the conversion to the use of digital platforms in the above stated offices be completed by December 1, 2024.

Response: The Treasurer is moving forward with the implementation of the Tyler Munis software and the Sympro software.

Recommendation R7: The Grand Jury recommends that the Treasurer/Tax Collector enforce the current TOT ordinance requiring all lodging providers to hold TOT certificates by October 1, 2024.

Response: The Treasurer currently does and has always enforced the current TOT ordinance. All lodging providers are issued certificates, a welcome letter, and the Transient Occupancy Ordinance.

I also share three administrative details.

First, the immediately prior Grand Jury Report detailed extensive county-wide issues and problems affecting multiple agencies. There is no follow-up in this report regarding any of those topics and matters.

Second, the Treasurer-Tax Collector has initiated an *ex parte* application pursuant to Government Code section 31000.6, which addresses conflicts of interest on the part of County Counsel and how to resolve them. It may be that the filings in that case may be of interest to the Grand Jury as it considers the source and quality of information. The application is a public record (Plumas County Superior Court case no. CV24-00119).

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Third, and relatedly, multiple County elected officials (including the Treasurer-Tax Collector) combined to draft and sign a letter involving budgetary matters within the County. It is enclosed. It is dated June 18, 2024, shortly after the issuance date of the Grand Jury Report. The letter describes a crisis within the County that is not addressed in the Report.

Very truly yours,



Julie White
Treasurer-Tax Collector
County of Plumas

Enclosure

cc: Board of Supervisors (with enclosure) (information copy as required by statute)

June 19, 2024

An Open Letter to the Plumas County Board of Supervisors and All Plumas County Residents

Subject: 2024-2025 Plumas County Recommended Budget

We, the undersigned, are a coalition of elected officials who share a common mission to provide for and protect the health, safety and well-being of all Plumas County residents. Collectively, we represent 208 years of residence in Plumas County and 121 years of combined public service to this community, demonstrating our shared connection, investment and commitment to Plumas County. Our knowledge and experience represent decades of participation in county budget cycles, and compliance with the practices, statutes and requirements of the county budget process.

The County Budget Act (Government Code sections 2900-29144) sets forth the Plumas County Board of Supervisors' overarching responsibility over Plumas County's budget and finances. However, the County Administrator Officer (CAO) serves as the County Budgetary Officer and develops the Recommended Budget for the Board of Supervisor's approval. 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.

For the Board to merely rubber stamp this budget without rigorous assessment, inquiry and a real plan for course correction, is the equivalent of sentencing the county to a certain future of furloughs, lay-offs, and exposure to risk, further reducing the County's capacity to provide basic services to our residents.

Furthermore, the June 18, 2024 Memorandum to the Board of Supervisors (Budget Memo) regarding the Fiscal Year 2024/2025 County Budget contains serious Factual Errors that have been repeated in a June 12, 2024, Budget Overview Document to the Plumas County Management Council (PCMC, a group of county department heads), in statements to the Plumas Sun, and in Board of Supervisors meetings. The Budget Memo fails to provide the Board of Supervisors and the public with a progress report of solutions already implemented over the last year to increase revenues or reduce expenditures. It 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.

Factual Error 1: *"Transitioning to a true Recommended Budget by June 30, 2024 is a significant change for the County." – June 18 Public Hearing Budget Memo. "The county rolled over its budget as the Recommended Budget for seven consecutive years. It is new to everyone this year" – June 12, 2024 Budget Overview Document sent to PCMC., "Not a rollover budget" - reported by Plumas Sun*

Correction: The frequent use of the term "rollover" budget is misleading. It falsely represents that the 2024-2025 Recommended Budget is an extraordinary departure from lack of attention over the past seven years. This is simply not true and has detracted from focusing on serious budget issues that need to be solved. This year's budget process is not "new to everyone". A review of Recommended Budgets from 2018-2023, shows line items and summaries across sources of funds (revenues) and uses of funds (expenditures) were not systematically and summarily carried over from each previous budget. Many of us worked with the county budget teams during those past 7 years in question. It is insulting to imply that the

hard work to develop departmental and overall recommendations for each year's adopted budget from 2018-2023 was simply never done.

