

County of Butte
Audit Committee
Butte County Administration Conference Room
25 County Center Drive, Oroville, CA
May 9, 2016
Minutes

Call to Order

The Butte County Audit Committee meeting was called to order at 12:35pm.

Committee Members Present:

Maureen Kirk, Supervisor
Paul Hahn, CAO
Meegan Jessee, Deputy CAO
Dave Houser, Auditor Controller

Also Present:

Graciela Gutierrez, Assistant Auditor Controller
Rich Gonzalez, Gallina, LLP
Brad Constantine, Gallina, LLP
John Hantelman, Butte County Grand Jury
Jay Goodrich, Butte County Grand Jury
Donovan Rhinehart, Admin Analyst, Associate

I. Review and Approve

Minutes from May 12, 2015 Audit Committee meeting – Motion made to approve by Paul Hahn, motion seconded by Meegan Jessee. Motion carried unanimously.

II. Review and Approve

Minutes from October 28, 2015 Audit Committee meeting – Motion made to approve by Dave Houser, motion seconded by Paul Hahn. Motion carried unanimously.

III. Report and feedback from Gallina, CPAs on the annual financial audit and Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2015.

Rich Gonzalez of Gallina, LLP spoke about the audit and CAFR. This year, like last, Gallina issued an unqualified or clean opinion with no material weaknesses.

Gallina noted that, this year, the County implemented Governmental Accounting Standards Board (GASB) 68, a new pension standard. With this new standard, the pension is shown as a liability on the balance sheet for the first time. In the past, pension information was in the footnotes. This reduces the County's net position by 141 million dollars. The net position is down to 80 million dollars. A positive net position is good news since a lot of counties who have implemented this new standard have a deficit net position.

Gallina's audit is based on industry wide risk standards. They focus their attention on cash, long-term debt, capital assets, receivables and payables as areas of risk.

For the single audit, which is specific to the expenditure of federal funds, Gallina looks at the Schedule of Federal Expenditures for the year and performs a risk assessment. They look at large and complex federal programs, as well as the dollar amount and nature of the program, for example Temporary Assistance for Needy Families (TANF) and the Department of Transportation (DOT).

There was one finding in the single audit in the Medi-Cal Program. The finding was related to one client whose continued eligibility was not documented in the file, as required, after the initial year of eligibility. This was one case out of forty. Other than that, it was a pretty clean opinion. Graciela mentioned that the Auditor's office performed a follow-up audit and a new software system was implemented to prevent this from occurring in the future.

IV. Report from Peggy Moak, Treasurer-Tax Collector regarding the change of the Treasury Oversight Committee (TOC) to the Investment Pool Oversight Committee and the consequential elimination of a separate TOC audit.

Dave Houser presented for Peggy Moak. The legal requirement for a Treasury Oversight Committee (TOC) has ended and the TOC has been replaced by the Investment Pool Oversight Committee. In reviewing the practices and policies of the TOC it was determined that the County was expending about \$6500 per year for an audit, which was largely redundant to the overall County audit. At the recommendation of Mr. Houser the committee agreed to no longer do a Treasury Oversight Committee audit.

V. **Recognition of Government Finance Officers Association (GFOA) awarding Butte County the “Certificate of Achievement for Excellence in Financial Reporting” for the 2013/2014 Comprehensive Annual Financial Report (CAFR).**

Dave Houser and Paul Hahn recognized the Auditor’s office for their hard work putting the CAFR together. They were also recognized for receiving the Government Finance Officers Association (GFOA) Annual Certificate of Achievement in Excellence for Financial Reporting over multiple years.

VI. **Public Comment**

No Public Comment

VII. **Meeting adjourned at 1:10 pm.**