

**COUNTY OF PLUMAS,
CALIFORNIA
TREASURY OVERSIGHT
EXAMINATION**

**INDEPENDENT ACCOUNTANT'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2022**

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**COUNTY OF PLUMAS
Treasury Oversight Examination
For the Year Ended June 30, 2022**

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INDEPENDENT ACCOUNTANT'S REPORT

To the Members of the Board of Supervisors
County of Plumas
Quincy, California

We have examined the County of Plumas' compliance with the Treasury Oversight Committee provisions contained in Sections 27133-27136 of the California Government Code and the County Investment Policy for the year ended June 30, 2022. The County Treasury's management is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County Treasury management complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County Treasury management complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the County Treasury's compliance with specified requirements.

We did not audit, verify or confirm the existence of the investments as this was not within the scope of this engagement as is normally included as part of the County's annual financial audit. Rather, the sole purpose of this examination was to determine compliance with the requirements specified in the Government Code Sections and the County Investment Policy.

In our opinion, the County of Plumas complied, in all material respects, with the provision of Sections 27133-27136 of the California Government Code and the County Investment Policy for the year ended June 30, 2022.

This report is intended solely for the information and use of the Board of Supervisors and management of the County of Plumas and is not intended to be, and should not be, used by anyone other than these specified parties.



Smith & Newell CPAs
Yuba City, California
April 22, 2024

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**COUNTY OF PLUMAS
Treasury Oversight Examination
List of Officials
For the Year Ended June 30, 2022**

Board of Supervisors

Dwight Ceresola	District I – Board of Supervisors
Kevin Goss	District II – Board of Supervisors
Sherrie Thrall	District III – Board of Supervisors
Greg Hagwood	District IV – Board of Supervisors
Jeff Engel	District V – Board of Supervisors

Elected Official

Julie A. White	Treasurer
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COUNTY OF PLUMAS
Treasury Oversight Examination
For the Year Ended June 30, 2022

1. Background and General

In 1995, the California legislature passed provisions requiring each county and city to establish an oversight Committee of from 3 to 11 members representing various organizations (The pool or organizations were also specified in the legislation). The purpose of this Committee was to oversee the policies that guide the investment of public funds. The Committee was not to impinge on the day-to-day operations of the County Treasurer, but rather to review and monitor the Treasurer's investment policy and reporting.

Certain statutory changes were enacted by the California legislature effective January 1, 2005. Government Code Section 27131 now makes the Treasury Oversight Committee optional, although the legislature encourages the continuation of the Oversight Committee.

2. Committee Formation and Operation

In January 1996 the Committee was established and continued in operation until February 6, 2007. The California Legislature enacted certain legislation which made the Treasury Oversight Committee optional and the County elected to discontinue operation of the Committee. Therefore, compliance with Government Code Sections 27131, 27132, and 27137 which apply to formation, organization, and operation of the Oversight Committee was not applicable.

3. Compliance with Government Code 27133

Government Code Section (GC) 27133 requires the County Treasurer to annually prepare an investment policy statement. The policy for this examination was effective for the fiscal year ended June 30, 2022 and was approved by the Board of Supervisors at their February 9, 2021 meeting.

We examined the requirements specified in Government Code 27133, items a-h, which describe the required contents of the investment policy. We noted the following:

Requirement	Compliant
In any county that establishes a county treasury oversight committee pursuant to this article, the county treasury shall annually prepare an investment policy that will be reviewed and monitored by the county treasury oversight committee. The investment policy shall include all of the following:	
(a) A list of securities or other instruments in which the county treasury may invest, according to law, including the maximum allowable percentage by type of security.	Yes
(b) The maximum term of any security purchased by the county treasury.	Yes
(c) The criteria for selecting security brokers and dealers from, to, or through whom the county treasury may purchase or sell securities or other instruments. The criteria shall prohibit the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.	Yes

**COUNTY OF PLUMAS
Treasury Oversight Examination
For the Year Ended June 30, 2022**

3. Compliance with Government Code 27133 (Continued)

Requirement	Compliant
(d) Limits on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business by any member of the county treasury oversight committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission.	Yes
(e) A requirement that the county treasurer provide the county treasury oversight committee with an investment report as required by the board of supervisors.	N/A
(f) The manner of calculating and apportioning the costs, authorized by Section 27013, of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds.	Yes
(g) The terms and conditions under which local agencies and other entities that are not required to deposit their funds in the county treasury may deposit funds for investment purposes.	Yes
(h) Criteria for considering requests to withdraw funds from the county treasury, pursuant to Section 27136. The criteria shall include an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the county treasury.	Yes

4. Compliance with Government Code 27134

We examined the requirements specified in Government Code 27134. We noted the following:

Requirement	Compliant
The county treasury oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with this article. The audit may include issues relating to the structure of the investment portfolio and risk.	Yes

5. Compliance with Government Code 27135

We examined the requirements specified in Government Code 27135. We noted the following:

Requirement	Compliant
The costs of complying with this article shall be county charges and may be included with those charges enumerated under Section 27013.	Yes

COUNTY OF PLUMAS
Treasury Oversight Examination
For the Year Ended June 30, 2022

6. Compliance with Government Code 27136

We examined the requirements specified in Government Code 27136. We noted the following:

Requirement	Compliant
(a) Notwithstanding any other provision of law, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the county treasurer before withdrawing funds from the county treasury pool.	Yes
(b) The county treasurer shall evaluate each proposed withdrawal for its consistency with the criteria adopted pursuant to subdivision (h) of Section 27133. Prior to approving a withdrawal, the county treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the county treasury pool.	Yes

7. Compliance with County Investment Policy

Investments and Investing - We examined the County's investments and investing to verify compliance with the County investment policy which requires that all investments and investing shall comply with California Government Code 27000 et seq. and 53600 et seq., as well as any forthcoming amendments or additions to the code relating to the investment of local agency funds.

