

# PLUMAS COUNTY

## CALIFORNIA Administrative Officer



**TO:** Honorable Chair and Board Supervisors

**FROM:** Debra Lucero, CAO

**MEETING DATE:** June 11, 2024

**SUBJECT:** CAO Report 5/01/24 – 5/31/24

### **BUDGET PROCESS UPDATE**

We have continued to prioritize internal financial controls, greater transparency and accountability in all areas of county financial affairs and to focus on serving the citizens of Plumas County more effectively and efficiently.

Part of this commitment is to move up the adoption of our Proposed 2024-25 Budget to June 30, 2024 with a final supplemental budget adopted by Oct. 2 and submitted to the State Controller's Office by the Auditor-Controller by Dec. 1 as required by law.

Earlier adoption forces some of the internal processes to happen on an earlier timeline and allows Plumas County's capital projects to happen during the good summer and fall weather months in the Sierra.

This budget assumes a 2% property tax growth rate and an overall 3.9% growth in General Fund revenues – particularly in taxes and assessments. Our overall growth rate is estimated to be about \$842,000. CHART A shows the audited and estimated fund balances from 2017 through 2023. At this point, we are still working on 2024 fund balances. To create a starting point for budgeting purposes, we take 11 months of the current fiscal year and estimate the 12<sup>th</sup> month as well as determine any outstanding revenues or expenditures to come up with fund balances. This takes careful collaboration with departments and the finance team (Auditor-Controller, Treasurer-Tax Collector and CAO) to understand any expected revenues as well as expenditures.

The Fund Balance classifications indicate the level of constraints placed on how resources can be spent and identify those constraints. Constraints are broken down into five different classifications as you can see in the CHART A and explained below:

**Unassigned:** Fund balance represents the portion of the County's fund balance this is not restricted or committed to a specific purpose. It is available for any lawful purpose, including County operations, capital projects, or debt service.

**Committed:** Fund Balance represents the calculated value of the General Reserve (8% of last audited operating revenue) plus the calculated value of the Strategic Reserve (16% of last audited operating revenue) plus any amounts constrained for a specific purpose by the Board of Supervisors.

**Restricted:** Fund Balance are legally designated for specific purpose stipulated by an external party such as a grantor, a bond covenant, or a law.

**Nonspendable:** Fund represents a portion of the County's fund balance that is legally/contractually required to be maintained intact (examples would be prepaid expenses, or inventories, advances to other funds).

**Assigned:** Fund represents a portion of the County's fund balance this is designated by the Board of Supervisors for a specific purpose. Assigned funds are not legally restricted, they are earmarked for a specific use which can be redistricted at the direction of the Board of Supervisors.

#### CHART A

General Fund Balances									
	Unaudited Estimate 2024	2023*	Audited Actual 2022	Audited Actual 2021	Audited Actual 2020	Audited Actual 2019	Audited Actual 2018	Audited Actual 2017	Audited Actual 2016
Unassigned		\$15,571,208.00	\$10,834,528.00	\$8,666,148.00	\$7,991,723.00	\$8,053,739.00	\$8,939,768.00	\$6,820,810.00	\$6,820,810.00
Committed		\$6,253,543.00	\$2,052,737.00	\$2,952,749.00	\$2,052,726.00	\$2,052,663.00	\$2,052,617.00	\$2,052,589.00	\$2,052,589.00
Restricted		\$1,499,337.00	\$2,524,477.00	\$1,839,975.00	\$1,939,355.00	\$2,003,547.00	\$2,014,085.00	\$1,314,465.00	\$1,314,465.00
Nonspendable		\$10,522.00	\$859,582.00	\$865,560.00	\$753,816.00	\$675,692.00	\$648,569.00	\$610,656.00	\$610,656.00
Assigned		\$199,841.00	\$4,114,939.00	\$3,138,002.00	\$1,269,982.00	\$1,213,586.00	\$1,207,857.00	\$873,054.00	\$873,054.00
General Fund Total		\$23,534,451.00	\$20,386,263.00	\$17,462,434.00	\$14,007,602.00	\$13,999,227.00	\$14,862,896.00	\$11,671,574.00	\$11,671,574.00

\*2023 data is pending external audit

In the coming 2024-25 Fiscal Year, we intend to turn our attention to increasing revenues through precise and attentive investment practices, minimizing penalties and fees associated with everyday business; and maximizing Transient Occupancy Tax (TOT) by achieving greater enforcement and identification of overnight stays in Plumas County. We will also look at all County leases and property to assure leases and taxes are being properly paid and are on time.

