Butte County
LAND OF NATURAL WEALTH AND BEAUTY
OFFICE OF THE AUDITOR-CONTROLLER
COUNTY ADMINISTRATION BUILDING
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August 29, 2006

The Honorable Steven J. Howell
Butte County Superior Court
One Court Street
Oroville, CA 95965

Re: Response to Final Report of the 2005/2006 Butte County Grand Jury

Dear Judge Howell:

Pursuant to Section 933 and 933.05 of the California Penal Code, the Butte County Auditor-Controller responds to the findings and recommendations of the 2005/2006 Grand Jury's Final Report with the attached document.

Sincerely,

David A. Houser
Auditor-Controller

Enclosure

cc: Board of Supervisors

It should be noted that, according to Gilbert and Associates staff, Butte County is the only county that Gilbert and Associates was auditing for 2004 and 2005.

NOTE: Based on Statements on Auditing Standards No. 61, at the completion of the audit, the independent auditor should communicate with the Audit Committee the following items (partial list follows; for a complete list, please refer to SAS 61):

> Audit Adjustments – Adjustments arising from the audit –both those that have been reflected in the financial statements and those that have not – that could have a significant effect on the entity's financial reporting process.
>
> Disagreements – All instances, including those that have been satisfactorily resolved, in which the auditor and management disagreed about matters that, individually or in the aggregate, could be significant to the entity's financial statements or the auditor's report.
>
> Difficulties – Any serious difficulties the auditor encountered in dealing with management, such as unreasonable delays in providing needed information, an unreasonable timetable set by management, or unavailability of client personnel.

No communications occurred between Gilbert and Associates and Butte County's Audit Committee for the audits of 2004 and 2005.

This note is also applicable to Findings 9, 11, 12, & 13 in this section.

Please see exhibits #6 and #7.

9. Butte County's Assistant Auditor-Controller rejected a draft management letter from Gilbert and Associates addressed to the Butte County Board of Supervisors. This action prevented the Board of Supervisors, the CAO, and the public from seeing findings and recommendations that the management letter contained.

The respondent disagrees with the finding. The Assistant Auditor-Controller did not reject a draft management letter. On January 11, 2006, an email was sent by the Assistant Auditor-Controller to the senior auditor at Gilbert and Associates, inquiring as to whether any management comments were forthcoming, since none were brought up during the audit. Upon receipt of the question, Gilbert and Associates returned an email and in draft form suggested three potential management comments for the year being audited. The first suggested comment referred to an "Inflation Form Factor" that is submitted to the State annually by the Solid Waste Manager for the Neal Road Landfill. The manager did not use this particular form, however, the manager submitted all pertinent and relevant data timely and correctly. A misunderstanding had occurred on the part of Gilbert and Associates that this was a required form, when in fact it was not. The second comment was from the prior year, had been implemented, and was erroneously included by Gilbert and Associates as a current year comment. The third comment was merely a reminder that the County, per Government Accounting Standard number 34, must comply with that portion of the standard

for other information in documents containing audited financial statements, any procedures performed, and the results. [Paragraph renumbered by the issuance of Statement on Auditing Standards No. 89, December 1999. Paragraph subsequently renumbered by the issuance of Statement on Auditing Standards No. 90, December 1999.]

Disagreements With Management

.13 Disagreements with management may occasionally arise over the application of accounting principles to the entity's specific transactions and events and the basis for management's judgments about accounting estimates. Disagreements may also arise regarding the scope of the audit, disclosures to be included in the entity's financial statements, and the wording of the auditor's report. The auditor should discuss with the audit committee any disagreements with management,[8] whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the entity's financial statements or the auditor's report. For purposes of this section, disagreements do not include differences of opinion based on incomplete facts or preliminary information that are later resolved. [Paragraph renumbered by the issuance of Statement on Auditing Standards No. 89, December 1999. Paragraph subsequently renumbered by the issuance of Statement on Auditing Standards No. 90, December 1999.]

Consultation With Other Accountants

.14 In some cases, management may decide to consult with other accountants about auditing and accounting matters. When the auditor is aware that such consultation has occurred, he should discuss with the audit committee his views about significant matters that were the subject of such consultation.[9] [Paragraph renumbered by the issuance of Statement on Auditing Standards No. 89, December 1999. Paragraph subsequently renumbered by the issuance of Statement on Auditing Standards No. 90, December 1999.]

Major Issues Discussed With Management Prior to Retention

.15 The auditor should discuss with the audit committee any major issues that were discussed with management in connection with the initial or recurring retention of the auditor including, among other matters, any discussions regarding the application of accounting principles and auditing standards. [Paragraph renumbered by the issuance of Statement on Auditing Standards No. 89, December 1999. Paragraph subsequently renumbered by the issuance of Statement on Auditing Standards No. 90, December 1999.]

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[8] The glossary to Financial Accounting Standards Board (FASB) Statement No. 57, *Related Party Disclosures* [AC section R36], defines management as follows:

> Persons who are responsible for achieving the objectives of the enterprise and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management normally includes members of the board of directors, the chief executive officer, chief operating officer, vice presidents in charge of principal business functions (such as sales, administration, or finance), and other persons who perform similar policy-making functions. Persons without formal titles also may be members of management.

[Footnote renumbered by the issuance of Statement on Auditing Standards No. 89, December 1999. Footnote subsequently renumbered by the issuance of Statement on Auditing Standards No. 90, December 1999.]

[9] Circumstances in which the auditor should be informed of such consultations are described in section 625, *Reports on the Application of Accounting Principles*, paragraph .07. [Footnote renumbered by the issuance of Statement on Auditing Standards No. 89, December 1999. Footnote subsequently renumbered by the issuance of Statement on Auditing Standards No. 90, December 1999.]

Difficulties Encountered in Performing the Audit

.16 The auditor should inform the audit committee of any serious difficulties he encountered in dealing with management related to the performance of the audit. This may include, among other things, unreasonable delays by management in permitting the commencement of the audit or in providing needed information, and whether the timetable set by management was unreasonable under the circumstances. Other matters that the auditor may encounter include the unavailability of client personnel and the failure of client personnel to complete client-prepared schedules on a timely basis. If the auditor considers these matters significant, he should inform the audit committee. [Paragraph renumbered by the issuance of Statement on Auditing Standards No. 89, December 1999. Paragraph subsequently renumbered by the issuance of Statement on Auditing Standards No. 90, December 1999.]

Effective Date

.17 This section is effective for audits of financial statements for periods beginning on or after January 1, 1989. Early application of the provisions of this section is permissible.

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Audit Committee Inquiries and Communications.

A, J If the government has an audit committee or a group or individual formally designated with oversight of financial reporting, perform the following procedures:

a. As part of audit planning, inquire of that group (or at least its chair) regarding its views about the risks of fraud and whether it has knowledge of fraud or suspected fraud in accordance with SAS No. 99. Obtain an understanding of the audit committee's role in overseeing the company's fraud risk assessment and monitoring process.

Practical Consideration:

- Information gathered from the auditor's inquiries of the audit committee about fraud should be considered when identifying fraud risks at GCX-5, "Governmental Fraud Risk Assessment Form."

b. At the completion of the audit, consider whether communication of the following matters has been appropriately made and documented in accordance with SAS No. 61:

(1) *Auditor Responsibility.* The level of responsibility the auditor assumes for an audit performed in accordance with generally accepted auditing standards and the nature of the assurance an audit provides.

(2) *Accounting Policies.* The initial selection and changes in significant accounting policies, the methods used to account for significant unusual transactions, and the effect of significant accounting policies in controversial or emerging areas.

(3) *Estimates.* The process management uses to prepare accounting estimates, including fair value measurements and disclosures, and the basis for the auditor's conclusions about the reasonableness of those estimates.

AUDITOR'S EXHIBIT #7

(4) *Audit Adjustments.* (a) The adjustments arising from the audit—both those that have been reflected in the financial statements and those that have not—that could have a significant effect on the entity's financial reporting process. (b) Uncorrected misstatements aggregated by the auditor, whose effects management has determined are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

(5) *Other Information.* The auditor's responsibility for unaudited information in documents containing audited financial statements, any procedures performed, and the conclusions reached.

(6) *Disagreements.* All instances, including those that have been satisfactorily resolved, in which the auditor and management disagreed about matters that, individually or in the aggregate, could be significant to the entity's financial statements or the auditor's report.

(7) *Opinion Shopping.* The auditor's views about matters that were the subject of management's consultation with other auditors.

(8) *Prior to Retention Issues.* Any major issues that management discussed with the auditor in connection with the retention of the auditor, including the application of accounting principles and auditing standards.

(9) *Difficulties.* Any serious difficulties the auditor encountered in dealing with management such as unreasonable delays in providing needed information, an unreasonable timetable set by management, or unavailability of client personnel.

Practical Considerations:

- If the auditor has determined that fraud, an illegal act, or abuse involving senior management may exist (regardless of the amount) or if it results in a material misstatement, the matter should be reported to the audit committee. Depending on the auditor's agreement with the audit committee, misappropriations perpetrated by lower level employees may or may not need to be communicated to the audit committee. For example, the auditor might reach an understanding that clearly inconsequential matters not involving senior management will be reported to the appropriate level of management, but not to the audit committee.

- SAS No. 61 communication may be oral or written. An oral communication must be documented in the workpapers. A written communication must indicate that it is intended solely for the use of the audit committee or the board of directors and, if appropriate, management. (GCL-49, "Communication with Audit Committees," provides a drafting form that can be modified to include applicable written communications.)

County of Butte
County Cost Allocation Plan

FIELD REVIEW REPORT

RECEIVED
BUTTE COUNTY
2003 JUN 26 PM 1:10
AUDITOR CONTROLLER

STEVE WESTLY
California State Controller

For Fiscal Year Ended June 30, 2004

AUDITOR'S EXHIBIT # 8

Field Review Report

Scope

We have reviewed Butte County's Cost Allocation Plan for the fiscal year 2003-04 in order to determine if it has been prepared in accordance with federal Office of Management and Budget (OMB) Circular A-87 and with supplemental guidance promulgated by the federal Department of Health and Human Services (HHS). Our review consisted principally of inquiries of county personnel and applying analytical procedures to the material used to prepare the cost plan. Our review does not constitute an audit in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on the county's financial statements.

Background

OMB has designated HHS as the cognizant agency for cost allocation under OMB Circular A-87 for all California counties. By special agreement, HHS has delegated to the California State Controller's Office the authority to review, negotiate, and approve the countywide cost allocation plans for California counties. As a part of the approval process, we perform field reviews in order to verify that the data incorporated in county cost plans are adequately supported.

OMB Circular A-87 establishes principles for determining allowable indirect costs incurred by governmental units under grants, cost reimbursement contracts, and other agreements with the federal government. The circular provides for recognition of central service costs that benefit grant programs. It identifies the major types of costs normally incurred in grant performance and classifies them as allowable or unallowable. It provides for the development of necessary instructions related to the determination of indirect costs and makes it possible for direct costs to be allocated against a federal grant without a transfer of funds between the grantee departments involved. It establishes criteria for direct charges for services and limits the amount of unreserved retained earnings that may be accumulated by internal service funds. In order for a governmental unit to recover the costs of central support services performed outside of a grantee department, a consolidated local government-wide cost allocation plan must be prepared annually.

Conclusion

Based on our review, we approve Butte County's 2003-04 County Cost Allocation Plan.

Michael J. Havey

MICHAEL J. HAVEY, Chief
Bureau of Payments
Division of Accounting and Reporting

Staff:
William J. Steffenhagen, Section Manager
County Cost Plans and Local Apportionments Section
Tillman Sherman, Cost Plan Analyst
(916) 322-9437

Findings and Recommendations

No findings or recommendations were developed as a result of the field review of Butte County's FY 2003-04 Countywide Cost Allocation Plan.

Comments

Discussion with County Official

The results of this field review were discussed with David Houser, Auditor Controller and David Kelly, Assistant Auditor Controller on May 21, 2003. No factual objections were raised.

relating to Infrastructure before the end of the 2006 fiscal year. Consequently, this statement was not a true management comment. After discussion between the Assistant Auditor-Controller, Finance Officer and Gilbert and Associates, it was determined that none of the potential suggested comments were warranted. Gilbert was in full agreement with this determination. Given this determination, it was suggested that a management letter would not be necessary and Gilbert and Associates agreed. According to Statements on Auditing Standards number 60, communication of reportable conditions are not required to be in written format. If communication is oral, according to the standard, the auditors in their work papers should document it. Again, there were no reportable conditions to report and Gilbert and Associates should have documentation in their work papers that reflect the conversations with the Auditor's Office.

Please see note at bottom of response to Finding 8 in this section.

Please see exhibit #6.

10. The 2005 Financial Statements for Butte County, produced by Gilbert and Associates, shows far less long term financing obligations than the long term financings data maintained by the Treasurer's and the Auditor-Controller's offices.

The respondent disagrees with the finding. The Treasury schedule used by the Grand Jury will not agree to the June 30, 2005 financial statements because the Treasury schedule is dated November 1, 2005 and the financial statements are dated June 30, 2005. It appears that the Grand Jury did not look at all of the financial statement pages associated with long-term debt. In order to make a proper evaluation, we have provided this necessary reconciliation between the two schedules. Also, we are restating that the County and not the auditors produce the financial statements. The financial statements are the County's responsibility. The auditor's, Gilbert and Associates, responsibility is to express an opinion on the financial statements. This is stated in the first paragraph on the first page of the financial statements.

Balance per Butte County Treasury Department as **June 30, 2005**	$	92,286,643
Less:		
Workers' Compensation Bond held by another entity		(11,893,900)
04/05 principal payments on Pension Obligation Bonds		(690,000)
04/05 amortization of PARS (retirement package) obligation		(1,259,772)
04/05 principal payments on Workers' Compensation Bond (County's Obligation debt)		(2,200,400)
Plus:		
Butte County Service Area No. 26 Bonds		910,576
Capital Lease Obligations		28,755
Balance per June 30, 2005 financial statements	$	77,181,902

11. The 2005 Financial Statements, produced by Gilbert and Associates, were not completed in a timely fashion due primarily to unprofessional behavior by the management and staff of the Butte-County Auditor-Controller's office.

The respondent disagrees with this finding. There was no unprofessional behavior by management and staff of the Auditor's office. The primary delay in completing the 2005 Financial Statements was due to a delay in response from Gilbert and Associates regarding a long-term debt question. On December 1, 2005, the Assistant Auditor-Controller and Finance Officer attended a County meeting regarding certain debt related to the County becoming self insured for Worker's Compensation purposes. During the meeting, the Assistant and Finance Officer acquired information that would significantly affect how this debt would be shown on the financial statements. Gilbert and Associates were contacted that very same day in order to seek their advice. The Auditor's Office expected that a determination would be made by Gilbert and Associates within a reasonable time, that being approximately one week. A final determination was not made by Gilbert and Associates until the beginning of January 2006, at which time the managing partner of the firm was consulted. Additionally, on several occasions throughout the audit, the auditors would misplace or lose work papers provided by the Auditor's Office, causing delays because the Auditor's Office would have to resend the documentation to Gilbert and Associates.

Please see note at bottom of response to Finding 8 in this section.

Please see exhibit #6.

