

County of Butte - Audit Committee Meeting

25 County Center Drive Suite 200

Oroville, CA

Admin Conference Room

December 8, 2016

Minutes

Call to Order

The Butte County Audit Committee meeting was called to order at 1:00pm December 8, 2016.

Committee Members Present:

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

Also Present:

Graciela Gutierrez, Assistant Auditor-Controller
Heather Childs, Internal Auditor
Brad Constantine, Gallina, LLP (By Phone)
Robert Talerico, Butte County Grand Jury
Donovan Rhinehart, Admin Analyst, Associate

I. Review and Approve Minutes

Minutes from May 9, 2016 Audit Committee meeting – Motion made to approve by Dave Houser, motion seconded by Peggy Moak. The motion was approved unanimously.

II. Update from Brad Constantine ,Gallina

Brad Constantine of Gallina, LLP gave an update – Gallina has basically finished the County's audit. The Single Audit is still in process with only a few loose ends & no findings. Gallina has worked on a few drafts of the County's CAFR. There was an adjustment needed with the Landfill liability. This was corrected in the latest draft. This is the second year the County has prepared the CAFR for Gallina. The process was improved from last year and Gallina is pleased with the progress.

III. Report from Heather Childs, Internal Auditor.

See Attached: Audit Committee Report

IV. Report from Dave Houser, Auditor Controller

Dave Houser discussed changes recently made to the SunGard Financial System & impacts to processes in producing the CAFR. The County's Chart of Accounts was redone. Gallina provided software which allowed the Auditor to pull data directly from financials to produce a CAFR. This saved months of work. Gallina was pleased with the progress & found no major issues. The Auditor is getting a new product called Cognos which can generate reports that pull data directly from the County's financial system.

V. Report from Dave Houser, Auditor Controller

Dave Houser discussed the status of direct charges. New State legislation requires reporting of direct charges on property tax bills to the State Controller. Direct charges should be properly defined. The Board of Equalization requires reporting of the tax, the amount, the duration, & when the tax ends. The Auditor has worked with & educated different special districts to define these items as either a direct charge, tax assessment or a service charge. The Auditor has also worked with the Board of Equalization & the State Controller to specifically define these items enabling them to properly report & share this information with the special districts.

VI. Report from Peggy Moak, Treasurer-Tax Collector

Peggy Moak discussed successes when departments work together. The Treasurer-Tax Collector (TTC) work with the Auditor-Controller & County Council to solve a problem regarding direct charges. The town of Paradise was imposing direct charges on tax bills & tax payers were questioning these charges. The TTC investigated & found the direct charges were classified as nuisance abatements. The TTC continued their investigation with County Council & found that the fines were actually for not participating in mandatory garbage service, as well as other code enforcement fines. In working with County Council & at the Town of Paradise's request, the TTC came to an arrangement where these direct charges would be removed. This allowed all the people with these charges on their tax bill a 30 day period to pay defaulted taxes without penalty. This saved tax payers about \$14,000. There were 44 different parcels involved & 30 of those were delinquent. Of those 30, 15 have paid. Of those 15, 4 were on the tax auction list. An amnesty program was implemented, with the help of Supervisor Teeter & the Paradise Town Council, which allowed people who owed more than \$2000 in fees & fines to apply for a 75% reduction.

VII. Public Comment

No Public Comment