Additionally, we are looking toward eliminating unfilled allocated positions within the county that have remained vacant for at least one year. Eliminating these positions allows the County to balance its budget in a more prudent fashion and gives the County a more competitive edge in pay. Public safety positions remain a top priority, however, and will be preserved whenever possible.

The County of Plumas has run a 23% to 25% vacancy rate for the past several years. COVID, the Dixie Fire, and the Great Resignation (where Plumas County lost 19 Department Heads in a two-year period) have all contributed to this vacancy rate. So, too, does the lack of housing and the historically low rate of pay for various positions throughout the County.

To retain our employees, the Board of Supervisors has prioritized increasing pay across the board and boldly proposed a 10% increase for all employees except those who had already had salary levels recently adjusted (Sheriff's Department, Child Support, Public Works); and a 20% increase for Social Services which is severely behind other counties. The Board intends this to be done without using one-time monies. To achieve this goal, we are looking at all revenue sources to determine how we can best maximize these resources, eliminate costly mistakes, fines or fees, cut vacant positions of one year or more and catch up our financial audits to have more precise budgeting mechanisms.

Budgeting work often uncovers items that need to be fixed. An example is a recent discovery by the Auditor-Controller of our Debt Service and Capital Improvement Funds irregularities. The lease for the nearly \$1 million annual payment (lease and interest) for the Courthouse Annex comes out of these funds but had not happened properly for the past three years. The last payment that was properly documented was in June 2021. The payment continued to be made but money was not transferred and documented. As a result, the Capital Improvement fund went into the negative by \$3.6 million and, on top of this, another \$1 million or so must be budgeted for 2024-25. This has put a serious \$4 million strain on the General Fund immediately. Situations like this is what caused us to reorganize the funds last year into "parent" and "children" classes to make sure ALL funds had a responsible party. In the instance cited above, the funds, in question, do not have a responsible party. We will be making a department responsible for proper transfer and moving forward, we'll be budgeting for this debt through 2033.

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.

## GRANTS MANAGER

- Grant/program updates
  - Revitalized the Community Resilience Center Discussion for Indian Valley with DFC and partners
  - Kick-off meetings for two programs (BRIC and CDBG-ED)
  - Executed contract with SBTS for most recent grant
- Attended/Participated
  - Monthly Check-in's for Long Term Recovery RSF working Groups, Building Rural Economies, CDBG-ED, DSR,
  - DIGITAL EQUITY BEST PRACTICES CHECK LIST WORKSHOP WEBINARS with CETF
    - Received \$1000 for participation for Plumas County
    - Will be applying for \$20,000 TA grant
  - Monthly DFC meeting
  - CSAC Grants Initiative 2024 Webinar Series #2: Funding Essentials for County Supervisors and CAOs
  - Participated on Jury for Annual Architecture Foundation of San Francisco High School Design Competition
    - This had nearly 80 submissions from around the world to design a Community Resilience Center for Greenville
    - Will provide update when more information is available
  - OpenGov kick off
  - Bimonthly VOAD meeting
  - HOME Program procedural Webinar

## RISK MANAGEMENT

5/2-3 Trindel Board of Directors  
5/9 – Fire Safe Board Meeting  
5/9 – Fire Safe Council  
5/13 – Plumas OES hosted a Hazmat drill  
5/15 – ICS 400  
5/16 – ICS 400  
5/22 – Plumas County DSR meeting  
5/23 – Recovery Meeting  
5/28 – Special EMCC Meeting  
5/29 – Trindel Audit  
5/29 – VOAD Meeting  
5/30 – PG&E EAP phone drill