12. Gilbert and Associates, while accepting the normal maximum payment amount required in a government contract, spent an abnormally large amount of extra hours required to finish the 2004 and 2005 audit report and financial statements. These extra hours were required because of poor training, attendance, and unprofessional behavior by David Houser's employees.

The respondent disagrees with the finding. At the beginning of the 2004 audit, the Auditor-Controller and Assistant Auditor-Controller discussed with Gilbert and Associates that additional time and assistance might be required due to staff changes in the Auditor's office. Gilbert and Associates were in agreement, did spend additional time, billed for that time and received payment from Butte County. As for the 2005 audit, please refer to the response to Finding number 11, above.

We believe it is important to point out that, while Gilbert and Associates apparently complained of unprofessional behavior, lack of adequate management, lack of training and lack of adequate payment, they did submit a Proposal for Auditing Services for 2006, 2007 and 2008. It seems odd to this office that a firm that has so much negativity to say about a client is willing to come back and lose more money. It could be suggested that perhaps there

existed some discourse between Gilbert and Associates testimony and interpretation on the part of the Grand Jury.

Please see note at bottom of response to Finding 8 in this section.

Please see exhibit #6.

13. Many of the recommendations and findings of the management letters produced by Gilbert and Associates from 2003 and 2004 have not been fully implemented. The Audit Committee, suggested in the 2003 management letter to the Board of Supervisors, has not produced any minutes or policies for review by the Board of Supervisors or the public. In 2005 and 2006, vacation and furlough were still being approved without prior approval or a formal leave request. A formal fraud policy has not been adopted by the Board of Supervisors as suggested in the management letter.

The respondent partially disagrees with the finding. The only 2003 and 2004 recommendation remaining to be fully implemented is on Consideration of Fraud. In 2003, there were four recommendations as follows: Debt Covenants, partially implemented in 2004 and fully implemented in 2005; Establishment of Audit Committee, implemented in 2004; Vacation Control Procedures, implemented in 2004, and Consideration of Fraud, partially implemented in 2004. For Consideration of Fraud, the intent was to go to the Board for approval in 2005/2006, however, draft changes have postponed going to the Board until 2006/2007.

There were two findings in 2004, one having to do with Cash Receipts at the Neal Road Landfill. The related recommendation was implemented in 2005. The second finding, recording retention payables for construction-in-progress, was also implemented in 2005.

Please see note at bottom of response to Finding 8 in this section.

Please see exhibit #6.

14. As of November 11, 2005, Butte County had over $118,000,000.00 in non-voter approved long term financings, of which the principal balance owed was over $110,000,000.00. The Treasurer's Office and the Auditor's Office show $4,317,000.00 of this debt is not collateralized. Should a future Board not appropriate funds for this debt, they would still likely owe a debt in conflict with California Constitution Article 18.

The respondent partially disagrees with this finding. The total financings described in the Treasurer's November 11, 2005, schedule included Tax Revenue Anticipation Notes, which are short-term cash flow loans secured by annual property tax revenues. The solar project gap loan is also secured by annual property tax revenues. The California Energy Commission (CEC) loans are not collateralized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

Also note, ***California Constitution Article 18*** addresses Revising and Amending the Constitution, whereas ***California Constitution Article 16*** addresses Public Finance.

15. Butte County Code does not require a review of contracts by the Auditor-Controller, only that all contracts are forwarded to his office.

The respondent partially disagrees with the finding. While there is no requirement in County Code for review of contracts by the Auditor-Controller, that requirement does exist in the Contracts / Purchasing Policy and Procedures Manual in section 2.6.

16. Contracts, such as the solar contract, have been executed without a properly encumbered source of funds or collateralized long term debt.

The respondent disagrees with this finding. The Treasurer's inter-fund (GAP) loan for the solar contract is secured by a promissory note and a loan agreement. These documents were drafted by the bond counsel firm of Stradling Yocca, reviewed by County Counsel and executed both by the Board of Supervisors and the County Treasurer. The loan agreement, under Section 5 Security, states:

> "In the event the County fails to make payment under Section 2, the moneys otherwise owed to the County General Fund from the collection of secured property taxes shall be paid to the Note Repayment and Interest Fund in an amount sufficient to cure the default."

The current principal balance of the loan is $ 839,480.00 and the estimated fiscal year 2006-2007 General Fund secured property tax receipts are $19,000,000.00.

The California Energy Commission (CEC) loans are not collateralized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

17. County departments that are connected to the solar panels have had significant increases in utility costs when factoring in ISF transfers to pay for the Treasury "GAP loan."

The respondent disagrees with the finding. Increased costs have resulted due to increased usage and unpredictable weather conditions with respect to the solar panels. Since the solar panels were sized and the contract executed in 2004, the air conditioning in portions of the District Attorney's office has been increased to run additional hours (approximately 20), seven days a week. Additional usage not only means additional costs, but also means that production back to PG&E is reduced. Unforeseen, negative weather patterns have had a major impact on solar production. June of 2005 was a particularly cloudy/rainy month. To the contrary, in July of the same year extremely hot conditions occurred. The solar panels are at maximum production on sunny days when the temperature does not exceed approximately 80 degrees.

18. County departments are frequently not provided final budget detail for review before a final, adopted budget is approved by the Board of Supervisors. A-87 and ISF charges are frequently much higher in the final budget than in the Proposed Budgets.

The respondent disagrees with the finding. The Auditor's Office is responsible for allocating out the ISF departments and the A-87 departments based on the allocation methodology in the County-Wide Cost Plan. The Proposed Budget allocations for the ISF departments are due in February to the Administration Office. The Proposed Budget for the ISF departments includes the allocation of ISF services from the other ISF departments and the allocation of A-87 departments services. These specific allocations do not change from the Proposed to the Final (with the exception of FY 06-07 due to the new salary increase). It is the Administration Office that is responsible for recommending and approving the budgets. If the Administration Office decides to increase/decrease an ISF or A-87 department after the Proposed, then each department's allocation for those ISF or A-87 services will increase/decrease. Since the Administration Office is the authority on approving the budget and prepares the Agenda Item to the Board for final approval, it is obvious that any request from a department for review of their budget before the Final is adopted must go through Administration, as the Auditor's Office has no authority to make changes. In the past, the Administration Office has asked us not to print reports to the departments when requested, because they are making changes all the time and did not want departments to receive false information.

19. Butte County's methods for tracking and justifying indirect charges are inconsistent, poorly documented. The methods and tools for tracking charges by A-87 departments vary greatly from department to department. This inconsistency could jeopardize grant funding eligibility due to A-87 requirements for justification and consistency of indirect charges.

The respondent disagrees with the finding. Butte County Auditor's Office prepares the County-Wide Cost Plan each year, which includes the allocation methodology for the ISF and A-87 departments services. Costs of the various central clearing accounts (ISF departments) and the support services departments are determined in accordance with the Office of Management and Budget Circular A-87, U.S. Department of Health, Education and Welfare (HEW) Publication OASC-10, Chapter 12 of the County Accounting Standards and Procedures Manual and Generally Accepted Accounting Principles.

The County-Wide Cost Plan has been reviewed and approved by the California State Controller every year. (Please see exhibit #8 for example of acceptance letter from the California State Controller). In fact, the Cost Plan has passed every audit conducted by the State Controller's Office and has received positive reviews. We have met with several counties to discuss improving their County-Wide Cost Plan using our model.

In December of each year, once the Cost Plan is done, the Auditor's Office sends out to each department head a memo describing the allocation methodology that will be used for the Internal Service Funds (ISF's) and the Support Service Departments (A-87) for the upcoming

year. We have not made any significant changes to the Cost Plan in the last six years that would affect the ISF or A-87 allocation methodology.

The Auditor's Office finds this allegation of inconsistent and poorly documented methods for allocating services interesting, considering this office was not aware of the Grand Jury ever asking to review the County-Wide Cost Plan or discussing it with the State Controller.

20. Butte County's methods for tracking employees' time worked and eligible leave is inconsistent. Butte County policy regarding time card tracking has not been fully updated to reflect the demands of the Kronos Workforce Timekeeping system. Additional controls are needed to ensure consistent implementation of County policy and to verify the integrity of the payroll data, at time of payment through the Pentamation system. Current practices create the opportunity for fraud.

The respondent partially agrees with this finding.
Summary:
The Kronos core system has been tailored to meet the applicable sections of the law for local government, incorporating the leave rules agreed to and defined through the collective bargaining process for the County's nine different bargaining units' Memoranda of Understanding and the Butte County Personnel Rules. Operating policies and procedures for this timekeeping system are currently in draft form and will be deployed upon agreement of the Oversight Appointing Authorities. Although absent these guidelines, the system itself narrows the opportunity for fraud through the *designed* real time reporting and the detailed audit trail.

Background and Details:
The major objective of the acquisition and development of the Kronos Timekeeping System has been to bring consistency and accuracy to the county's past practices of the often projected paper timecard process and of past scheduling and employee management problems, in an effort to fulfill our responsibility and obligation to provide accurate records and to ensure public accountability. *Additionally, the timekeeping system provides a detailed audit trail for any entry into a time record and as such provides an excellent piece of evidence should "fraud" occur.*

Early in the process of development and deploying the many county departments into Kronos, the Project Planning Team made the recommendation to Administration that three basic time card views be utilized for the three different employee types. Exempt classifications would default at the "PROJECT VIEW," pre-populated with the scheduled daily hours; non-exempt classifications would default at the "HOURLY VIEW," with or without time stamp; non-exempt "Extra-Help" workers would default at "TIMESTAMP". It soon became apparent that the type of timecard to be used should be decided by the appointing authority. However, the agreed-upon view for the "Extra-Help" employees would remain "TIMESTAMP."

As we move forward, we have held meetings on issues that were not well defined, and continued the process for obtaining agreed-to changes. This process continues today.

In addition, with each new department brought into the process we have new issues and/or a different slant of what we thought were resolved issues. As we evolve through the process, we see that interpretations vary greatly, between and even within departments. The "Oversight" departments - Human Resources, County Counsel, Administration, and the Auditor-Controller – have also not always agreed on interpretation. We are, however, working through this process. These oversight departments are meeting to continue the development of the draft version of the "Butte County Time Keeping Policy and Procedures."

The statement "current practices create the opportunity for fraud" may not be fully understood by the respondent. If the current practices are referring to the Kronos Timekeeping system, yes, we need to get the operating policies and procedures out there to clarify the confusion of the current county rules and in some cases, meet and confer once the Oversight departments are in agreement to those policies and procedures. But certainly the writer must agree that this electronic timekeeping system narrows any opportunity for fraud, especially with the details provided in the audit trail. With commitment to this process, we can only improve and ensure greater accuracy and accountability to the citizens of Butte County.

21. Account codes used for tracking budget detail in the Pentamation database are unique to Butte County, are poorly documented, and are currently frequently changed without notice. This has created, and will continue to create, many obstacles to Butte County's employees managing their own department budget detail and expenditures.

The respondent disagrees with this finding. There is a chart of accounts in the Pentamation system, to which every user has access. There is a sample chart of accounts in the *Accounting Standards and Procedures for Counties*. Every department has a copy. This is the reference that the Auditor's Office uses for the proper expenditure of funds. As mentioned in #3, there are times when Accounts Payable changes an item to the proper account.

22. Current Butte County policy does not require or guarantee any consistent allocations of Proposition 172 funding to be distributed to any single Butte County defined public safety agency. Both County contributions and Proposition 172 contributions to the defined public safety agencies has varied significantly from year to year, making it difficult to build, prioritize and maintain quality public safety programs that are not funded by grants.

The respondent agrees partially with this finding but disagrees with the statement that the policy for allocating specific amounts of Proposition 172 funds to specific departments causes the problems cited. The Auditor-Controller had the Internal Auditor review the legislation and guidelines regarding Proposition 172 funds to determine whether it was the intent of the legislation to assign or guarantee a specific amount of money each year to each specific department or whether the intent was to allocate the funds to the County to fund "all combined public safety" concerns with the annual allocation to be part of the final annual budget process with the funds being assigned as they were needed.

Based on that review and analysis, it was the Auditor-Controller's Office determination that the decision and policy regarding how the Proposition 172 funds are to be divided each year is at the sole discretion of the Board of Supervisors. We based this determination on Government Code # 30051 – 30056 and on the ***"Public Safety Services Maintenance of Effort Requirements – Uniform Guidelines for California Counties and Cities"*** prepared by the County Accounting Standards and Procedures Committee (Revised October 1997) and as well as the State Attorney General's Opinion cited below. This determination and information is closely related to the Grand Jury's Recommendation # 13 that will be addressed as part of the Administration Office's response.

State Attorney General's Opinion # 02-913 (4/1/2003) specifically addressed this question and concludes "A county board of supervisors has the discretion, in each fiscal year, to change the allocation of Proposition 172 funds among otherwise eligible public safety service agencies, including an allocation to an otherwise eligible public safety service agency that did not receive an allocation in a prior fiscal year." (Page 1) "Nothing in section 30056 requires a specific allocation of Proposition 172 revenues to a particular public safety service agency." ... "As such, total revenues are to be examined and compared, not allocations to specific public safety agencies that are eligible for funding."

23. The current practice of transferring Proposition 172 funds from the public safety account to the General Fund masks the final allocations and expenditures. This practice has created mistrust among departments that receive these funds. County departments have previously requested an accounting of Proposition 172 MOE allocations and have been denied that request.

The respondent disagrees with this finding.

Information and Overview of Distribution Process

The ½ cent Sales Tax money for Public Safety Services that is collected as part of the retail sales process and then remitted to the State by the merchant is distributed back to the County (by the State) on a monthly basis. This is approximately $ 1 million per month. When received by the County, that money is initially deposited into (trust) Fund 1001 1015605 "Public Safety Augmentation Fund". The Tax Section of the Auditor-Controller's Office then distributes those monthly amounts via journal entry to the cities and the county according to each entity's sales and growth factor. Present distribution is 0.0129 % to the City of Biggs, 1.0779 % to the City of Chico, 0.1495 % to the City of Gridley, 0.7059% to the City of Oroville, and 98.0538% to the County of Butte. The Town of Paradise doesn't share in the distribution since it did not qualify under the legislative language. Each city's money is transferred to its "pending fund" and is then remitted by check to them. The County's share is journaled to the General Fund revenue code 4515360. This portion of the distribution process did not appear to be questioned by the Grand Jury and is supplied for background information only. It appeared that the Grand Jury's Recommendation regarded only the County's use of its allocation.

We do not believe it was the intent of the Board of Supervisors, Administration, or any other office to "mask the final allocations and expenditures" of the Proposition 172 funds.
As concluded in the Response to Finding # 22 above, allocation of the funds is at the sole digression of the Board of Supervisors. ALL references in the Government Code and guidelines regarding the MOE Requirements and allocations are based on "combined public safety" spending.

Please see **Response to Recommendation # 12 -** Method of MOE Calcualtions and Determination Regarding Use. The comparison the Auditor-Controller had the Internal Auditor do (Exhibit # 4) shows that for the years the comparison was made, the expenditures closely followed the Adjusted Budget Amounts. Based on the review, it was determined that the actual expended amounts greatly exceeded the MOE Requirements regarding budget allocations.

24. Policies, procedures, desk manuals, and training have not been adequately kept up to date in all organizational units within the Butte County Auditor-Controller's office. Existing desk manuals inappropriately contain security pass codes for access to financial information. Documentation prepared for a specific employee in the Cost Section could be construed as harassing or discriminatory.