Reporting - We examined the Treasurer's monthly reports which are submitted to the Board of Supervisors to verify that they contained the information specified in the County investment policy. We noted that the monthly investment reports were not submitted for all months to the Board of Supervisors within 30 days following the end of each month.

Safekeeping - We examined the Safekeeping arrangements of the Treasurer to verify compliance with information specified in the County investment policy. Safekeeping arrangements appear to be in compliance with the County investment policy.

Investments - We examined the Safekeeping statements to verify that the maximum concentration percentages by category of investment did not exceed the allowable percentages specified in the County investment policy. We also examined the Safekeeping statements to verify that maximums for single issuers and maximum term limits were not exceeded at year end. Investment concentrations were in compliance with the County investment policy. We also noted that there were investments listed on the Treasurer's report that had been sold, and investments that were purchased, and held in Safekeeping were not recorded on the Treasurer's report.

Interest Apportionment and Administrative Fee - We examined the interest apportionment to verify compliance with the County investment policy. The policy states that the County Treasurer will establish investment procedures for the operation of the County's investment program. Whenever practical, cash will be consolidated into one bank account and invested on a pooled concept basis. Interest earnings shall be allocated according to fund cash and investment balances on a quarterly basis. Calculations for the Treasurer's administrative fee for costs of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds, as authorized in Section 27013 of the Government Code, are based upon actual costs and are subtracted from interest earnings on a quarterly basis prior to distribution of interest earnings to all funds. The administrative fee charged during fiscal year 2019/2020 was overstated by \$39,481 and was adjusted during the fiscal year 2021/2022.

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COUNTY OF PLUMAS
Treasury Oversight Examination
Schedule of Findings and Recommendations
For the Year Ended June 30, 2022

2022-001 Investment Reporting

We noted that the monthly investment reports for all months of the fiscal year ending June 30, 2022 were not submitted to the Board of Supervisors within 30 days following the end of each month. This is a repeat of prior year finding 2021-001.

Recommendation

We recommend that all monthly investment reports be submitted to the Board of Supervisors within 30 days following the end of each month.

2022-002 Administrative Fee

We noted that the administrative fee charged with the quarterly interest apportionments required an adjustment for an overstatement of \$39,481 from fiscal year 2019/2020 and was adjusted during 2021/2022. We also noted that there was approximately \$1,837 that had not been included in the administrative fee during 2021/2022. In addition, we noted that a portion of the administrative fee for the quarter ending December 31, 2021, was not charged against the December quarter earnings until a later quarter.

Recommendation

We recommend that the calculation of the administrative fee be reviewed for accuracy and that any adjustments be made in subsequent apportionments.

2022-003 Interest Apportionment

We noted that interest earned during each quarter was apportioned in two separate apportionments each quarter. One apportionment was subsequent to the respective quarter and a subsequent apportionment after the fiscal year end. Due to cash and investments not being reconciled timely, multiple interest apportionments each quarter were necessary to apportion all interest earnings. In addition, quarterly interest apportionments were not timely.

Recommendation

We recommend that interest apportionments be reported timely in accordance with the County Investment policy.

COUNTY OF PLUMAS
Treasury Oversight Examination
Schedule of Prior Year Findings and Recommendations
For the Year Ended June 30, 2022

Reference	Status of Prior Year Examination Findings
2021-001	<p>Investment Reporting</p> <p>Recommendation</p> <p>We recommend that the monthly investment reports be submitted to the Board of Supervisors within 30 days following the end of the month.</p> <p>Status</p> <p>Not Implemented</p>
2021-002	<p>Administrative Fee</p> <p>Recommendation</p> <p>We recommend that the calculation of the administrative fee be reviewed for accuracy and that the overstatement during 2019/2020 be adjusted in subsequent apportionments.</p> <p>Status</p> <p>Partially Implemented</p>

COUNTY OF PLUMAS
Treasury Oversight Examination
Management's Corrective Action Plan
For the Year Ended June 30, 2022

Finding 2022-001 Investment Reporting

We recommend that all monthly investment reports be submitted to the Board of Supervisors within 30 days following the end of each month.

Management's Response: The Treasury Oversight concurs with the finding.

Responsible Individual: Julie A. White, Treasurer-Tax Collector

Corrective Action Plan: We are implementing new investment software for efficiency and timely reporting.

Anticipated Completion Date: Starting the implementation in May, 2024.

Finding 2022-002 Administrative Fee

We recommend that the calculation of the administrative fee be reviewed for accuracy and that any adjustments be made in subsequent apportionments.

Management's Response: The Treasury Oversight concurs with the finding.

Responsible Individual: Julie A. White, Treasurer-Tax Collector

Corrective Action Plan: We will review all calculations after the admin fee is calculated.

Anticipated Completion Date: Implemented

Finding 2022-003 Interest Apportionment

We recommend that interest apportionments be reported timely in accordance with the County Investment policy.

Management's Response: The Treasury Oversight concurs with the finding.

Responsible Individual: Julie A. White, Treasurer-Tax Collector

Corrective Action Plan: The interest apportionments fell behind during catastrophic events. There have been new spreadsheets created to calculate the interest more efficiently.

Anticipated Completion Date: Implemented

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