While the Board may have adopted a general status quo from a previous budget, especially during extended periods of crises, it is standard practice to begin with a prior year budget as a starting basis and adjust for known variables to develop a Recommended Budget. Let this be clear: Plumas County has not had the exact same, or "rollover" Recommended Budget for the last 7 years, as evidenced in the list of Resolutions below.

Each of these Resolutions from prior to the current CAOs tenure states, "The recommended budget has been modified as a result of meeting with departments in order to constitute the Recommended Budget for [the upcoming Fiscal Year]," and was passed by a vote of the Board of Supervisors and signed by the Board Chair, attesting to the fact these were not "rollover" budgets without assessment, analysis or changes.

Factual Error 2: *"Remember we are recommending a budget three months earlier than Plumas has done."*
- June 12, 2024 Budget Overview Document sent to PCMC. *"We're adopting this budget three months earlier than usual, which is a push,"* - The Plumas Sun. *"Part of this commitment is to move up the adoption of our Recommended 2024-2025 Budget to June 30, 2024, with a final supplemental budget adopted by Oct. 2,"* – June 18 Public Hearing Budget Memo.

Correction: The Plumas County Board of Supervisors has, in fact, adopted a Recommended Budget by June 30 of each year, **as verified by the Resolutions below (with hyperlinks) for seven previous Fiscal Years, Adopting the Recommended Budget, prior to June 30, every year from FY 2017-2018 through FY 2023- 2024.** This has been the historical practice. Subsequently, Plumas County has also approved a final Adopted Budget by October 2 of each year. The FY 2024-2025 budget process is the exact same as it has always been. So, this year's budget timeline is **not** three months earlier than usual, as stated repeatedly.

1. [Resolution No. 23-8821 - Adopting the Recommended Budget for Plumas County and the Dependent Special Districts therein for FY 2023-2024.pdf \(civicplus.com\)](#)
2. [Resolution No. 22-8712 - Adopting the Recommended Budget for Plumas County and the Dependent Special Districts therein for FY 2022-2023.pdf](#)
3. [Resolution No. 21-8598 - Adopting the Recommended Budget for Plumas County & the Dependent Special Districts for FY 2021-2022.pdf](#)
4. [0400_001_1.pdf \(plumascounty.us\)](#), Resolution 20-8494 Adopting Recommended Budget for 2020- 2021
5. [4260_001.pdf \(plumascounty.us\)](#), Resolution 19-8408 Adopting Recommended Budget for 2019- 2020
6. [3522_001.pdf \(plumascounty.us\)](#), Resolution 18-8346 Adopting Recommended Budget for 2018- 2019
7. [3110_001.pdf \(plumascounty.us\)](#), Resolution 17-8264 Adopting Recommended Budget for 2017- 2018

According to the County Budget Act (Gov. Code, §29000–29144), counties must adopt their budget according to one of two methods. One method requires the Board of Supervisors to first approve/adopt a preliminary budget by June 30, (i.e. Recommended Budget), which provides expenditure authority for the start of the new fiscal year, and then formally approve/adopt the final budget by October 2 (i.e. Adopted Budget). The other method, created by Senate Bill 1315 (Bates, Chapter 56, Statutes of 2016) allows the Board to formally adopt the budget by June 30 of each year, with no need to first approve an interim budget.

The Resolutions above are evidence that Plumas County has, in fact, followed the annual practice of adopting a Recommended budget by June 30 and passing a final Adopted Budget by October 2. To say the current budget process seeks to, “move up the adoption of our Recommended 2024-2025 Budget to June 30, 2024 with a final supplemental budget adopted by Oct. 2,” implies the process that has been in place for decades, including the last seven years, has never occurred. The facts show the timeline of the 2024-2025 Recommended (by June 30) and Adopted (by October 2) Budgets is not at all “new”, but is in fact status quo for Plumas County.

Factual Error 3: *“As in previous years, the FY24-25 Budget will spend more funds than are collected/received in the fiscal year and is relying on our existing fund balance to cover the shortfall.”* [June 18 Public Hearing Budget Memo](#). *“This is a historic trend, that needs to be addressed throughout the leadership team of the County to reimagine & build a budget and actual plan to align current year revenues and expenditures sustainable into the future.”* - June 12, 2024 Budget Overview Document sent to PCMC.