## CAL-OES UPDATE

5/1 – Tri-HCC Meeting  
5/2 – Access & Functional Needs Committee  
5/9 – Fire Safe Board Meeting  
5/9 – Fire Safe Council  
5/11 – Children's Fair  
5/13 – NWS Partner Meeting  
5/13 – Plumas OES hosted a Hazmat drill  
5/15 – ICS 400  
5/16 – ICS 400  
5/22 – Earthquake Warning Training

5/22 – Active Shooter drill update  
5/23 – Recovery Meeting  
5/28 – Special EMCC Meeting  
5/29 – Trindel Audit Interview  
5/29 – Balancing Leadership; time management and avoiding burnout  
5/29 – Engaging Faith-based and Community Organizations  
5/29 – VOAD Meeting  
5/30 – PG&E EAP phone drill  
5/30 – NWS Sacramento pre-season partner meeting

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

### **Highlights for May:**

### **BUDGET-RELATED ACTIONS**

- Calculated salary estimates with various scenarios
- Calculated the cost estimates for additional positions requested for FY25.
- Brainstormed and documented FY25 beginning fund balance estimation methodology and reviewed the documented processes with Auditor-Controller for feedback.
- Prepared the preliminary FY24 activities to estimate FY24 ending fund balance and sent it to Auditor-Controller to review, modify, verify and approve.
- Reviewed personnel budget preparation with CAO, HR Director.
  - Cleaned up and prepared data from Pentamation to create FY25 personnel budget.
  - Reviewed CalPERS actuarial valuation reports.
  - Researched health insurance premium information.

Monitored, edited and prepared action items as necessary per the budget preparation calendar.

### **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**

Engie formally presented to the Board on March 19, 2024. The financing stage of the project began in April, having sent off our Financial Statements to potential funders. Additionally, we are exploring the Stampfli Road site for the solar portion of the project. This involves a flood study and CEQA determination. We have secured a financial institution and are now going through the lease documents which will come back before the board once they're all together.

## **OTHER CAO MEETINGS / ACTIVITIES**

1. 5/1 – OpenGov with Haley Gearn
2. 5/1 – OpenGov with Angelica Au
3. 5/2 – Human Resources/MRG weekly check-in
4. 5/2 – Salary Budget Meeting w/CLA
5. 5/2 – California Association of County Executives (CACE) bi-monthly meeting
6. 5/2-4 – Trindel Board Meeting in Sacramento
7. 5/6 – Human Resources meeting w/HR, Assessor's Office
8. 5/6 – Grant Manager Budget Meeting/BRE Community Coordinator discussion/Disaster Recovery Coor.
9. 5/6 – New Jail Tour
10. 5/7 – BOS Meeting – introduction of new Facility Services Director Nick Collins
11. 5/7 – Human Resources Exit Interview (VW)
12. 5/8 – Human Resources/MRG weekly check-in
13. 5/8-10 NACo Western Regional Conference (WIR – SEE BELOW)
14. 5/10 – OpenGov Workforce Plan/Position upload w/Haley Gearn
15. 5/13 – Human Resources/CAO meeting with outgoing Social Services Director Neal Caiazzo