The respondent partially agrees with the finding. The Auditor-Controller's office has begun a review of all policies, procedures and desk manuals in the office. The staff is currently working on updated desk manuals for completion by the fall of this year. During the Grand Jury's review of the desk manuals it was pointed out that a manual in the General Ledger/Accounts Payable section improperly contained some passcodes. These codes have been removed. It was pointed out by the Grand Jury that documentation for a specific employee in the Cost Section could be construed as harassing or discriminatory. The documentation examined was prepared by the employee as her personal desk guide, for her use in providing information on the steps to complete functions under her job responsibilities. We do not believe it was the employee's intent to discriminate or harass herself by the document but was for her own use and understanding.

Please see exhibit #5.

25. Posting of expenditures and receipts in the Pentamation system has been slow, inaccurate, and inconsistent. Journals of financial transactions have not been consistently available to affected departments in a timely fashion. This has caused difficulty for departments in managing their budgets.

The respondent disagrees with this finding. The weekly payables are posted in the system in batch mode, thus until the batch is updated, it is not shown in the department accounts. The receipts are posted every couple of days depending on when the Treasurer completes their posting and sends the batch to the Auditor's office. The journal entries have been posted into the system on a weekly basis. However, during peak accounts payable activity periods, priority is assigned to paying vendors timely.

Findings – Part I, Page E-14

1. The current Assistant Auditor-Controller was hired without any background in government accounting practices resulting in delays and deferment of decisions and policy setting to a department supervisor. It is not apparent that he has any supervisory or management skills. He consistently relies on a lower level supervisor to make his decisions and set policy and procedure for the office.

The respondent disagrees with the finding. Neither the Cost Supervisor, nor any other employee in the Auditor's Office other the Auditor-Controller, has set policy. While it is true that the current Assistant Auditor-Controller was hired without a governmental accounting background, that was a fact known up front by the Auditor's Department as well as other departments throughout the County. Consequently, it only made sense that the Assistant would consult with various employees, all the Supervisors, and certainly the Auditor-Controller. It is difficult to find any basis in the statement, "It is not apparent that he has any supervisory or management skills," since there is nothing in the report to support the claim. On the contrary, the Assistant came into the position with several years of supervisory and management experience. The same lack of basis applies to the statement, "He consistently relies on a lower level supervisor to make his decisions and set policy and procedure for the office." Again, nothing was offered in the body of the report or in any conversations between the Assistant and the Grand Jury to support such a claim.

2. Lack of management skills of the Auditor-Controller and the Assistant Auditor-Controller has led to an antagonistic work environment where employees are fearful for their safety/well being.

The respondent disagrees with the finding. The safety of the employees in the Auditor's office is and always has been at the forefront of management. We can think of not one incident whereby the Auditor and/or the Assistant said or did anything that would have caused any employee to feel that their safety/well being was in jeopardy.

3. Treatment of employees in the Auditor-Controller's office is frequently inconsistent with Butte County Personnel Rules and MOUs.

The respondent totally disagrees with the finding. We have always tried to adhere strictly to the Personnel rules and MOUs. In many cases there are interpretations that are different by different individuals and we try to clarify with Personnel when these differences come into play. We always look to our payroll Supervisor to notify us when she finds any items not handled in accordance with the Personnel Rule and MOU interpretations. We find this in just about every department in the county and our frequency of not interpreting correctly is no greater than any of the many other county departments.

4. The Auditor-Controller is seldom available to employees or other County officials. The Grand Jury believes that when the Auditor-Controller attempts to resolve an issue, his lack of familiarity with his office's processes and policies often exacerbates the problem.

26. Between July 1, 2003 and May 3, 2006, David Houser consumed more than half of the Auditor-Controller's combined budget units 533 (Memberships) and 543201 (Transportation & Travel/ Outside Purchase) for his memberships, car and cell phone allowance, and trips to conferences. These costs have not been a direct benefit to Butte County or County employees.

The respondent partially agrees with this finding. While I consumed more that half of the Auditor-Controller's combined budget unit 533 (Memberships) and 543210 (Transportation & Travel/Outside Purchase) for my memberships, car and cell phone allowance, and trips to conferences, there has been a direct benefit to Butte County or County employees. With regard to memberships, the office only utilizes two memberships: 1) State Association of County Auditors (SACA), and 2) Payroll Managers Association. Both provide significant benefit to the County. SACA provides training in Property Tax through the association's Property Tax Managers Committee. The Payroll Managers Committee provides training and guidance regarding all areas of payroll. Training for Internal Auditors is provided through the Audit Chiefs Committee and the State Controller's annual conference provides valuable information on Legislation, State Controllers Audits, and other areas of importance to the counties. All of the committees provide networking opportunities for the County employees. It is impossible to measure the direct benefit that accrues. The Payroll Managers Association provides valuable information and training to our payroll manager and staff related to all areas of the payroll process and especially changes that affect State and Federal tax.

A monthly vehicle and cell phone allowance is provided to all elected and appointed department heads. This benefit is charged to the transportation and travel budget, sub-object 543201. It does consume a large portion of the budgetary appropriation for this line item and is charged to the department head in each department under this sub-object. Transportation and Travel has been one of the budget areas where the department has had to make reductions in the past. This results in a larger percentage of the budget being absorbed by this benefit.

27. The majority of the employees of the Auditor-Controller's office have had no professionally standardized training related to government accounting during their employment by Butte County. Consequently, implementation of Generally Accepted Accounting Principles and GASB guidelines have been erratic. Fiscal policies are made by the Auditor's employees in the moment as the need arises without prior communication to affected County departments.

The respondent disagrees with this finding. The majority of employees in the Auditor-Controller's Office do receive information and training through many of the committee sponsored sessions held by the SACA (see Item 26) as well as the State Controller's Office, CALPERS and SCAC.

28. The working conditions found in the Auditor's office appear to be safety, health, and fire hazards.

The respondent disagrees with this finding. During July of 2006, the Auditor's office was visited by the County Safety Officer, as well as an Associate Industrial Hygienist from the California State Department of Industrial Relations, Division of Occupational Safety and Health. Butte County's Safety Officer found the office to be in good order, with no apparent health, safety, or fire hazards within the Auditor's Office (please see discussion of back door exit, below). The Industrial Hygienist pointed out that a couple of shelves should be bolted to the wall (implemented), and noted that certain metal file holders should be removed from the tops of overhead shelving (also implemented). There were no fire hazards noted, and air quality readings taken all fell in safe ranges.

The back door exit (previously used as an emergency exit) has been a topic of discussion lately, with the Safety Officer and other County departments. The Auditor's Office has made requests over the last several years that the area leading out the back door be cleaned up and maintained in order to ensure a safe exit route. There had not been anything done until an Auditor's Office employee twisted her ankle while showing a new employee the exit (the "hole" the employee stepped in was on the outside of the building). Some work has been done, but it has been determined that this exit will not be used for any purpose, even as an emergency exit, since there is not an assurance that employee's safety will not be jeopardized. A CDF employee did visit the office and stated that, per California code, the front door is adequate as the only emergency exit for the office, since we have less than 50 employees in the office.

For several years, requests have been made by the Auditor-Controller that the County install adequate lighting in the parking areas to ensure employee safety when returning to their vehicles after sunset. No additional lighting has been installed.

These are only some examples of the management of the Auditor's Office looking out for the safety and well being of employees. (See question number 2 under **The Office and Staff** section).

29. Many of the responsibilities of the Auditor-Controller are being transferred to other Butte County departments, narrowing the scope of his responsibilities. California Penal Code 927 states, "a grand jury may, and when requested by the Board of Supervisors shall, investigate and report upon the needs for increase or decrease in salaries of the County-elected officials. A copy of such report shall be transmitted to the Board of Supervisors."

The respondent disagrees with this finding. We have been working with the administrative department and the IS department to change the accounts payable processes to allow departments to enter their payable items. This process does not transfer any responsibilities of the Auditor's staff other than the key punching of the invoice items. This process change would allow the accounting staff to devote more time to auditing the claims submitted by the departments, reduce the paper flow and provide for a more efficient processing of the claims. This will also allow our department the ability to process payments on a more frequent basis, and we are currently testing this process change. It does not

transfer or reduce any accounting responsibilities. The only other transfer of duties is the transfer of the administration of the computer Hardware and Software to the IS department. When the financial system was initiated for Butte County, there was not an adequate Information System department in place to handle the hardware and software administration. Consequently, the Auditor's staff assumed the role of administration of the hardware and software. Since that time, Butte County's Information Systems department has grown and can now properly provide the security and administration necessary, which includes better internal control and separation of duties.

Recommendations – Part II, Page E-57

1. Pursuant to California Penal Code 927, this Grand Jury recommends a decrease in salary for the position of the Butte County Auditor-Controller of 25% of current salary and salary range, at the next legal interval to do so, due to significant portions of departmental responsibility being moved to other County departments. The Butte County Board of Supervisors should, pursuant to California Penal Code 927, request the Grand Jury to reassess this salary decrease in three years by providing data to the Grand Jury related to Butte County audit results, management letters, salaries and compensation of Auditor-Controllers in comparable sized counties, and functional responsibilities of the Auditor-Controller in the comparable sized counties.

The respondent believes this recommendation is not warranted. Butte County has consistently received an unqualified opinion on all fiscal year audits during the Auditor-Controller's tenure.

2. Upon direction by the Butte County Board of Supervisors, the CAO should contact the audit firm, Gilbert and Associates, and report to the Board what unpaid labor and travel costs may be due so that Butte County employees' unprofessionalism does not undermine the County's ability to attract competitive bids.

The recommendation is not warranted. There are no unpaid labor and travel costs due to the audit firm. At no time did the audit firm indicate that additional charges were to be made. The audit firm has the responsibility to discuss with the Auditor any charges for additional services required to complete the audit and at no time did the audit firm bring forth any items. There were addition charges the previous year which the county agreed to pay after reviewing the charges with the audit firm. We disagree that any action on our part has undermined the County's ability to attract competitive bids.

3. The adopted Butte County computer use and ethics policy should be reviewed and updated as needed to ensure that it specifically addresses the Pentamation Financial Database. Documenting pass-codes in non-secure locations should be grounds for disciplinary action. Any employee that uses security credentials not assigned to themselves to access or alter financial data should be placed on administrative leave until an investigation is completed

and appropriate course of action is decided by recommendation of Butte County's Department of Human Resources.

The respondent disagrees with the recommendation. Documentation of pass-codes in non-secure locations does not and has not occurred. Logins and passwords are not shared in the Auditor's Office, but often times people in the other departments share their passwords and someone else uses it while that person is on vacation or is off sick.

4. The outstanding obligations for both the CEC loans for Butte County's solar panel project and the GAP loan owed to the Butte County Treasurer should be appropriately collateralized. There should be no ambiguity to a future Butte County Board of Supervisors as to the impacts of deciding not to appropriate funds to pay for these long-term obligations.

The recommendation will not be implemented because it is unwarranted. The California Energy Commission (CEC) loans are not collateralized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

The GAP loan between the County and the County Treasury is fully collateralized via a loan agreement and a promissory note, which provide that, in the event of a default, secured property tax monies otherwise owing to the County General Fund, is diverted to cure the default.

5. The available budget in the Auditor's office for training, travel, and professional memberships should be increased to a level that each employee can attend needed training.

The recommendation has been implemented. The Auditor's Office budget for 06/07 has been significantly increased in order to ensure that appropriate training is available to all employees.

6. The Audit Committee should review Butte County's implementation of account codes used in the Pentamation Financial system and develop policy to standardize account codes with the State of California standards as much as possible. A policy standardizing account codes, including a method for appropriately adding or deleting account codes, as well as documenting and communicating those changes, should be forwarded to the Board of Supervisors for their review after review by the Audit Committee. The Grand Jury believes that a log of added and deleted account codes should be kept by those responsible and forwarded quarterly to the Audit Committee for their review.

The Respondent disagrees with this finding as follows:

Grand Jury Comment Page E – 46 – Paragraph # 3 That comment states in part: "We also noted that there are no flip charts or readily available documents for referencing appropriate account codes." … "Analysts at various County departments have repeated asked for a chart of accounts to track their own expenditures, only to be told that the chart of accounts is over 100 pages long and cannot be reproduced for each department as it is constantly changing." "The California State Controller's office maintains a suggested chart of account codes for County

governments to use; Butte County used these State account codes in the past. According to the Internal Auditor in the Auditor's Office, when the State Controller's Office simplified their account codes tables several years ago, Butte County did not follow suit and continues to use, and add to, the previous system."

Auditor's Response to Comment Page E – 46 – Paragraph # 3 and Recommendation 6, above.

As stated in our response to Recommendation # 8 (pageE-58), the Auditor's Office has always closely followed the State Controller's guidelines even thought they are "suggestions". The Internal Auditor denies making that statement to the Grand Jury Investigators and states that as part of an attempt to provide the investigators with "quick reference" documents, he gave them copies of the Auditor-Controller's Policies & Procedures: (A) **Section III – 1 – Accounting System Structure** ; and (B) **Section III – 2 – Funds – Purpose & Assigned Numbers**. At that same time, he showed them a copy of the binder distributed by the Auditor-Controller in January 2005 containing the **State Controller's *Accounting Standards and Procedures for Counties***. He, in fact, was instrumental in the preparation and distribution of that binder.

It is true that we do not provide to other departments the full "Chart of Accounts" that is maintained on the computer as part of the Pentamation Accounting System --- because it is over 100 pages in length and the normal user would have need of knowledge of less than 5% of those account codes (even if they were the department's analyst). Department accounting and administrative staff routinely have access to their own accounting information (revenues, expenses, trust fund balances, etc.) by accessing the Pentamation (Accounting Software Program) server (if the need exists and they are granted assess). This method provides them up-to-date information that would not be available in printed format as the chart of accounts is constantly being updated and added to. The issuance of a new fund or account number is controlled by Revenue Accountant and General Ledger Accounting Supervisor and must be approved by the Assistant Auditor-Controller.

A comparison of the Account Structure utilized by the Butte County Auditor's Office with the State Controller's guidelines quickly reveals that the Auditor's Office IS most definitely complying with and following the State's guidelines.

To provide further assurance regarding the County's compliance with the State's guidelines, the Internal Auditor contacted the Office of the State Controller – Local Government Policies & Reporting Section, regarding this "uniform code manual" and was assured that while the State did have a Uniform Code Manual applicable to State Departments and Agencies ONLY, they did NOT have one that applied to COUNTIES. They included guidelines and illustrations as part of their ***Accounting Standards and Procedures for Counties*** – but did not intend for their illustrations to be used as a definitive "Chart of Accounts". (Quotes from that Manual below make that clear.)

The ***County Budget Manual – State of California*** (12-86) section 1006 "Funds and Accounts" states " Fund and account titles to be used by counties in the preparation of the budget are those contained in the publication *Accounting Standards and Procedures for Counties*, issued by the Controller."

It should be noted that on the State Controller's Annual Report of Fiscal Transactions (LGFA-80s) that the State itself only uses the Categories, Accounts (objects), and Sub-Accounts (sub-objects) TITLES and doesn't use the "account numbering system" that the Grand Jury seems to be referring to.

