

County of Butte
Audit Committee
Butte County Administration Conference Room
25 County Center Drive, Oroville, CA
October 28, 2015

Minutes

Call to Order

The Butte County Audit Committee meeting was called to order at 1:06pm.

Committee Members Present:

Supervisor Maureen Kirk; Paul Hahn, CAO; Dave Houser, Auditor-Controller; Peggy Moak, Treasurer and Tax Collector; Meegan Jessee, Deputy CAO

Also Present:

Chris Cline, Butte County Grand Jury
Jay Goodrich, Butte County Grand Jury
John Rhein, Butte County Grand Jury
Brad Constantine, Auditor, Gallina LLP, Certified Public Accountants (via phone)

I. Review and Approve Minutes from May 12, 2015.

Due to a technical issue in the posting of the Audit Committee meeting and in an abundance of caution no action was taken and the minutes will come to the next Audit Committee meeting for consideration.

II. Recognition of Government Finance Officers Association (GFOA) awarding Butte County the “Certificate of Achievement for Excellence in Financial Reporting” for the 2013/14 Comprehensive Annual Financial Report (CAFR).

Dave Houser, Auditor-Controller reported that the County received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the CAFR. The County has received the award every year since 2005.

III. Report from Gallina, CPAs on the progress of their engagement this year for the financial audit of the fiscal year ending June 30, 2105.

Brad Constantine of Gallina reported via phone that the audit firm has completed all field work for the 2015 audit. One issue was noted related to the implementation of new audit software that the County implemented at Gallina's recommendation. The County's version of the software is newer than Gallina's which has caused some challenges in transferring the data between the two entities. This has caused some delay, but is being sorted out.

Mr. Constantine reported that in the Single Audit, which pertains specifically to federal funds, no issues were identified. Similarly for the County's overall audit there are no material findings and everything looks great. Mr. Constantine complimented the excellent work of Mr. Houser and his staff.

Supervisor Kirk suggested continuing to have Gallina do the fall report via phone. The report was about 10 minutes and Mr. Constantine has to travel from the Sacramento area.

IV. Burglary Report

On August 12th the Agriculture Department reported the theft of bulk purchase gas cards from multiple vehicles on August 6th. This theft resulted in \$12,000 in fraudulent charges. Oroville Police Department and the County DA's Office has been notified. Oroville Police Department is completing an investigation and has a suspect. The Auditor Controller's Office is updating County procedures related to the handling of gas cards including direction that they not be left in vehicles.

Chris Cline of the Grand Jury and retired Public Works employee recalled County staff keeping the card codes with the cards. John Rhein of the Grand Jury asked if vehicles are assigned to a vehicle or a person. Currently this varies by department, but it will be addressed in the procedures that the Auditor's Office is preparing.

V. Public Comment

Dave Houser, Auditor-Controller reported that SB107 related to dissolution of Redevelopment Agencies (RDA) shifted the audit function from the state to local Auditor-Controller's effective January 1, 2016. Additionally starting in July 2018 the Auditor-Controller will be responsible for staffing the oversight committees and that this will be collapsed to a signal committee per County. However, this staffing role may be done in conjunction with other County departments. Mr. Houser further explained that currently every former RDA

must get approval every 6 months on any anticipated expenditures and that this will shift to annual approval starting January 2016 and ultimately a final one time approval on annual expenditures until all debt is paid in full.

Paul Hahn, CAO explained that the dissolution of the RDA's has resulted in additional funds to the County and other taxing entities such as local schools and special districts and that as RDA debt is paid off this benefit will increase.

Finally, Infrastructure Financing Districts were discussed. IFD's are a new RDA like tool that exclude the tax increment dedicated to schools and that the County or other special districts can opt into at their discretion.

VI. Meeting adjourned at 1:46 pm.