16. 5/13 – Trindel Zoom Meeting to appoint counsel
17. 5/13 – Engie Lender Meeting with KNN
18. 5/14 – Meeting with County Counsel
19. 5/15 – Budget meeting with CLA
20. 5/15 – CLA Weekly check-in meeting
21. 5/16 – Human Resources/MRG weekly check-in
22. 5/16 – Human Resources/on-site employee meeting
23. 5/17 – California Association of County Executives (CACE meeting)
24. 5/17 – Engie Finance Meeting with KNN
25. 5/17 – HR Working Lunch to get employment posters distributed
26. 5/17 – Meeting with Public Health Director
27. 5/17 – Water Education for Latino Leaders (WELL) meeting
28. 5/20 – Budget Meeting with CLA/Junko
29. 5/20 – Salary Discussions with CLA, MRG & LCW
30. 5/20 – Human Resources Meeting with employees
31. 5/21 – Budget Meeting with CLA/Junko
32. 5/22 – Budget Meeting with CLA/Junko
33. 5/22 – CLA Weekly check-in
34. 5/23 - Human Resources/MRG Weekly check-in
35. 5/23 – Budget Meeting with CLA/Junko
36. 5/23 – HR Training on Fraudulent Emails
37. 5/24 – Budget Meeting with CLA/Junko
38. 5/24 – OpenGov & Plumas Online Budget Book Meeting w/Haley Gearen
39. 5/24 – Fund Balance Discussion with Auditor/Controller, Craig Goodman, CLA
40. 5/28 – Budget Meeting with CLA/Junko & Tina
41. 5/28 – Human Resources/MRG Weekly check-in
42. 5/29 – Budget Meeting with CLA/Junko
43. 5/29 – CLA Weekly Check-in meeting
44. 5/30 – Human Resources/MRG weekly check-in
45. 5/30 – Budget Meeting with CLA/Junko
46. 5/30 – Engie Finance Meeting with KNN

#### **NACo WESTERN REGIONAL CONFERENCE – May 8-10, 2024**

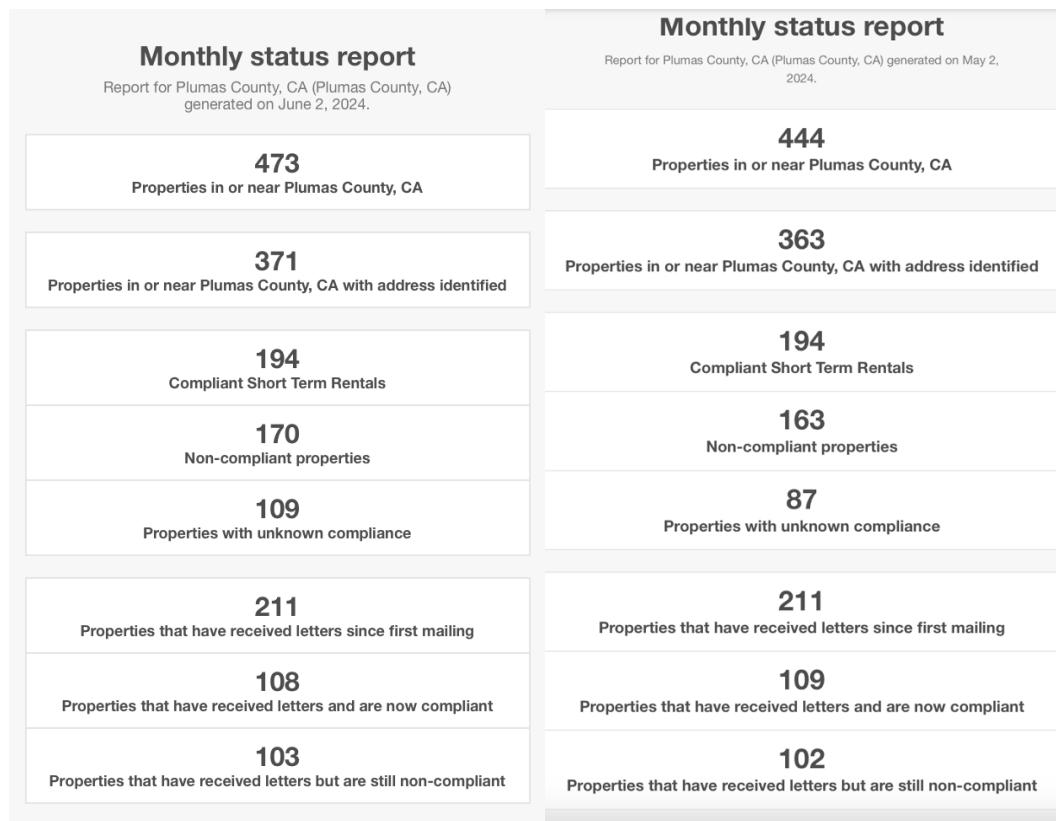
The NACo Western Interstate Region (WIR) Conference brings together county officials from across the nation to focus on pressing issues facing Western counties and our residents. Each year the conference is hosted by a county within the fifteen Western states – Alaska, Arizona, California, Colorado, Hawai'i, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming – and provides attendees with the opportunity to interact with federal, state and regional policymakers, participate in educational sessions and take home tools to address challenges.