The **State Controller's** ***Accounting Standards and Procedures for Counties*** specifically states:
-- under **Section 5.01 Chart of Accounts Terminology** (page 5.3) –

> "Common terminology and classifications should be used throughout the budgeting, accounting, and financial reporting activities for California counties."
>
> "The list of account titles in this chart of accounts is not exhaustive. **Where deemed appropriate, counties should supplement these classifications with additional ones in light of local circumstances...** "
>
> "Some counties will not need all of the accounts included in this list. ..."
>
> "**The numbering system used is intended primarily for reference purposes. Each county should devise an account coding system consistent with its accounting needs.** ..." -- under **Section 7.05 Use of Sub-object Accounts** (page 7.13) –
>
> "The use of sub-object account in budgeting and **accounting is left to local choice**. In the event sub-object accounts are used, those listed in section 7.06" (Chart of Objects and Sub-objects) are required where appropriate." " reporting requirements may make a further segregation of certain sub-objects desirable in a particular county. In this event, the account listed on the chart may be segregated to the desire subaccount." **(Emphasis added)**.
>
> "Used in this manner, the chart allows a county to accumulate all the detail desired for informational or statistical purposes, and it still permits ready consolidation into the prescribed account form for reporting purposes to the State Controller."

7. Changes to expenditures and receipts should not be made after closing a fiscal year's books or July 31 of each year. Errors and omissions should be documented and forwarded to the Butte County CAO and Auditor-Controller for appropriate actions.

The respondent disagrees with this recommendation. Changes to expenditures and receipts are not made after the books are closed. Anything that is entered into the financial system has a paper trail.

8. Uniform accounting policy should be adopted county-wide and relevant documentation should be forwarded to all affected Butte County Department Heads for their distribution.

The respondent disagrees with this recommendation. This office has always had, maintained, and adhered to a "uniform accounting policy". That accounting policy, fund and account structure basically follows the **State Controller's *Accounting Standards and Procedures for Counties*.** The most recent publication of the State's revised manual was in May 2003. The "Index" portion (used for look-up and cross-referencing) of that manual was last updated in May 1992.

As part of the Auditor-Controller's ongoing effort to keep everyone aware of correct accounting procedures, practices, and codes, the Auditor-Controller's Office prepared and distributed its own manual in January 2005 that contained not only the **State Controller's *Accounting Standards and Procedures for Counties*** (in its entirety including the 1992 index), but also selected portions from the (County's) ***Auditor-Controller's Policy & Procedures Manual*** that applied to people outside the Auditor's Office. The 3" binder also provided a section where other relevant accounting instructions and guidelines could be inserted (like the County's Budget Appropriation Transfer Policy and Travel Policies.) Two of the Auditor's Policies & Procedures contained in that binder were: (A) **Section III – 1 – Accounting System Structure** ; and (B) **Section III – 2 – Funds – Purpose & Assigned Numbers. Those P&Ps are attached as Exhibit # 1 and Exhibit # 2.** Attached as Exhibit 3 is the January 11, 2005 letter from the Auditor-Controller that accompanied the distribution of that manual to all department heads and key Administrative personnel. Please note the boldface comment that was contained in that letter. **"This binder should be kept where it is accessible to those individuals actually preparing accounting transactions and requests so that they will know how to prepare them and what coding is required."**

9. Butte County Code should be updated to require a signature for a legally required review by the Auditor's Office before a contract is executed. Failure to complete such a review in a County policy defined time window by the Auditor's office should be grounds for disciplinary action for the assigned employee.

The respondent agrees with this recommendation.

10. Payments, receipts, and journals should be posted accurately within a reasonable number of days defined in Butte County policy. Failure to do so should be grounds for progressive discipline per County policy.

The respondent disagrees with this recommendation. Butte County departments have a deadline in the submission of documents for payment. If this deadline is not met, it could be the next week before the payment is made. If the department has a deficiency in the account, the payment will be held until it is corrected. At present our goal is to write the checks on a daily basis. The Treasurer's office is who posts the receipts, they come in batch mode to the Auditor, who then reviews them and posts them into the books. Journal entries have been posted on a weekly basis. The goal has been to post them on a daily basis and we have reconfigured our duties and have accomplished this.

11. A designated member of Butte County Administration should be the primary point of contact for most, or all, facets of the annual Butte County Audit. All relevant

communications with the Auditor-Controller or his staff, including email, should include a copy to the designee of Butte County Administration.

The recommendation has been implemented. A member of Butte County Administration is the primary point of contact for most facets of the annual Butte County Audit and will be included in all relevant communications between the independent auditors and Auditor-Controller staff.

12. The Butte County Auditor-Controller should instruct his Internal Auditor, or other qualified employee, to comprehensively audit distributions of Proposition 172 funds and ensure that these funds are allocated and distributed in accordance with relevant California codes and regulations. All public safety agencies that receive Prop. 172 monies should be defined as such in Board adopted policy. A report should be prepared and forwarded to all members of the Audit Committee, the Board of Supervisors, the affected public safety agencies, and the Grand Jury.

The respondent agrees with this recommendation, has implemented it, and further responds as follows:
Government Code Section 30056(d) states, "Officials of a county ... shall, upon request, provide the county auditor any information that the auditor needs to make the determinations required by this section. In carrying out the requirements of this section, the auditor may, but is not required to, audit the information provided by a county ..." (Emphasis added). At the recommendation of the Grand Jury, the Auditor-Controller had his Internal Auditor do an analysis of the County's Proposition 172 MOE Calculations from FY 1992-93 (base year) to the present time.

Eligibility and Funding Allocation:
As part of the requested analysis, the Internal Auditor had to review and determine: (1) why only certain departments were included in the County's definition of "Public Service Agencies", and (2) whether the intent of the legislation was to assign or guarantee a specific amount of money each year to each specific department or if the allocation was to the County level only with the allocation to departments to be part of the annual budget process. This determination was based on Government Code # 30051 – 30056 and on the ***"Public Safety Services Maintenance of Effort Requirements – Uniform Guidelines for California Counties and Cities"*** prepared by the County Accounting Standards and Procedures Committee (Revised October 1997). This determination and information is closely related to the Grand Jury's Recommendation # 13 that will be addressed as part of the Administration Office's response.

(1) In regards as to why only certain departments were included in the County's MOE calculation of "Public Service Agencies", the Internal Auditor reviewed GC Section # 30052(b) and (b)(1) which states (b) "For purposes of this chapter:" (1) " "Public safety services" includes, but is not limited to, sheriffs, police, fire protection, county district attorneys, county corrections, and ocean lifeguards. "Public safety services" does not include courts." " (Emphasis added).

Butte County Resolution # 93-112 (7/27/93) was the initial resolution regarding Proposition 172 funds and resolved "... that revenues shall be available from said Public Safety Augmentation Fund only for "public safety services" ..." There is correspondence in the files

that shows the Board of Supervisors chose specific areas (departments) to use when establishing the MOE base year calculations. The Board later defined those areas in Resolution # 96-84 (7/23/96) (the Initiative failed to pass during election) regarding County Charter Amendment – Exhibit A Section F as follows: "F. Definition "Public Safety Agencies" as used in this charter, include the following: the district attorney, the sheriff-coroner (including funding for corrections and detention services and their alternatives), the probation department, and the department of fire protection."

(2) The State Attorney General's Opinion # 02-913 (4/1/2003) concludes "A county board of supervisors has the discretion, in each fiscal year, to change the allocation of Proposition 172 funds among otherwise eligible public safety service agencies, including an allocation to an otherwise eligible public safety service agency that did not receive an allocation in a prior fiscal year." (Page 1). "Nothing in section 30056 requires a specific allocation of Proposition 172 revenues to a particular public safety service agency." ... "As such, total revenues are to be examined and compared, not allocations to specific public safety agencies that are eligible for funding." (Page 5).

Method of MOE Calculations and Determination Regarding Use:
As part of the analysis made, the Internal Auditor recapped and reviewed the MOE Calculation figures for the period starting FY 1992-93 up to and including FY 2006-07 except for FY 2004-05 and FY 2006-07.

Those two years (of MOE Calculations) were not reviewed because the Administrative Office did not prepare the calculations and reports for those years. When the Internal Auditor asked why the formal MOE calculation wasn't done and available, the Deputy CAO stated that an "informal analysis" of the MOE calculations was done which indicated that the County was going to again exceed the required MOE amount by several million dollars (as it had been doing for several years). That information is substantiated by the attached recap titled "Prop 172 MOE Comparison". (See Exhibit 4). Please note that the "Amount that the Adjusted Budget Exceeds the MOE Base Amount" has increased annually from $ 355,130 in FY 1993-94 to $ 22,613,902 in FY 2003-04. The Administrative Office calculations for FY 2006-07 show that excess amount to be $ 32,042,181. (See Column # 8).

It should be noted that the detail of what made up the "Adjustments" that were used in the MOE Calculation process was not always maintained or available. During the early years when there were relatively few "adjustments" to the adjusted budget, the Internal Auditor was able to exactly match those adjustments to specific items (Revenue Codes for State and Federal Grants, Local Contracts, etc.) that were to be excluded from the calculations. In later years, as the number of adjustment exclusions increased by 10 fold, exactly matching items became increasingly difficult – so "ranges of revenue codes" had to be compared. While this was done with relatively good success, the problem was discussed with a Deputy CAO. The Internal Auditor recommended and the Deputy CAO agreed that the MOE Calculation should be done annual and that the specific detail regarding the "adjustment amounts" used in those calculations would be maintained in the CAO's calculation file for review. This will make analysis of any future years much easier and more meaningful.

As a second part of the review, the Auditor-Controller wanted a comparison for those years between the ACTUAL adjusted Public Safety expenditures made to what the BUDGETED MOE expenditures were. (Please refer to Exhibit 4 column # 11). Researching and analyzing 14 years of expenditures proved to be a very labor-intensive process and is still underway. In addition to determining the actual expenditures for each department for each year, those expenditures had to be adjusted by the "excluded" items like Capital Outlay, Federal and State Grants, Local Contracts, Court Bailiff Contracts, etc.). For the years that the detail expenditure analysis has been completed, the ACTUAL qualifying expenditures have always exceeded the BUDGETED MOE amounts. Those "Amount that Actual Expenditures Exceeds MOE Amount" (see column # 11) are shown on the attached comparison for the completed years. Please note that each line in the summary exhibit is backed up by a two or three page detail analysis for each year. While not included as part of this response (because of volume), the detail analysis is available in the Auditor's Office.

13. Butte County Administration should spearhead an effort to coordinate with County defined public safety agencies, (defined as required by Proposition 172/ AB2788), to bring forward a recommendation to the Board of Supervisors for an MOU for calculating each public safety agencies' share of this funding source within the Maintenance of Effort calculations as described earlier in this report. The Board of Supervisors should consider including stipulations in the policy that Proposition 172 funds are never transferred to the General Fund so that full transparency and accountability is always maintained.

The Auditor-Controller's Office believes that this recommendation should be addressed by the Administrative Office --- but points out that assigning funds to specific departments within the public safety field appears to be contrary to the requirements of the legislation.

14. The Auditor-Controller's department should be inspected on an ongoing basis by the Fire Marshall and other experts for health and safety problems.

The recommendation has been implemented. The Fire Marshall visited the Auditor's Office for the annual inspection in July 2006. As indicated in the response to Finding number 28 in this section, the Auditor's office has been inspected by several experts recently.

15. An ergonomics assessment should be performed for each staff member and appropriate workstations should be installed in the Auditor-Controller's office.

The recommendation has been partially implemented. Ergonomic assessments were made for two employees and respective workstations and recommendations were implemented. The remaining staff of the Auditor's office will be assessed during the remodel of the office during Fall 2006.

16. The Butte County Board of Supervisors should consider allocating additional funding for aggressive audit sampling and review of the following items for a minimum of the next three years (these items need not be completed by the November 30th due date or under the same cover as the normal, annual audit):

The respondent totally disagrees with the finding. There are occasions when the Auditor must be away from the office. This includes attendance at various meetings, Association Committee meetings, State Controller Conferences and other training, other absences related to doctor and or dentist appointments, as well as vacations or bereavement time available to all county employees, elected or otherwise. To use the term "seldom" without specific dates and times is not warranted. There have been times on the weekends and evenings that required my attention and I have been available to County officials. Also, the statement that the Grand Jury believes that the Auditor's lack of familiarity with the office's processes and policies often exacerbates the problem is ambiguous and does not provide any specific facts to support this belief.

5. The Auditor-Controller sometimes manages employee situations with sarcasm and derogatory comments about his employees. Several of his subordinate managers have adopted his management style as their role model for management by intimidation. Additionally, the hostile behavior is undermining the County's ability to do business on a daily basis as the anger and hostility disseminates into communications with other County departments.

The respondent disagrees with the finding. Again, the statement that the Auditor-Controller "sometimes" manages employee situations with sarcasm and derogatory comments about his employees is ambiguous and without basis. That is not the management style used in this office and is not one adopted by several of the subordinate managers.

6. The Assistant Auditor-Controller and Finance Officer initiated and participated in a juvenile and mean spirited prank on an office supervisor, which clearly was demeaning and made the supervisor feel threatened. This type of behavior is unprofessional and unbecoming a member of a management team.

The respondent disagrees with the finding. Over several months, the office supervisor had been parking her car in an unmarked parking area in the parking lot outside of 25 County Center. The car was parked in such a manner that it could have been very likely for a car parked in a marked parking space to back into the supervisor's car. As a result, very light-hearted banter went on between the Assistant and Finance Officer and the Supervisor over a period of 2 to 3 months on a fairly regular basis. The so- called "mean spirited prank" was nothing of the sort. In fact, the Assistant and the Finance Officer were certain that the supervisor would know instantly who was behind it and would see the humor in it. Had there been any doubt in their minds for any other outcome, they would never have proceeded. In the body of the report there is reference to "completely envelop an employee's car with tape, so much so that the employee was unable to enter the vehicle without great difficulty." The tape, a non-sticky, easy to break survey ribbon, was one inch wide and wrapped twice around the car at the door handle level. The note attached was written such that the supervisor would know instantly who had written it. A very light-hearted attempt to provide some needed levity amongst the management team in the office was unfortunately blown completely out of proportion. Additionally, in the body of the report is a statement "The Grand Jury learned later in our investigation that the Assistant has been known to play mean

A. payroll and timekeeping data including, but not limited to, policies and procedures related to billing for indirect costs, proper crediting of accruals and payments of vacation/sick leave/furlough,
B. refunds given for Development Services land use or building permits and related impact fees,
C. refunds and disbursements given for what are referred to, but not necessarily legally defined as, trust accounts held by Butte County,
D. legally defensible collateralization of all financial obligations owed by Butte County that extend beyond a single fiscal year, and a legally defined debt limit that includes authorizing California Codes or Regulations.

The recommendation has been discussed by the Audit Committee and staff from Bartig, Basler & Ray, the CPA firm that will be auditing our 2006 financial statements. A proposal will be taken in front of the Board to request additional funding for this audit work.

AUDITOR-CONTROLLER'S RESPONSES TO THE GRAND JURY'S FINDINGS & RECOMMENDATIONS REGARDING FEATHER RIVER RECREATION & PARK DISTRICT

Page E-57 of the Grand Jury Report ("GJ Report") shows that the Auditor-Controller's Office is one of the agencies required to submit responses to the GJ Report regarding Feather River Recreation & Park District ("FRRPD").