Correction: 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, except for FY 2023-2024, to massively deplete the General Fund Balance in excess of \$10 Million (as stated in the June 12 Budget Overview Document to PCMC), which represents nearly 18% of the total \$57.6M General Fund expenditures. This presents an easy, albeit short-sighted and absurd, solution to today’s budget deficit.

Furthermore, the County Administrative Officer is the County’s Budgetary Officer. It is this position’s responsibility to have worked over the prior Fiscal Year with county department heads, staff and the community, to arrive at recommend a responsible 2024-2025 budget that does not expose the County to significant financial risk in the coming years. If this matter “needs to be addressed throughout the leadership team of the County,” addressing this matter should have been the top priority and in process for the last several months of 2024-2025 budget development. Depleting our dwindling assets and putting off real solutions for yet another fiscal year will only make the future more difficult for the county.

Instead of inaccurately criticizing past budget practices or normalizing the easy, but risky, practice of extensive reliance on fund balance once again to close a budget shortfall, the county needs a legitimate Budget process and plan beginning with the 2024-2025 Recommended and Adopted Budget.

The CAOs Budget Memo and 2024-2025 Recommended Budget:

1. Propose to close a staggering \$10.3 Million General Fund (detailed in June 12 Budget Overview Document to PCMC) deficit by relying solely on reducing the Fund Balance in the General Fund, instead of realizing cost saving or increased revenue from solutions that were implemented in the prior year to be budgeted in 2024-2025. The liberal use of Fund Balance as the answer to annual overspending is fiscally irresponsible and leaves the county at great financial risk.

2. Fail to demonstrate real, recurring **revenue solutions** to close an expected annual deficit of \$10M or more, due to proposed permanent increases in ongoing expenditures.
3. Are completely absent of required processes to formalize increases to compensation, such as negotiated changes to bargaining unit Memorandums of Understanding and amended salary schedules approved by the Board of Supervisors, inviting complexity, confusion and liability.
4. Will quickly exhaust the County General Fund Balance and cripple the county's financial sustainability in the near and long term, putting essential services and continuity of county operations at risk.

The 2024-2025 Recommended Budget is the result of a process void of the experienced budgetary leadership required for such a task. It reveals a lack of understanding regarding the basic financing and administration of government. Anyone can be elected to the Board of Supervisors, but a CAO must have solid local government financial and administrative experience as the foundation to understanding how to move a county forward in a positive manner. Without that, a Board can be led in a direction that could ruin a county and its future.

For the past two years Clifton Larsen Allen (CLA) consultants have been necessarily relied upon to develop and prepare the County Budget. It is evident to those of us working closely on the budget process that there may not be a budget without CLA involvement. As a result, it is undetermined if the CAO has acquired the skills over the past two years of working with consultants, to conduct and develop a comprehensive budget process on their own in 2024-2025 and beyond.

By sending this letter, we are not just correcting the record of factual errors presented on behalf of the county regarding the County Budget. We are sounding the alarm that the county is facing an existential crisis that is a threat to its sheer survival, and it needs your leadership.

We ask that the Board of Supervisors seek to increase your own individual understanding of the County Budget Act, Board of Supervisors' roles County Budget Process, and learn from how several other counties manage their budgets in a year-round process. This will prepare you to ask better questions, collect unbiased information, make good decisions, and guide the budget process towards our community priorities instead of being led blindly down a path with no clear destination.

We ask that you lead Plumas County into the coming year by focusing less on misinformation and shortcuts to balance the county budget, and more on increasing accountability for a collaborative, transparent and responsible budget process that ensures our budgets reflect our priorities: a safe, healthy and vibrant community for the people we serve and future generations. We are counting on you, and we will support you in service to the community.

With great respect and mutual concern for the future of Plumas County,

David Hollister, District Attorney

Todd Johns, Sheriff

Cindie Foggatt, Assessor

Martee Nieman Graham, Auditor

Julie White, Treasurer Tax Collector

Mimi Hall, Supervisor-Elect