#### **TRANSIENT OCCUPANCY TAX (TOT) REPORT**

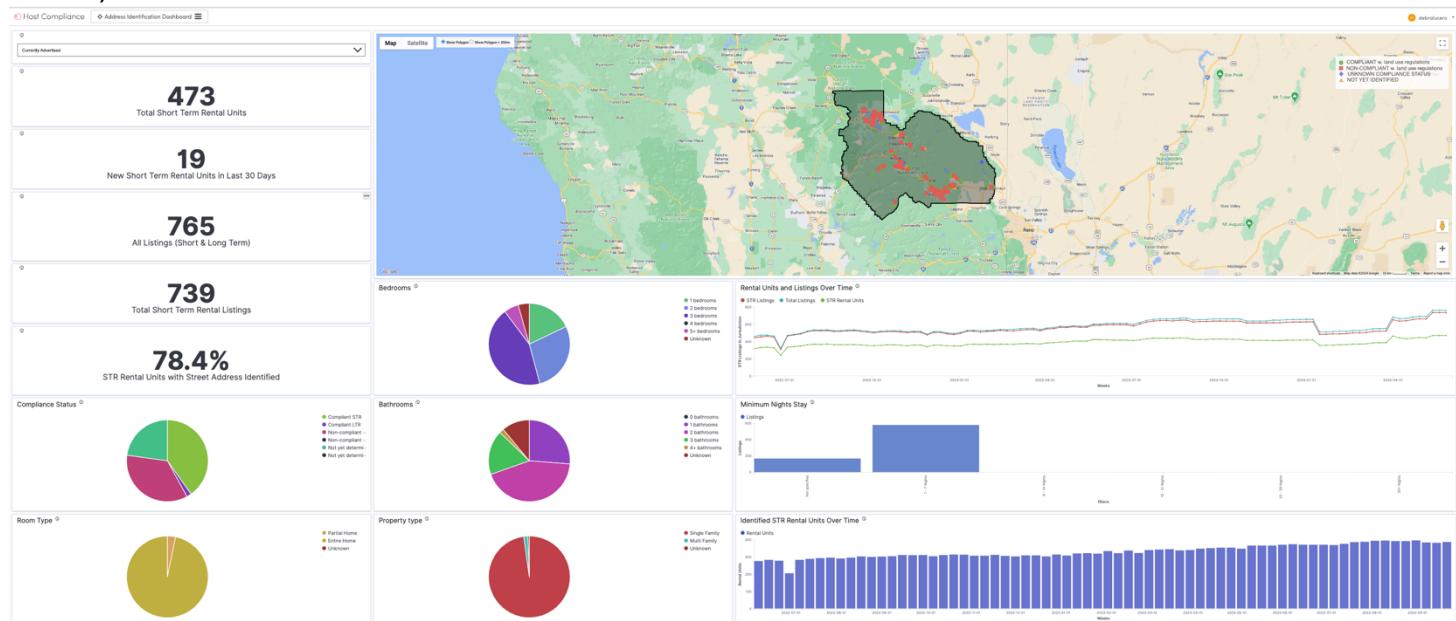
Although budget activity has taken the majority of the time this past month, we recognize the importance of getting our TOT-generating properties in compliance. We are contacting other counties to compare ordinances, compliance issues, etc., and working with the Feather River Tourism Association. The Treasurer-Tax Collector

also made comments at a Board meeting about working as a team to enhance TOT revenues, collections and compliance.

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



JUNE 2, 2024



MAY 2, 2024