Grand Jury Comments and Findings Regarding FRRPD --- These items are directed toward FRRPD's actions and are made by the Grand Jury ("GJ"). We believe that it is unnecessary and possibly inappropriate for this office to reply to them. We have responded below to the Grand Jury Recommendations that were made on pages E-56 and E-57 of the Grand Jury Report below:

****

Grand Jury Recommendation # 1 --- "The General Manager should have a working knowledge of financial and administrative issues. The General Manager of the FRRPD should be the only employee reporting to the Board. His / her authorization to sign for any purchases in excess of $ 1,000 would require Board approval."

Auditor's Response to Recommendation # 1 – This recommendation appears to be a valid recommendation but the following comments should be considered regarding the scope of that recommendation.

Although the wording of the recommendation states "The General Manager ... should be the only employee reporting to the Board.", we believe the intended reference is regarding financial matters and was not meant to exclude employee reports to the Board that are normally necessary for the operation of a special district. Normal reporting to the Board should be done by the division heads as necessary (Recreation Supervisor, Park & Maintenance Supervisor, etc.)

We believe that the recently hired Finance Manager should be present at all Board meetings and provide reports and answers to financial questions that the Board has. The General Manager ("GM") should be the individual making the financial reports to the Board until such time as the Finance Manager has obtained sufficient experience in that area. Please see our response to R# 11 for further comment on financial reporting.

We believe that the proposed dollar limitation (for purchases not requiring prior Board approval) that is recommended for the "GM" is low and would recommend something in the $ 3,000 to $ 5,000 range that would be more normal for an entity of this size. Because the schedule for Board meetings is only once a month, the restricting of the "GM's" approval limit to $ 1,000 or less may have an impact on the ability of the district to carry on normal business if it has to wait a month to get purchase approvals. We have previously recommended a bi-monthly schedule to the district. It would be appropriate

to require that all individual "GM" approved items (above a specified limit) always be provided to the Board for their review. This would allow for continued operations while still providing Board oversight.

****

Grand Jury Recommendation # 2 --- "The Board needs to further develop comprehensive and clear Personnel Policy and Procedures Manual."

Auditor's Response to Recommendation # 2 -- This recommendation appears to be a valid recommendation but appears to directly involve the operational policy of the district, therefore, we have no comment on it.

****

Grand Jury Recommendation # 3 --- "The Board needs to develop a comprehensive Purchasing policy to include the required levels of signature authority."

Auditor's Response to Recommendation # 3 -- This recommendation appears to be a valid recommendation and the Auditor's Office supports and encourages it.

****

Grand Jury Recommendation # 4 --- "The FRRPD should have its own attorney present at any discussions of financial impact or contractual obligation."

Auditor's Response to Recommendation # 4 -- This recommendation requires further analysis by the District. The intent of this recommendation appears to be valid but the wording appears to be overly broad. "... attorney present at any discussions of financial impact or contractual obligation." (Emphasis added). While almost all Board action will impact the finances of the district, not all fiscal decisions (like paying normal bills) require a legal opinion.

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Grand Jury Recommendation # 5 --- "Follow the California State laws regarding "Force Accounting". "

Auditor's Response to Recommendation # 5 -- This recommendation appears to be a valid recommendation and the Auditor's Office supports and encourages it.

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Grand Jury Recommendation # 6 --- "All contracts and expenditures in excess of $1,000 should be approved by the Board and recorded in detail in the Board's minutes."

Auditor's Response to Recommendation # 6 -- The Auditor's Office does not support this recommendation as written. Please see our response to part two of R# 1.

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Grand Jury Recommendation # 7 --- "The FRRPD should not borrow money for projects in excess of its ability to repay the loan within its fiscal year. For example, notes signed before July 1, 2006, must be repaid with moneys received in the fiscal year 2005-

06. (California Government Code Sections 53852, 83854.) Projects with inadequate funding should not be undertaken."

Auditor's Response to Recommendation # 7 -- This recommendation appears to be legal question best determined by legal counsel, therefore, we have no comment on it.

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Grand Jury Recommendation # 8 --- "The General Manager should regularly update the Board on the allocation of Grant monies and how they are being spent."

Auditor's Response to Recommendation # 8 -- This recommendation appears to be a valid recommendation and the Auditor's Office supports and encourages it.

****

Grand Jury Recommendation # 9 --- "In making plans for new recreation facilities, the Board should attempt to provide services that will meet the needs of children, adults and seniors in the FRRPD."

Auditor's Response to Recommendation # 9 -- This recommendation appears to be an operational policy decision of the district that doesn't involve this office, therefore, we have no comment on it.

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Grand Jury Recommendation # 10 --- "The General Manager should ensure that a harmonious work environment exists in the FRRPD Office."

Auditor's Response to Recommendation # 10 -- This recommendation appears to be an operational policy decision of the district that doesn't involve this office, therefore, we have no comment on it.

****

Grand Jury Recommendation # 11 --- "The Board should contract for a Performance Audit."

Auditor's Response to Recommendation # 11 -- It should be noted that very few business entities or public agencies engage or contract for Performance Audits. A full Financial Audit performed by a qualified CPA is the normal type of audit performed. The district has engaged the services of highly competent CPAs to perform its annual Financial Audits for past years and have contracted for the period under review. A Performance Audit would benefit almost all entities and we believe it would be beneficial to FRRPD. Given the financial questions the Board has had recently and the fact that the GM and most accounting staff have been changed during this year, the Auditor's Office made the recommendation in April 2006 that the Board temporarily (for at least a year) employ the independent services of a CPA or Financial Advisor to quarterly review operations and report those observations to the Board. It is our understanding that the Board is in the process of obtaining those services.

****

Grand Jury Recommendation # 12 --- "No employee of the FRRPD should be an elected official for any other public agency where divided loyalties may exist because of joint participation in mutual projects."

Auditor's Response to Recommendation # 12 -- This recommendation appears to be a valid recommendation and we recommend its implementation.

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Grand Jury Recommendation # 13 --- "The City of Oroville needs to pass an ordinance consistent with the Joint Powers Insurance requirement to comply with the California Health and Safety Code Section # 115800 requiring users of the Skate and Bike park to wear helmets, knee and elbow pads. -- As required by its liability insurance, the FRRPD should ensure that none of its staff give directives regarding safely procedures and requirements to users of the Skate and Bike Park."

Auditor's Response to Recommendation # 13 -- This recommendation appears to be a valid recommendation but appears to require action by the City of Oroville rather than the district. Since it doesn't involve response by, or action by this office, we have no comment on it.

LISTING OF AUDITOR-CONTROLLER'S EXHIBITS

Exhibit #	Document	In Response to Grand Jury Item
# 1	Auditor's Policy & Procedures - Section III - 1 *"Accounting System Structure"*	GJ Comment - Page E - 46 - Paragraph # 3 GJ Recommendation # 8 - Page E - 58
# 2	Auditor's Policy & Procedures - Section III - 2 *"Funds - Purpose and Assigned Numbers"*	GJ Comment - Page E - 46 - Paragraph # 3 GJ Recommendation # 8 - Page E - 58
# 3	Cover Letter for Auditor's Accounting Reference Binder	GJ Recommendation # 8 - Page E - 58
# 4	Comparision of Proposition 172 Funding Amounts	GJ Finding # 23 - Page E - 56 GJ Recommendation # 8 - Page E - 58
# 5	Desk Procedures for Accounting Specialist - Cost Section	GJ Finding # 24 - Page E - 57
# 6	Communication with Audit Committees	GJ Findings # 8, 9, 11, 12, and 13 - Page E - 55
# 7	Audit Committee Inquiries & Communications from Practioner's Publishing Company, *"Guide to Audits of Local Governments"*	GJ Finding # 8 - Page E - 55
# 8	County of Butte - County Cost Allocation Plans Field Review Report	GJ Finding # 19 - Page E - 56

Applicable to: ALL DEPARTMENTS

Policy:

The Butte County Auditor's Office has provided a copy of the ***State of California's Accounting Standards and Procedures Manual*** (May 2003) to each department head and to certain key financing people within the County. That manual may be found (and downloaded) on the State Controller's web site at http://www.sco.ca.gov . The manual has in it three chapters dealing with what the State established as examples of :
-- General Ledger and Budgetary Accounts (Chapter 5)
-- Revenues and Other Financing Sources (Chapter 6)
-- Expenditures and Financing Uses (Chapter 7)

The Butte County Auditor's Office holds the State Controller's Accounting Manual to the be authoritative guide to how accounting transactions should be recorded and many years ago adopted and adapted that system to meet the needs of the County. While the actual account numbers no longer exactly match the State's numbering system, the concept and arrangement of the number are very similar. The State's Manual can be used to determine proper coding for revenues, expenditures, and other General Ledger transactions.

The actual "Account List" for Butte County runs to over 100 pages – and for that reason, we are attaching below a ***Summary Overview of the Auditor's Accounting System Structure*** for your reference. If the specific code that you are looking for cannot be located on that list or determined by cross-reference to your budget and the State Controller's manual, you should call the Auditor's Office and they will assist you in determining the correct account number(s) to use.

Procedures:

1. When submitting a request for an accounting transaction (purchase order, contract, journal entry, B-Transfer, etc), the person initiating the request should determine and include the appropriate fund and account numbers whenever possible as a part of that request.
2. Any subsequent handlers of that request for an accounting transaction (department supervisors, Purchasing, Administration, or Auditor's Office Staff) should review the coding contained therein and make sure that it is appropriate. (This of course should be in addition to the key function of review – determining if the transaction is necessary, appropriate, and properly "funded". If the coding is incorrect, it should be corrected before it is forwarded for additional handling.
3. The CORRECT coding MUST be determined and used. If the Accounts Payable Section determines that an item is improperly coded, it will correct the coding prior to posting into the County's Accounting System. If they determine that by correcting the code to an appropriate code that the "re-code" will cause the budget line item to "go deficit", that transaction (Purchase Order or Payable) will be "held" until the appropriate steps have been taken by the department to correct that budgetary deficit. The problem will be referred (by A/P) back to the initiating department for correction.
4. Once the "line item deficit" problem has been corrected, the transaction will be processed and the Purchase Order released or a check prepared for the Payable.

AUDITOR'S EXHIBIT # 1

AUDITOR'S ACCOUNTING SYSTEM STRUCTURE

1xxxxx ASSETS

(Usually a 6-digit code reference)

The first # of the account is a 1 which means that it falls into the ASSET category.

101001 Treasury Cash
- 101xxx Various Cash Accounts for "Trusts" (See F - 1001)
  (The F - 1001 "sub-accounts" are sometimes referred to as "funds" even thought they are only accounts.)

102001 Imprest Cash (for Change & Revolving Funds)
110002 Due from Other Funds
110004 Notes Receivable
111xxx Accounts Receivable
- **111001 Accounts Receivable - Invoiced**
- **111003 Accounts Receivable - Uninvoiced**

112xxx Taxes & Loans Receivable
115001 Deposits with Others
11600x Cash with Fiscal Agents
130150 Prepaid Expenses
140001 Inventory Control
140002 Inventory - Postal Meters
1506xx Long Term **Assets**
- 150610 Land
- 150620 Structures & Improvements
- 150630 Equipment

2xxxxx LIABILITIES

(Usually a 3 or 6-digit code reference)

The first # of the account is a 2 which means that it falls into the LIABILITY category.

201xxx Due to "other" Accounts or Funds
- **201001 Due to Warrant Clearing Fund**
- **201002 Due to Other Funds**
- 201006 Property Taxes Payable - Due to

202000 Accounts Payable
202001 Accounts Payable Accrual
203000 Accrual of Sales Tax (owed to the State)
203001 Accrued Salaries & Benefits
204001 Deferred Revenue

2XXXX LIABILITIES (continued)

205001 TRANS Notes Payable
206xxx Notes & Loans Payable
- **206001 Notes Payable**
- 206002 Loans Payable - General Insurance ISF
- 206003 Loans Payable - Worker's Comp. Insurance ISF
- 206004 Notes Payable - Treasury - Pool
- 206010 Interest on Notes Payable - Treasury

207001 Contracts Payable
220001 Warrants Payable
230001 Security Deposits
250150 Capital Lease Obligations
250300 Claims & Judgments
270 Bond Redemption Requirements
280 Trust Obligations
- 2080xxx Payroll Trust Obligations (Refer to Payroll List for specific numbers)

285 Funds Held by Other Government Agencies

3xxxxx EQUITY ACCOUNTS (Usually a 6-digit code reference)

The first # of the account is a 3 which means that it falls into the EQUITY category.

300xxx Budgetary Equity Accounts
302000 Retained Earnings (Proprietary Funds Only)
303xxx Fund Balance Unavailable
303002 Imprest Cash Reserve (for Change & Revolving Funds)
303003 Reserve - Deposits With Others
303004 Reserve for Inventory
303005 General Reserve
303006 ACO Reserve (Accumulated Capital Outlay)
303007 Reserve - Debt Payment
303030 Reserve - Fuel Facilities
303100 Designated Fund Balance
303900 Available Fund Balance (Governmental Funds)
304xxx Grant & Contributions - Equity Contribution
305010 Accumulated Earnings - Unreserved (Proprietary Funds Only)
330000 Budgetary Fund Balance
331000 Appropriation Control
332000 Estimate Revenue Control
333000 Reserve for Encumbrances
334000 Encumbrance Control
335000 Expenditure Control
336000 Revenue Control

4xxxxxx REVENUES (CODING)

(Usually a 7-digit code reference)
(Occasionally 8-digit code)

The first # of the account is a 4 which means that it falls into the REVENUE category.
The second two #s denote the major type of expenditure that it is.
The last three #s refine the type of expenditure that it is.

There are many specialized revenue codes, only the MAIN CODES and most frequently used are shown below. Refer to a full list of other codes.

411xxxx Property Taxes
413xxxx "Other" Taxes
4200001 Licenses & Permits - **CSAs ONLY**
421xxxx Franchises, **Licenses, & Permits - COUNTY** Other
4300001 Civil Settlements - Air Pollution
431xxxx County Share of COURT FINES - Vehicle Code Violations
433xxxx County Share of COURT FINES - Fish & Game and Other Code Violations
435xxxx County Share of Special Trust COURT FINES (EMS, Court House Const., etc.)
4400001 Interest & Rents - **Special Districts** & CSAs ONLY
4410101 Interest - from County Treasury Earnings Pool
44301xx Facility Rents & Concessions (Memorial Halls, etc.)
4500001 Government Aid to **Special Districts** & CSAs
451xxxx State Program Revenue (Funding is from the State Govt.)
452xxxx Federal Program Revenue (Funding is from the Federal Govt.)
453xxx "Other Agency" Revenue (Funding is from OTHER than State or Fed)

46xxxxx Service Charges (Charges for Services Provided)
4600001 Charges for Current Services - SPECIAL DISTRICTS & CSAs ONLY
4610xxx County Charges for Performing TAX RELATED Services
4610105 Returned Check Charges (fee to individual for NSF check processing)
4610400 Internal Audit Div. – Outside Audit Charges
4610401 Internal Audit Div. - LGFA Report Preparation Fees
4610402 Accounting.- CSA Administration Fee
46110xx Allocated Costs & Inter-Fund Revenues
46111xx Charges for Services - Selected County Departments
46117xx Charges for Services – Sub. Div., Planning, Public Works
46121xx Charges for Services - Agriculture
46123xx]
46125xx] Charges for Services - Court Related
46126xx]

spirited practical jokes on employees." This is a complete falsehood. The Assistant would testify that he has not even played one practical joke other than that discussed above, and certainly nothing remotely close to mean spirited. Unfortunately, no other "practical jokes" were brought up in discussions between the Assistant and the Grand Jury, so the Assistant never had any opportunity to emphatically deny this lie.

