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Treasurer impact on Feather River Tourism Association and Feather River College

The Grand Jury received a complaint outlining the following accusations about the Treasurer/Tax Collector:^{iv}

- The office is not properly enforcing county codes regarding transient occupancy tax.
- The office failed to transfer the 2% assessment for the Feather River Tourism Management Association (FRTMA) as outlined in the Management Plan approved by the BOS.^v
- The office along with county counsel decided that lodging providers on federal lands do not need to collect the 2%, which is supported by law. This has resulted in an unfair advantage to Airbnb providers over lodging providers who are charging and collecting the Transient Occupancy Tax (TOT). Also, Airbnb providers are not required to obtain a TOT certificate leaving the county with little data on the impact of tourism. This has led to an estimate that the county is losing 10-20 % of potential TOT revenues from Airbnb rentals due to the lack TOT certificates.
- The Feather River Tourism Association has complained that the Treasurer/Tax Collector's office has delayed its interest payments. In April 2023 the director of the association told the BOS that it had not been paid on time over its three-year existence. The association had asked for a loan citing \$30,000 plus in overdue payments from the county. The association received assistance from the CAO in finding the missing payment thus preventing a need for a loan.^{vi}

Feather River College has also reported problems collecting interest on funds invested in the county investment pool which the Treasurer/Tax Collector manages.^{vii} At one time the college was missing such a significant amount of interest payments it could not close its books for 2023. This caused the college's annual audit to result in a finding - a statement by the auditor indicating deviations from standard accounting practice.

Investment Policy not followed.

The Plumas County Investment Policy and Guidelines,^{viii} state that the County Treasurer/Tax Collector will provide a monthly investment report to the BOS, the auditor, school districts, the community college district, and special districts showing the following:

- all transactions
- type of investment issuer
- purchase date
- maturity date
- purchase price
- yield to maturity
- current market value for all securities

Currently the Treasurer/Tax Collector uses PFM Financial Advice and Consultation to fulfill some of the requirements, but the reports do not include all this information. Requests from the Feather River College District for investment reports and apportionment have not been provided in a timely manner. The State Chancellor's Office requires the college to report an exact amount of revenue and the rate of return from investments. The Treasurer had not provided them with this detail. In October of 2023 FRC send a demand letter to the county counsel requesting this information and a reason why the interest on their investments had not been posted to the FRC account. This process has also caused the college to receive complaints from student/workers who have tried to cash their checks only to be told there are insufficient funds in the FRC account. When the investments are not posted to the accounts there are no monies to cover checks resulting in insufficient funds in the accounts. This is due to the Treasurer/Tax Collector's office not transferring the monies to the proper accounts in a timely manner.

There is an ongoing discussion by the Board of Supervisors as to whether the Treasury Oversight Committee should be reinstated. At present the County Treasurer is the Trustee of the investment funds. The current policy states that the investment policy will be reviewed at least annually, yet the last time it was approved was 12/2/2016. "Prior to 2005 the California Code required counties and cities to establish a Treasury Oversight Committee to oversee the policies that guide the investment of public funds. However, this oversight committee became optional in 2005. In 2007 Plumas County discontinued the operation of its committee." At the 2/13/2024 BOS meeting a discussion took place related to updating the investment policy. The Treasurer asked that the Treasury Oversight Committee not be included in the investment policy. The CAO and the President of FRC asked that the Treasury Oversight Committee be reinstated. On January 9, 2024, the BOS "stalled" in approving a resolution to delegate authority to the Treasurer to invest county funds and the funds of other entities - including Feather River College and the Feather River Tourism Association. The routine resolution has not been completed for two years. On May 14, 2024, the BOS tabled the decision concerning the Treasury Oversight Committee.

The BOS received an Independent Accountant's Report from Smith & Newell CPAs on May 7, 2024. "This examination was to determine compliance with the requirements specified in the government code section and the County Investment Policy. This report found most areas in compliance. However, there were findings of noncompliance which were set to be implemented in May 2024.

- Monthly investment reports were not submitted to the BOS within 30 days following the end of each month for the years of 2021 and 2022.
- Administrative Fee was not charged for the correct amount or at the correct quarters.
- Interest Apportionment: cash and investments were not reconciled timely.

Treasurer response

The Treasurer-Tax Collector attributed the delays in reporting and distributing investment funds to a lack of management software. In response on February 3, 2024 the BOS authorized a three-year contract with Emphasys Software to purchase SymPro at a cost not to exceed \$90,000.^{ix} On March 3, 2024, there was a meeting among the Treasurer, SymPro representatives and Plumas County IT Department (PC IT) that focused on the implementation of the system by the Treasurer. Another meeting has been scheduled between SymPro and the Treasurer's office which would include any involved banks. A confirming email from the PC IT department indicated that there had been meetings on 3/22/24 and 4/4/2024, with SymPro, PC IT and the Treasurer's office but there have been no requests for further assistance to PC IT from the Treasurer's office or SymPro for implementation of the software.

Findings

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

Recommendations

- R1. The Grand Jury recommends that the BOS contact the State Controller's Office for assistance in streamlining the operations of the Treasurer/Tax Collector by October 1, 2024.
- R2. The Grand Jury recommends that the BOS direct the Treasurer/Tax Collector to use the option within the Investment Policy to reinstate the Treasurer Oversight Committee by November 1, 2024.

- R3. The Grand Jury recommends that the BOS follow the recommendations from CLA including the hiring of a fiscal officer or administrative assistant to assist the CAO's office by October 1, 2024.
- 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.
- 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.
- 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.
- 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.

Request for Response

Pursuant to Penal Code 933 and 933.05, the Civil Grand Jury requests responses as follows:

From the Plumas County Board of Supervisors within 90 days:

Recommendations 1, 2, 3.

From the Elected Offices:

Recommendations 4, 5, 6, and 7

Endnotes

ⁱMemo from CAO at the request of the Board of Supervisors April 2, 2024.

ⁱⁱSmith & Newell CPA's: Independent Accountant's Report of Plumas CO Treasury Oversight Examination, ending June 30, 2022.

ⁱⁱⁱ Plumas Sun article entitled "Controversy Erupts Over County Treasurer's Office" January 9, 2024.