

County of Butte
Audit Committee
Butte County Administration Conference Room
25 County Center Drive, Oroville, CA
May 12, 2015

Minutes

Call to Order

The Butte County Audit Committee meeting was called to order at 2:05pm.

Committee Members Present:

Paul Hahn, CAO; Peggy Moak, Treasurer and Tax Collector; Meegan Jessee, Deputy CAO

Also Present:

Graciela Gutierrez, Assistant Auditor Controller
Sandy Sup, Auditor, Gallina LLP, Certified Public Accountants
Ed Manion, Butte County Grand Jury
Sue Lentz, Butte County Grand Jury
Michael Swenson, Butte County Grand Jury
Susie Rees, Butte County Staff

I. Review and Approve

Minutes from January 15, 2015 meeting – Motion made to approve, motion seconded. Motion carried unanimously.

II. Report from Sandy Sup, Gallina LLP, Certified Public Accountants

A. Gallina, LLP, Certified Public Accountants performed an audit of the Butte County financial statements and provided an opinion letter which can be found at the beginning of the financial section of the CAFR. It is Gallina's opinion that the financial statements have been presented fairly in all material aspects.

- B. Highlight of summary pages
 - a. Page 9 of the Management Discussion and Analysis (M D and A) section of the CAFR is a high level summary of the County's revenues vs. expenses and how much the net position has changed.
 - i. Operating grants and contributions decreased by 10%.
 - ii. Total expenses decreased by 7.3%.
 - iii. The ending position decreased by 3.9%.
 - iv. There was a 13.5% increase in General Government expenses due largely to the Hall of Records project.
 - b. Page 7 of the M D and A section shows the balance sheet
 - i. Noteworthy is the increase in long term liabilities which is a reflection of an increase in retiree health care benefits.
- C. Single Audit Report
 - a. Pages 1-5 consist of opinion letters.
 - b. The Schedule of Findings and Questioned Costs on page 17 is a summary of the Single Audit Report where financial statement and/or federal awards findings would be listed.
 - c. There were no financial statement findings.
 - d. There were four federal award findings.
 - i. There was one finding in Foster Care.
 - ii. There were three findings in the Medical Assistance Program.
 - e. There were two findings in the Single Audit Report for FY 12/13
 - i. One has been fully implemented and one has been partially implemented
- D. Management Report with Required Communication
 - a. The first section is required communication to management.
 - b. This report also includes recommendations that don't meet the level required to be in the Single Audit Report.
 - i. There were no recommendations in this report.
 - c. This report also includes the status of prior recommendations.
 - i. There was one recommendation for FY 12/13 and it has been fully implemented.
- E. Landfill Report
 - a. The Landfill Report is required because the landfill has debt.
 - b. The landfill is an Enterprise Fund which functions as its own entity, recording its own revenues and expenses.
 - c. Page 4 of this report shows revenues, expenses and change in net position.

III. Appoint Gallina, LLP, Certified Public Accountants as Butte County's outside auditor

- A. Gallina's current contract expired at the end of last year.
 - a. An RFP was released.
 - b. Two applications were received.

c. Gallina was recommended for approval.

i. Gallina demonstrated more experience with County auditing

B. The motion to appoint Gallina was made by Peggy Moak and seconded by Paul Hahn. The appointment was approved unanimously.

IV. Public Comment

a. No Public Comment

V. Meeting adjourned at 3:05 pm.