7. Multiple testimonies suggest that the Cost Section Supervisor may have come to work with the odor of alcohol on her person on several occasions. To date no action has been taken regarding this behavior. Ignoring this behavior puts the department's employees in danger and puts the County of Butte at risk.

The respondent partially disagrees with the finding . While their may have been multiple testimonies suggesting that the Cost Section Supervisor may have come to work with the odor of alcohol on her person on several occasions, no such testimony was given by the Auditor or the Assistant Auditor. This is the case because not one single employee in the Auditor's office ever mentioned anything of the kind to either the Auditor or the Assistant Auditor. Additionally, neither the Auditor nor the Assistant Auditor ever detected any odor of alcohol at any time on the person of the Cost Section Supervisor. While we agree that such behavior could put the department's employees in danger and the County of Butte at risk, the fact that no employee in the office ever made management aware of the situation makes it impossible to take action by management. All supervisors have been directed that at any time they suspect an employee of being under the influence of alcohol or drugs, they are to bring it to the attention of their immediate supervisor or the Auditor-Controller. It is of the utmost importance that if or when a situation should arise, our first and foremost concern is for the safety of our employees. The use of alcohol and or drugs in the work place is not acceptable, and if suspected, immediate action would take place to prevent the employee from engaging in further work. The employee would be detained for a reasonable time until they could be safely transported from the work site.

8. The Cost Section Supervisor has demonstrated unprofessional and unacceptable behavior towards various county employees.

The respondent agrees with the finding.

9. As a result of the Grand Jury's investigation into alleged behavioral issues within the Auditor-Controller's office, the County initiated a comprehensive investigation of the issues. As a result, the County is considering several additional training programs for their managers and line level staff.

The respondent agrees with the finding. All supervisors have attended the Fred Pryor Seminar for training in June of this year. The training covered the topic of How to Supervise People and covered effective leadership skills to maximize employee performance. Additional training is scheduled in customer service for all Auditor's staff this fall.

10. Problems found by the Grand Jury in the Auditor-Controller's office should not have reached the level observed. It is apparent that the Human Resources department has limited authority when dealing with departments of elected officials.

4xxxxxx REVENUES (continued)

46127xx Charges for Services - Public Guardian
46130xx Charges for Services – Bus & Taxi Fares
46135xx Charges for Services - Sheriff's Fees
46137xx Charges for Services - Recorder's & Court Clerk's Fees
46138xx Charges for Services - Public Works - Street Fees
46139xx Charges for Services - Public Works - Road & Street
46143xx Charges for Services - Public Health
46147xx Charges for Services - Mental (Behavioral) Health
46149xx Charges for Services - Environmental Health
4615701 Food Stamp Repayment
46161xx Charges for Services - Juvenile Hall & Institutional Care
4616181 Drainage Development Fees
461660 Charges for Services - Library Fines & Services

46172xx Charges for Services -
There are many specialized revenue codes, only the most frequently used are shown below. Refer to a full list of other codes.

4617205 Probation - Reimbursement of Oversight Costs
4617207 Probation - ESP Monitor Fee
4617210 Sheriff - Electronic Monitoring Fee
4617211 Auditor - Tax Section Fees
4617212 Auditor- Accounting Section Fees
4617216 Treasurer - Treasury Cost Recovery
4617217 Treasurer - Central Collections Fees
4617218 Treasurer - Enhanced Collection Prog. Fees
4617223 Miscellaneous Services - ALL DEPARTMENTS
4617230 LAFCO Filing Fees
4617235 Clerk of the Board Fees
461726x Fire TRUSTS (money received from Impact Fees)

4617300 Wetlands Mitigation Fund Fees
4619000 Various Service Fees
4630xxx Public Works Inter-Fund Charges
4635xxx HCD - Inter-Fund Charges
46501xx ISF Charges - Data Processing (see sub-code for department)
46502xx ISF Charges – General Insurance (see sub-code for department)
46503xx ISF Charges - Worker's Comp. Insur. (see sub-code for department)
46504xx ISF Charges - Unemployment Insur. (see sub-code for department)
46505xx ISF Charges – Buildings & Grounds
46506xx ISF Charges – Utilities
46507xx ISF Charges - Motor Pool
46508xx ISF Charges – Duplicating
46509xx ISF Charges – Stores
46510xx ISF Charges - Communications
46511xx ISF Charges - Communications - Radio Maintenance
46514xx Mental Health – Malpractice Insurance
4651550 ISF Charges - Transit – Self Insurance

4xxxxxx REVENUES (continued)

4700001 Miscellaneous Revenue - **SPECIAL DISTRICTs** & CSAs **ONLY**

There are many specialized revenue codes, only the most frequently used are shown below. Refer to a full list of other codes.

- **4710700 Prior Year Revenue**
- 4711500 Sale of NON - Fixed Assets
- 4711900 Other Sales
- **4711910 Copy Sales**
- 47123XX Library Donations
- 4712517 Insurance - 3rd Party Reimbursement
- **4712523 Miscellaneous Revenue (COUNTY DEPARTMENTS)**
- **4712531 Reimbursement of Prior Year Expense**
- 4712535 Contributions - Private Parties
- 4712540 Loan Repayment
- 471254x Loan Repayment - HCD

481(fund #) Operating Transfers (Govt. & Proprietary Funds)

4810900 Other Financing Sources - SPECIAL DISTRICTs & CSAs ONLY

4815010 Auction Proceed - FIXED ASSETS

482(fund #) Residual Equity Transfer (Proprietary Funds)

482900 Fund Equity Transfer (Governmental Funds)

5XX.xxx EXPENDITURE (CODING)

(Usually a 3 or 6-digit code reference)

There are many specialized expenditure codes, only the MAIN CODES and most frequently used are shown below. Refer to a full list of other codes.

The first # of the account is a 5 which means that it falls into the expenditure category.
The second two #s **denote the MAJOR TYPE of expenditure** that it is.
The last three #s **refine the SPECIFIC TYPE** of expenditure that it is.
(IN MOST COUNTY DEPARTMENTS, EXPENITURES ARE "SUB-CODED". PLEASE REFER TO A MORE DETAIL LIST FOR THE APPLICABLE SUB-CODE)

510 SALARIES & EMPLOYEE BENEFITS

- 511 Salaries & Wages – Regular
- 512 Salaries & Wages - Extra Help
- 514 Salaries & Wages - Overtime
- 515 Salaries & Wages - Vacation, Sick Leave, & Other Leave
- 518 Employee Benefits

5XX.xxx EXPENDITURES (continued)

520 SERVICES & SUPPLIES

523	Communications
525	Food
526	**Household Expense**
527	Insurance
528	Compensation Insurance
529	Jury & Witness Expense
530	**Maintenance – Equipment**
531	Maintenance - Structures, Improvements, & Grounds
532	Medical & Dental Supplies
533	**Memberships - Dues & Fees**
534	Miscellaneous Expense
535	**Office Expense**
536	**Professional & Specialized Services (Incl. Service Contracts)**
537	Publications & Legal Notices
538	Rents & Leases – Buildings
539	Rents & Leases - Equipment
540	Small Tools & Instruments (Purchase)
541	**Special Departmental Expense**
542	Data Processing
543	**Transportation & Travel**
544	Utilities (Water, Gas, Electric, Sewer)
551	Support & Care of Persons (Incl. Costs of Welfare Payments)

552 Contributions to Other Agencies
553 Debt Payment (Payment toward Principal)
554 INTER - Fund Expenditures
555 Interest Expense (on Debt)
556 Judgments
558 Taxes & Assessments (Paid OUT by the County)
559 Required Expenditure Savings
560 FIXED ASSETS
571 SUPPORT SERVICE ALLOCATONS
573 DIRECT SERVICE TRANSFERS
574 INTRA DEPARTMENT TRANSFERS
578 General Fund - Transfers Out
580 APPROPIATION FOR CONTINGENCIES
582 Other Financing Uses
591 Rebates & Refunds

Applicable to: ALL DEPARTMENTS

Policy:

In governmental accounting, the term "fund" is used to mean different things in differing situations. As used in this section, it indicates only an accounting entity. Government resources are allocated to and accounted for in separate entities, called funds, based upon purposes for which they are to be spent and controlled.

Governmental units should establish and maintain those funds required by law and sound fiscal administration. Only the minimum number of funds consistent with legal and operating requirements should be established. Funds are established ONLY by the Auditor-Controller's Office in response to a request by a department or agency AND when required by law or necessary for sound financial administration. Using too many funds causes inflexibility and undue complexity in financial management. Creation of unnecessary funds should be avoided in the interest of efficient and economical administration.

Shown below is a ***Listing of Fund Types*** and on following pages a ***Summary of Funds*** that will give an overview of "full" or "true" funds established in the Butte County Auditor's Accounting System. Within some of those funds, there are "sub-funds" that are in fact actually "cash accounts" within the major fund. Sub-funds are used in instances where the only need is to track cash movement and there is no need for other individual detail (i.e. Accounts Receivable, Accounts Payable, etc.).

Listing of Fund Types

GOVERNMENTAL FUNDS – those funds in which most governmental functions are reported.

(1) **GENERAL FUND** – Used to account for all financial resources except those required to be account for in another fund.

(2) **SPECIAL REVENUE FUNDS** – Used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

(3) CAPITAL PROJECTS FUNDS – Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

(4) DEBT SERVICE FUNDS – Used to account for the accumulation of resources for, and the payment of, governmental funds debt principal and interest (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS – are used to account for a government's ongoing organizations and activities that are similar to those found in the private sector.

(1) **ENTERPRISE FUNDS** – Used to account for an activity for which a fee is charged to external users for goods or services. (Transit and Landfill)

(2) **INTERNAL SERVICE FUNDS (ISFs)** – Used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or other governmental units, on a cost-reimbursement basis.

FIDUCIARY FUNDS – are used to account for assets held by a government in a trustee capacity or as an agent – so therefore can't be used by the government to support its own programs. The most common of these are Investment Trust Funds and Private-Purpose Trust Funds. (i.e. Cemetery Endowment Care and Pre-Need Funds).

AUDITOR'S EXHIBIT #2

SUMMARY OF FUND NUMBERS // FUND NAMES

Shown immediately below is a summary listing of the major funds and what areas they cover. Separate sheets are attached that break down the funds within a series or show the accounts that represent SUB-FUNDS (actually "cash accounts").

		AGENCY OR DEPARTMENT OVERSEEING THE FUND
MAJOR FUNDS		
0010	**COUNTY GENERAL FUND**	

NOTE: All deposits to F-0010 (General Fund) are now coded to the department that generates the revenue. If no SPECIFIC department is identified, NON-specific revenue for F-0010 should be coded to the "generic department code" which is "001".

0020	**WELFARE DISTRIBUTION FUND**	DESS (WELFARE)
0025	**CHILD SUPPORT SERVICES (CSS)**	CHILD SUPPORT SVCS
0030	**ROAD OPERATIONS FUND**	PUBLIC WORKS
0041	CAPITAL PROJECTS FUND	
0042	EQUIPMENT REPLACEMENT FUND	
0043	ISF - EQUIPMENT REPLACEMENT FUND	
0050	C.O.P.S. - SUPPLEMENTAL LAW ENFORCEMENT SERVICES (See Dept. 362 & 363)	
0080	**WATER SERVICES FUND**	WATER RESOURCES
0090	**BUILDING INSPECTIONS - SPECIAL REVENUE**	DEVELOPMENT SERVICES
0100	**FIRE PROTECTION FUND**	FIRE DEPT.
0110	**LIBRARY FUND**	LIBRARY
0131	**TRANSIT - LOCAL TRANSPORTATION FUND**	PUBLIC WORKS
0139 Through 0149	HUD (HOUSING & URBAN DEVELOPMENT) (USED FOR HUD LOANS, CDBG GRANTS, & HCD PROGRAMS)	AUDITOR (TAX SECTION)
0150	**FISH & GAME FUND**	FISH & GAME
0155	**IN-HOME SUPPORTIVE SERVICES (IHSS) PUBLIC AUTHORITY**	D.E.S.S. (WELFARE)
0160	SUPERIOR COURT FUND OPERATING FUND	COURTS
0161	SUPERIOR COURT - INTEREST BEARING TRUST	COURTS
0162	SUPERIOR COURT - NON-INTEREST BEARING TRUST	COURTS

0200 Through 0999 COUNTY SERVICE AREA FUNDS

(See sheet titled = F-0200 - F-0999 -- County Ser. Areas)

There are over 100 active County Service Areas (CSAs). CSAs are forms of Special Districts. As separate entities, each CSA has its own fund. In the event that there are multiple zones within the fund, multiple funds are assigned.

1001 TRUST FUND CONTROL

(See sheet titled = F-1001 TRUST FUNDS)

1090	**PUBLIC GUARDIAN TRUST**	D.E.S.S. (WELFARE)
1092	**PUBLIC ADMINISTRATOR TRUST**	D.E.S.S. (WELFARE)
1145	DA - BAD CHECK UNIT (NSF CHECK PROGRAM)	DISTRICT ATTORNEY
1150	C.S.S. - FAMILY SUPPORT TRUST	CHILD SUPPORT SVCS
1180	C.S.S. - PASS-ONs	CHILD SUPPORT SVCS
1181	C.S.S. – DISREGARDS	CHILD SUPPORT SVCS
1220	**SHERIFF - CIVIL TRUST**	SHERIFF (CIVIL & RECORDS)
1221	**SHERIFF – PRISONER'S CASH TRUST**	SHERIFF (JAIL)
1225	SHERIFF - BAIL & FINE TRUST	SHERIFF (JAIL)
1420	PAYROLL - NET PAYROLL CLEARING TRUST	AUDITOR (PAYROLL)
1501	WELFARE ASSISTANCE - CHECK CLEARING TRUST	(no longer used)
1502	**ELECTRONIC BENEFITS - CLEARING TRUST**	D.E.S.S. (WELFARE)
1505	**COUNTY - CHECK CLEARING TRUST**	AUDITOR
1700	H & W - MENTAL HEALTH	BEHAV. HEALTH
1720	H & W - SOCIAL SERVICES	D.E.S.S. (WELFARE)
1740	H & W - PUBLIC HEALTH	PUBLIC HEALTH
1745	BH - ADS STATE & FEDERAL ADVANCES	BEHAV. HEALTH
1750	NRCS PROJECTS	OFF. OF ENERGENCY SVCS

1800 Series MITIGATION / IMPACT FEES

See sheet titled = F-1800 Series IMPACT FEES

There are approximately 35 funds that money is deposited into at the time of building or development. These funds are used to finance capital improvements of a particuar type that "solve" some of the problems brought about by development.

2000 Series SPECIAL DISTRICT FUNDS

SPECIAL DISTRICT BOARDS

See sheet titled = F-2000 Series SPECIAL DISTRICTS

There are approximately 50 Special District in the County.
Approximately 30 of those Special Districts keep their funds in the County Treasury.
Each Special District has 1 or more funds (as needed) to separate its functions.

3000 & 4000 Series School Funds & Bond Funds

SCHOOLS

(see sheet titled = F-3000 / 4000 SCHOOL FUNDS)

There are approximately 240 "School Funds" within the County Treasury.
Each school has 1 or more funds (as needed) to separate its functions.

6000 Series Tax Section Funds

6100	TAX RESOURCE FUND	AUDITOR (TAX SECTION)
6110	TAX LOSSES RESERVE	AUDITOR (TAX SECTION)
6120	NOTE REPAYMENT / INTEREST FUND	AUDITOR (TAX SECTION)

7000, 7100 and 7200 Series Internal Service Funds (ISFs)

7010	DATA PROCESSING FUND	ADMIN / AUDITOR
7100	SELF INSURANCE FUND	ADMIN / AUDITOR
7110	WORKER'S COMPENSATION FUND	ADMIN / AUDITOR
7120	UNEMPLOYMENT INSURANCE FUND	ADMIN / AUDITOR
7140	MEDICAL LIABILITY INSURANCE FUND	ADMIN / AUDITOR
7150	SELF INSURANCE – ISF - TRANSIT	ADMIN / AUDITOR
7160	MISCELLANEOUS INSURANCE FUND	ADMIN / AUDITOR
7200	FACILITIES SERVICES – ISF	ADMIN / AUDITOR
7210	UTILITIES CLEARING FUND	ADMIN / AUDITOR
7220	MOTOR POOL - ISF	ADMIN / AUDITOR
7230	DUPLICATING - ISF	ADMIN / AUDITOR
7240	STORES - ISF	ADMIN / AUDITOR
7250	COMMUNICATIONS - ISF	ADMIN / AUDITOR

7500 Series Transit and Landfill Funds

7510	**BCT - BUTTE COUNTY TRANSIT (BUS)**	PUBLIC WORKS
7520	**OATS - OROVILLE AREA TRANSIT SYSTEM (BUS)**	PUBLIC WORKS
7540	OROVILLE EXPRESS (SENIOR TAXI)	PUBLIC WORKS
7550	CNG (NATURAL GAS) REFUELING FACILITIES	PUBLIC WORKS
7560	NEAL ROAD LANDFILL - POST CLOSURE MAINTENANCE	PUBLIC WORKS
7570	**NEAL ROAD LANDFILL - MANAGEMENT FUND**	PUBLIC WORKS
7580	**NEAL ROAD LANDFILL – SEPTAGE (LIQUID WASTE) FUND**	PUBLIC WORKS
7590	NEAL ROAD LANDFILL - USED OIL REDEMPTION GRANT	PUBLIC WORKS

7900	**Series Outside Agencies**	
7950	CHILDREN AND FAMILIES COMMISSION	CFC
7970	LOCAL AGENCY FORMATION COMMISSION	LAFCo
7980	MPO - METROPOLITIAN PLANNING ORGANIZATION	MPO
7981	BCAG / RSTP – BUTTE COUNTY ASSOC. GOVERNMENTS	BCAG

9800	**Series SB-325 & SB-620 Road & Transit Accounts**	PUBLIC WORKS
9860	SB-325 CONTROL	
9861	BUTTE COUNTY SB-325 FUND	
9862	BIGGS (CITY OF) SB-325 FUND	
9863	CHICO (CITY OF) SB-325 FUND	
9864	GRIDLEY (CITY OF) SB-325 FUND	
9865	OROVILLE (CITY OF) SB-325 FUND	
9866	PARADISE (TOWN OF) SB-325 FUND	
9880	SB-620 CONTROL	
9881	BUTTE COUNTY SB-620 FUND	
9882	BIGGS (CITY OF) SB-620 FUND	
9883	CHICO (CITY OF) SB-620 FUND	
9884	GRIDLEY (CITY OF) SB-620 FUND	
9885	OROVILLE (CITY OF) SB-620 FUND	
9886	PARADISE (TOWN OF) SB-620 FUND	

9920	Butte County Fair	BUTTE COUNTY FAIR
9990	Sales/Use Tax Accrual	AUDITOR

Butte County
LAND OF NATURAL WEALTH AND BEAUTY
OFFICE OF THE AUDITOR-CONTROLLER
COUNTY ADMINISTRATION BUILDING
25 COUNTY CENTER DRIVE • OROVILLE, CALIFORNIA 95965-3383
TELEPHONE: (530) 538-7607
FAX: (530) 538-7693

January 11, 2005.

TO: Individual Receiving Copies of the Attached Binder

SUBJECT: Attached Binder Containing Selected Sections of the Butte County *Auditor's Policy & Procedures Manual* and the State of California's *Manual of Accounting Standards & Procedures for Counties*

The State of California "periodically" updates their *Manual of Accounting Standards and Procedures of Counties*. The last complete revision and re-issued edition of the manual was in May 1992. Over the years, they issued seven partial revisions (only certain pages exchanged) that brought the manual "current" through October 1999. (You may have one of the old manuals in your office. They are machine gray in color). In May 2003, the State "issued" a "complete new edition" of the manual. The new edition was not enclosed in a binder cover and does not contain certain updated indexes. The May 2003 edition of the manual may be found on the State Controller's web site at http://www.sco.ca.gov

Since the *Accounting Standards* manual is the authoritative guide to how accounting transactions should be recorded, I have decided to supply a copy of the updated edition to department heads and key financing people within the County. I have enclosed the May 2003 edition in a binder and have created a section in the front of the binder that contains certain selected sections of the Butte County *Auditor's Office Policy & Procedures Manual* that pertain to most County Departments. There is also a section divider entitled "Other Department's Policies & Guidelines". I encourage you to use that area as a place to keep *"Guidelines"* from other sources (like B-Transfer Policy and Travel Policies & Procedures) that relate to the accounting process. **This binder should be kept where it is accessible to those individuals actually preparing accounting transactions and requests so that they will know how to prepare them and what coding is required.** Placing the binder in an inaccessible location defeats the purpose of supplying it.

We believe that you will find certain sections of this binder to be tremendously helpful when addressing accounting problems:

(1) Butte County Auditor's Manual – Section II – 8 – Fraud/Theft/Loss Policy & Procedures
(2) Butte County Auditor's Manual – Section III – 1 – Accounting System Structure
(3) Butte County Auditor's Manual – Section III – 2 – Funds – Purpose and Assigned Numbers
(4) Butte County Auditor's Manual – Section VI – 1 – Cash Handling Procedures
(5) Butte County Auditor's Manual – Section V-A-7 – Travel Claims & Advance Processing
(6) State Accounting Standards Manual – Chapter 5 – General Ledger & Budgetary Accounts
(7) State Accounting Standards Manual – Chapter 6 – Revenues & Other Financing Sources
(8) State Accounting Standards Manual – Chapter 7 – Expenditures & Financing Uses
(9) State Accounting Standards Manual – Appendix D – Record Retention

AUDITOR'S EXHIBIT # 3

If other sections of the ***Auditor's Policy & Procedures Manual*** apply to your specific department, we will send you those manual sections separately and we recommend that you insert them into the front section of this binder (in the appropriate place) for future reference.

If you have an old copy (May 1992) of the Accounting Standards manual, it is recommended that you remove the section tabs from it and insert them in this binder. Appendix "G" should be re-labeled "GASB 34". The rest of the manual should be discarded.

ACTION REQUESTED:

(1) Please place this binder in a location accessible to yourself and the staff in your department who need to understand and determine the proper coding of Agenda Transmittals, B-Transfer Requests, Journal Entry Requests, Purchase Orders, Requests for Payments, etc.

(2) Please have your staff familiarize themselves with the various "types" and "codes" that apply to the revenues and expenditures your department has. This binder is an excellent source regarding which category expenditures should be coded to.

(3) The actual "Account List" for Butte County runs to over 100 pages. If you or your staff cannot determine (by looking at the manual or your budget) they may call the Accounts Payable Section (538-7677) of this office and we will be glad to provide guidance – we only ask that you try to make that determination by using this binder and your budget document first.

(4) Please place this letter in the binder under the "Auditor's Manual" section in front of the Table of Contents.

Thank you for your cooperation in providing properly coded transaction documents to Administration, the Board of Supervisors, and this office.

David A. Houser, Auditor-Controller

DAH/kgw

cc: Thomas F. Limper, Assistant Auditor-Controller
Kenneth G. Wiley, Internal Auditor

reference: County Departments / Auditor / Policies & Procedures / Accounting Manual – Cover Letter 1

The respondent disagrees with this finding. It states that it is apparent that the Human Resources department has limited authority when dealing with departments of elected officials, but does not identify any of these "apparent" limitations. The Auditor's Office supervisors have worked closely with the Human Resources Department in dealing with disciplinary problems and have sought their advice on many occasions.

Recommendations – Part I, Page E-15

1. The Board of Supervisors should utilize the Chief Administrative Officer and his Deputy Administrators to organize a public hearing to discuss possible options for a ballot initiative proposing one or more of these potential solutions:

    a. Eliminate the Auditor-Controller position completely

    b. Separate the positions of Auditor-Controller, where the Controller acts as a Chief Financial Officer (CFO) reporting to the Chief Administrative Officer (CAO)

    c. The Auditor-Controller position remains intact with a higher level of accountability to the taxpayers.

The recommendation requires further analysis. It is strongly believed that the elected Auditor-Controller's position provides a strong check and balance and should remain an independent elected position.

2. The County needs to take immediate and appropriate action to eliminate the dysfunction of the management staff of the Auditor-Controller's Office, to include training and disciplinary action up to and including termination of employment. Should replacement of employees be chosen, the County needs to insure that candidates strictly meet the job qualifications for the job to which they are applying. Solving the problems with management, in this Grand Jury's opinion, would take care of a majority of the personnel problems in the department.

The respondent partially disagrees with the recommendation. The Auditor-Controller's office has scheduled training for the accounting staff and supervisors in the area of supervision and customer service. We will be scheduling training through out the year for the accounting staff as courses become available. We currently take advantage of training provided through the Auditor's Association as well as other training that becomes available. The Auditor's Office is developing in house training of staff on Personnel Rules and their applications, accounting processes and general accounting rules. Staff meetings are held each morning with the exempt and supervisory staff to review internal processes and section operations, to discuss problem areas and address correcting those problem that arise.

3. Butte County has spent nearly $1,000,000 to implement a time keeping system to insure accurate timekeeping and to control payroll costs. Procedures should be implemented

EXHIBIT # _____

COMPARISON OF PROPOSITION 172 FUNDING
MOE AMOUNTS // BUDGETED AMOUNTS // ACTUAL EXPENDITURES // PROP. 172 RECEIPTS

Prepared by: Kenneth G. Wiley, Internal Auditor
file name = Prop 172 Comparison

Reference: Wiley's Computer / County Dept / Auditor / Prop 172 Comparison

	Comparison of MOE Amounts			Comparison of Adjusted BUDGET Amounts				Comparison of ACTUAL Expenditures			Actual Prop 172 RECEIPTS	
FISCAL YEAR	Adjusted Base Amount	Increase in MOE Base Amount	Percent Increase in MOE Amount From Prior Year	Adjusted Budget for Year	Yearly Increase in Budgeted Amount	Percent Increase in Budgeted Amount	Amount that Budget Exceeds MOE Amount	Adjusted Actual Expenditures for Year	Percent Increase in ACTUAL Expenditure Amount	Amount that Actual Expenditures Exceeds MOE Amount	Amount of Prop 172 Funds received by County During Year RC 4515360	Increased in Prop. 172 Receipts Over Prior Yr.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
FY 1992-93 (BASE)	21,130,398	21,130,398	n/a	21,130,398	n/a	n/a	0	21,131,056	n/a	658	None	
FY 1993-94	21,130,398	0	n/a	21,485,528	355,130	1.6807%	355,130	22,066,297	4.4259%	935,899	5,846,138	
FY 1994-95	21,773,838	643,440	3.0451%	22,784,250	1,298,722	6.0446%	1,010,412	20,828,290	-5.6104%	-945,548	9,010,129	3,163,991
FY 1995-96	21,712,511	-61,327	-0.2817%	23,985,024	1,200,774	5.2702%	2,272,513	24,508,870	17.6711%	2,796,359	8,223,669	-786,460
FY 1996-97	22,184,581	472,070	2.1742%	24,762,464	777,440	3.2414%	2,577,883	25,258,164	3.0572%	3,073,583	8,303,623	79,954
FY 1997-98	22,312,941	128,360	0.5786%	25,889,648	1,127,184	4.5520%	3,576,707	32,032,037	26.8185%	9,719,096	8,785,363	481,740
FY 1998-99	22,752,902	439,961	1.9718%	30,333,907	4,444,259	17.1662%	7,581,005	Not	#VALUE!	#VALUE!	8,970,921	185,558
FY 1999-2000	22,961,520	208,618	0.9169%	29,591,647	-742,260	-2.4470%	6,630,127	completed	#VALUE!	#VALUE!	9,977,118	1,006,197
FY 2000-01	23,946,646	985,126	4.2903%	33,813,407	4,221,760	14.2667%	9,866,761	at this time	#VALUE!	#VALUE!	10,784,418	807,300
FY 2001-02	24,765,485	818,839	3.4194%	37,241,486	3,428,079	10.1382%	12,476,001	35,586,260	#VALUE!	10,820,775	10,079,441	-704,977
FY 2002-03	24,481,067	-284,418	-1.1484%	41,940,946	4,699,460	12.6189%	17,459,879	41,159,808	15.6621%	16,678,741	10,778,162	698,721
FY 2003-04	24,759,229	278,162	1.1362%	47,457,097	5,516,151	13.1522%	22,697,868	46,487,707	12.9444%	21,728,478	11,955,974	1,177,812
FY 2004-05	25,937,041	1,177,812	4.7571%	Not calculated by Administration		0.0000%	#VALUE!	Unable to do comparison			12,904,805	948,831
FY 2005-06	26,885,872	948,831	3.6582%	Not calculated by Administration		#VALUE!	#VALUE!	Unable to do comparison			13,819,097	914,292
FY 2006-07	27,981,067	1,095,195	4.0735%	60,023,248	#VALUE!	#VALUE!	32,042,181	Current Fiscal Year				

AUDITOR'S EXHIBIT # 4

DESK PROCEDURES for Accounting Specialist Cost Section

AUDITOR'S EXHIBIT # 5

Monthly ISF Accounts Receivable Reports

Do the 15th of each month for the prior period.

1. General Ledger Audit Trail

A. Go to the Accts. Rec. reports folder and make a folder for the Period you will be working on. Open Pentamation – go to #1, 7, 1. Type either 7230, 7240 or 7250 in the fund section, Don't use any account number, leave the period as it is or type the period you need, type y for Year to date, and n for notes, touch enter or click on Ok, click yes, Alt. Printer, Excel and Enter. A new Microsoft Excel window will open, click on it. Go to Open, C: drive, the xlsreports folder and set for all file types. Your reports will show by name_date & time. Open the report you need, click next, set column width for name section and click finish.

B. You now have a large report open in Excel. Make a copy of it, so you have two reports. **SAVE** as an Excel file (.xls) in A/R reports folder in the period folder that it is for, as GLAT_ 7230 or 7240 or 7250. Scroll down in the ***COPY*** and find Account 111001, Accounts Revc – Invoiced. Keep only this account information and delete all the rest including the titles!! If there are any words &/or empty rows in between the transactions with dates and costs, delete them!! Type 7230 or 7240 or 7250 A/R in row A1. Give the columns the following titles: Date, Invoice #, Payer #, Name, Debits, Credits & Description. At the bottom remove the Words "Total Acct. Recv.-invoiced" and type Ending Balance there. Insert a row at the top of the page and type Beginning balance in the second cell. Create the Beginning balance by adding (**if both are debits or credits**) or subtracting (**if they are debit & credit**) the New Year & Close yr numbers, now type this number in the debit column on the same row. Cut & paste the New beginning balance right below the ending balance, then delete New year & close yr rows. At the bottom type the word Change in the cell below the beginning balance and below that number type a formula that shows the ending balance number - the beginning balance number (example=H23-H24). Insert several rows above these numbers!! Select all cells with something in them, except Cell A1 & the totals at the bottom and sort by Payer #, then subtotal by: At each change in-Payer #, Use function-Sum & Add subtotal to-Debits

& Credits and click Ok. On the Grand total line in the Description cell type a formula that subtracts Grand total credits from Grand total debits (example=H103-I103). This number should match the change number. Now open Pentamation, go to #1, 8, 3 to make sure the "Total receivables" number for 7230 or 7240 or 7250 is the same as the change numbers!! Now delete all but two of the rows you added above the Ending Balance. **SAVE** & Close this Excel workbook.

2. Receivable Status Report

A. Open Pentamation – go to #1, 6, B. Skip the receivables section, type 05 in the year, type 7230 or 7240 or 7250 in the Budget unit, Type Receivables Date (Example: 070104:083104), click Ok, Alt. Printer, Excel and Enter. A new Microsoft Excel window will open, click on it. Go to Open, C: drive, the xlsreports folder and set for all file types. Your reports will show by name_date & time. Open the report you need, click next, set column width for name and click finish.

B. You now have a large report open in Excel. Make a copy of it, so you have two reports. **SAVE** as an Excel file in A/R reports folder in the period folder that it is for, as Receivables status report_ 7230 or 7240 or 7250. Scroll down in the ***COPY*** and delete are any words &/or empty rows in between the transactions with dates and costs. At the bottom insert a few rows above "Total Report " then delete these words. Cut & paste the two lower numbers to the right of those words you deleted into columns H & I next to the upper numbers. In the row above these 4 numbers type the titles Invoiced, Adjustment, Payment and Balance. Now in the balance number spot, type a formula to add Invoiced and Adjustments, then subtract Payments (example =H103+I103-J103). Insert several rows above these numbers!! Select all cells with something in them, except the totals at the bottom and Sort by Column C, then column B. Give the columns the following titles: Invoice #, Dept. #, Acct., Payer #, Name, Invoiced Amount and Adjustment. Type 7230 or 7240 or 7250 A/R cell A1. You now have two different sections on the page. Type the Words "Payment and Balance" into columns H & I at the top. Go to the Lower sorted section and Cut & paste the costs (amounts) into columns J & K in the top section. At the top still, insert a column after the one called "Name" and title it "Description". Copy the words of what the costs are from the lower sort area into this new column. At the top, insert a column after the one called "Acct. #" and title it "Date".

Copy the dates from the lower sort area into this new column. **Now verify that there is only one 465 number with receivables by opening Pentamation and going to #1, 8, 3 to make sure.* * Delete what is left in the lower sort area **ONLY** if there is "**ONE**"-number starting with "465" in Column B for all. Sort by Payer # then subtotal by: At each change in-Payer #, Use function-Sum & Add subtotal to-Balance and click Ok. The Grand total should match the Balance number you created in the lower 4 numbers earlier. **SAVE**! Leave this Excel workbook open for now!

3. Creating Final Comparison Report

A. Re-open the General Ledger Audit Trail for the Dept. you have been working on and make a copy of the worksheet you cleaned up and subtotaled. Rename this ***COPY*** and title it "Comparison'. **SAVE** as an Excel file (.xls) in A/R reports folder in the period folder that it is, as Final Comparison 7230 or 7240 or 7250. Click on #2 to the left, insert a column titled "balance" after the credits one and type a formula that = Debits-Credits (example = F11-G11), now copy this formula to all the cells below that have numbers. Then hide columns B, C and E thru I. Type Gen. Ledger above the word "Payer #". In columns K & L title them "Rev. Status report" and "Difference". Insert a worksheet before the Comparison one and title it Rev. Status report. Copy & paste a copy of the Receivables status report_7230 or 7240 or 7250 that was left open into this worksheet. Click on #2 to the left & then hide all the columns that are empty except column A. Hand-type the balances from the Rev. status report into column M on the Comparison sheet. Type a formula in Column N that subtracts the Rev status balance from the Gen Ledger balance (example = H11-I11), now copy this formula to all the cells below that have numbers in Column H & K. If Columns H & K match and Column N are all zeros, then you are finished. If the numbers in Column N are not All ZEROS highlight the one(s) that are different and email this workbook to the Revenue accountant, [redacted]. **SAVE** again and close both workbooks.

4. Now repeat steps 1-3 for the other two departments!!

Monthly Communications Procedures:

1. PAYING THE PHONE BILLS: **THIS IS IMPORTANT TO KNOW: ALL THE PHONE BILLS ARE SENT TO US A MONTH BEHIND!! MEANING: THE BILLS YOU RECIEVE IN DECEMBER ARE FOR CALLS MADE IN NOVEMBER, SO IN DECEMBER YOU WORKING ON THE MONTHLY COMMUNICATIONS FOR NOVEMBER. ** As the phone bills arrive from the various companies, check them for prior unpaid balances. If there are Prior unpaid balances, check the bills from the previous month to make sure they were paid and write when on the current bill. Gather the bills in the Inbox until Friday. On Friday of that week, put all the bills together that are for the same company (vendor), *Example:* AT & T wireless has 32 bills of regular cell phones and 3 bills for GMS cell phones (They are paid on 2 different Claims). Go through the bills, circle the current charges due, write in the amount being paid on the bottom or wherever it is on the bill and tear off the payment or remittance coupon for each bill. Add up all the charges for the bills for each vendor on your adding machine twice, so that you will have two strips of paper with the charges and a total on them. Now go to: \\warehouse\users\aud\gschmidt\ My Documents\Communications\FY 0x-0x and find the folder for the company whose name is on the first phone bill. Open that folder and double click on the claim form that is needed. Go to Edit on the menu bar, scroll down to and click on "Move or Copy sheet", a small window will open, click on the box next to "Create a copy", so you don't write over the last payment you made. Change the Month on the tab at the bottom if you are starting a new month (Example: if you are paying the first set of bills for November). Check the return address, go to cell "B11" and change the for month of..... if needed, go to Cell "K23" put in the total being paid for that vendor, go to the cell that contains the words "Statement date or Invoice date or Billing date" and change it to the date on the bill(s), then go to cell "H38" and change the month/year that Accounts Payables uses in the system, if needed. SAVE!! *(All the claims are set up like this, except the one called "OLD SUMMARY CLAIM" in the SBC-Calnet folder, it is different, you don't enter anything in cell "K23".)* You need to print two copies of each claim form; one goes to Accounts payables and the other is for your files. Make two photocopies of each payment or remittance coupon on the Copy machine. Staple one set of the photocopies to the back of one claim form and using a RED PEN write "COPY" on it and draw an "X" where the signatures are required, place it on top of the bills it is paying. Now, staple the other set of photocopies to the back of the second claim form and using a RED PEN write your initials above the words Gross Amt., then staple or clip the payment coupons to the left front side of this claim about half way down. *If there is more then one bill being paid for any claim form (or vendor).....staple the Adding machine strip to the top left corner of the first claim and with the payment coupons on the second claim!!* Clip both claims and the phone bills for each together. Give all the finished claims to the Authorized deputy (Janna Dodge is it right now) in the Cost Section for their signature. When you get them back signed, take the top signed one to Accounts Payables and keep the other one with the bill(s) attached for your records. Stamp this copy using the "Paid stamp" on the desk.....with the date Accounts Payables will pay it (All claims are usually paid on Wednesdays!). **You will also be getting FPOs (Field Purchase Orders) from Accounts Payables for verification & coding. Double-check the costs

and totals on these against the invoices that are attached. Make sure the costs are coded with a Project number and a Department number for you to charge them to on the Monthly Journal. You need to write in on line #1 on the bottom section of the FPO the "Dept. number, Account No., Project No., and Amount" as listed above, put your initials above the word "amount", make a photocopy of all the pages & stamp with the Paid stamp. Take the original back to Accounts payable.

2. <u>WORKING ON AND DOING THE MONTHLY JOURNAL:</u> First go to: \\warehouse\users\aud\gschmidt\My Documents\Communications \FY 0x-0x\Monthly Journals, "copy and paste" a copy of the previous month's journal and rename it to the month you are working on without a journal number!! Now open it and remove all the costs from the previous month, starting on the Distribution worksheet remove the costs from cells "F857" and below that. Now go to Monthly equipment, Sprint, MCI, etc.....through Smart yellow. DON'T EVER REMOVE THE COSTS FROM THE WORKSHEET "RADIO REPEATERS", THEY STAY THE SAME EVERY MONTH!! Go through each sheet, except Jrnl. Distr. & Reg. Journal and change the "For the Month of...". On the JRNL. DISTR. Sheet change the "Entered..." in Cell 8A, change the month in Cell 10A, and the " Book: Communications for X/XX. Also, go get a Journal number and enter it in Cell 5A on the Distribution sheet. Next, go to the Journal sheet; change the "Description: COMM ISF...." to the month you are working on and the Date in Cell 54F to the last working day of that month. All other similar cells will auto-up-date. SAVE!!

3. Now you are at the point to start entering the Phone bill charges in this large workbook. If you will notice, there is a separate worksheet for each company, except the ***Old Summary & Calnet summary bills, they are to be entered in cells "F857" and below based on phone number on the Distribution sheet. You also, need to enter the total of the Monthly phone charges and the Calnet bill in Cell 1250F and the total paid for those bills in cell 849G!!*** The Monthly Equipment sheet is used to enter the costs from the FPOs & Gen. Claims from Contract #s (See instruction # 4). I've found it's easiest to enter the claims after you make them out each week, that way you don't have an enormous amount to enter at the end of the month. (**A side note: if there are calls made on the last page of the Sprint bill you need to call Lisette Kling in the Administration Office at 7224 to find out what Department made them...she has a record of all calls made on this line!!**) If by chance you have more than one week's worth of claims to enter in here, sort them by vendor (company). Go from worksheet to worksheet and enter them based on the account numbers, Except for the FPOS. **SAVE!!** You will noticed that for the vendors Metrocall, Nextel and AT&T wireless there are three bills for each that are split; this is based on the number of pagers or cell phones. Some of this information is right on the bill, but the others (All Nextel splits & Pub. Hlth AT&T) you have to go to: \\warehouse\users\aud\gschmidt\Equipment Counts\splits and open the file you need. Keep doing this throughout the month after you make out the claims. For Account number 960-731-3792 & 960-739-3146 which are on the *"OLD SUMMARY CLAIM"*; you need to enter the Monthly phone charges based on phone numbers in the area below Cell F857 and the Data charges, Custom CD charges and the Taxes & surcharges are entered into Cells 720H & 721H under Dept. 725. **SAVE!!** These costs are overhead and get auto-split (using already entered formulas) to all depts. In Cell 852G enter the total of Cells 720H & 721H, this is for a cross check and should match Cell 850G when you are finished for the month. **SAVE!!** Add up all the Claims for each Vendor, except the FPOs & Radio Repeaters, at the end of each

month and enter the totals on their separate sheets as a cross check. All the costs you enter into these separate sheets will automatically put the costs on the Distribution sheet, as there are formulas set up there.

4. *As for those FPOs & Gen. Claims with Contract #s:* They are entered differently into the Monthly than all the other claims!! Go to the Monthly Equipment sheet and have all your FPOs & Gen. Claims with Contract #s together. You will be sorting them into four groups: Cellular, Pagers, Minor Projects and Radio Equipment!! So here's the rules: if the FPO or claim is paying for anything to do with Cell phones including "Repair or installations of Car phones" these costs go in Column D on the sheet for the depts., All Metrocall Pager FPOs go in Column E on the sheet, All FPOs & Claims that were paid to Expense Code 523008 are Radio costs & go into Column G and All other FPOs & Claims are Minor Projects (Example: Change location of 538-xxxx or Repair jack in Assessor or install a new line {phone}in Auditor) these go into Column F. Start by sorting them into the four groups and getting a total for each, then enter those totals into Row 1254 as a cross check. Now enter them on to the sheet based on the Dept. Number they are to be charged to, which is typed on the claim or FPO next to or by the cost. SAVE!! Double-check your totals and you are finished here if they match.

5. Get the "Butte County Telephone Service Request" forms out that you receive from the Communication's department. Make sure you use only the one that have a "Requested due date" for the month you are working with. If the requested change is a disconnect you write –1 or -2 or -3 etc…(Based on the number of phone numbers on the form) and if it is a install you write +1 or +2 or +3 etc… if it is just a relocation of a line within the same dept. write FYI unless they are moving a line to another Dept. number!! Now go back to the Distribution worksheet and enter these – or + numbers into the formulas in Column C for each Department number mentioned on the Request forms. These Centrex lines are part of the formulas for the overhead costs. Once you have all the bills, claims and FPOs entered into the sheets you need to print out or have someone else print it for you, a copy of the Period Expenditure Audit trail for Department 725-Accounts 523* to make sure you have everything entered that was paid in that period!!! You figure the monthly (period) costs paid by subtracting the beginning balance from the total. Add up the ones for 523001, 523002, 523003 and 523004, then enter this total amount into Cell 854Y. SAVE!! If this number matches the number in Cell 855Y and the Jrnl. Distr. & Journal sheets match, you are ready to print out the Journal and related pages. Print three copies each of the Jrnl. Distr. & Journal & Distribution sheets. Staple a copy of the Journal & Jrnl. Distr. together, sign your name on the "Prepared by" line and give to [redacted] (or Authorized Accountant in Cost Section) for "Approved for Entry" signature. Take to basket in Accounts payable when you receive this copy back. Staple the other copies into two separate groups and on the "Prepared by" line put your initials and write "Copy" on the "approved for entry" line. One copy goes into the Communications ISF folder for the Quarter we are working on in the bottom drawer in the file cabinet in this workstation and the other goes in the Comm. Qtrly. Folder in the ISF draw in the File cabinet across from this workstation.

6. You may print out the rest of the worksheets now and put them with the Claims. You will be sending the phone bills out to the Departments in the courier in about a week. First you need to make photocopies of the bills, except for AT&T wireless, Nextel

(we keep the first 10-15 pages), the old summary bills and the FPOs & claims. You don't send the Calnet summary bill that way, it is sent out in an email after you save a copy of the "Recurring Chg Summary" from the Bill Analysis tab in the Calnet software into Excel Format. This is explained in the Instructions attached!!

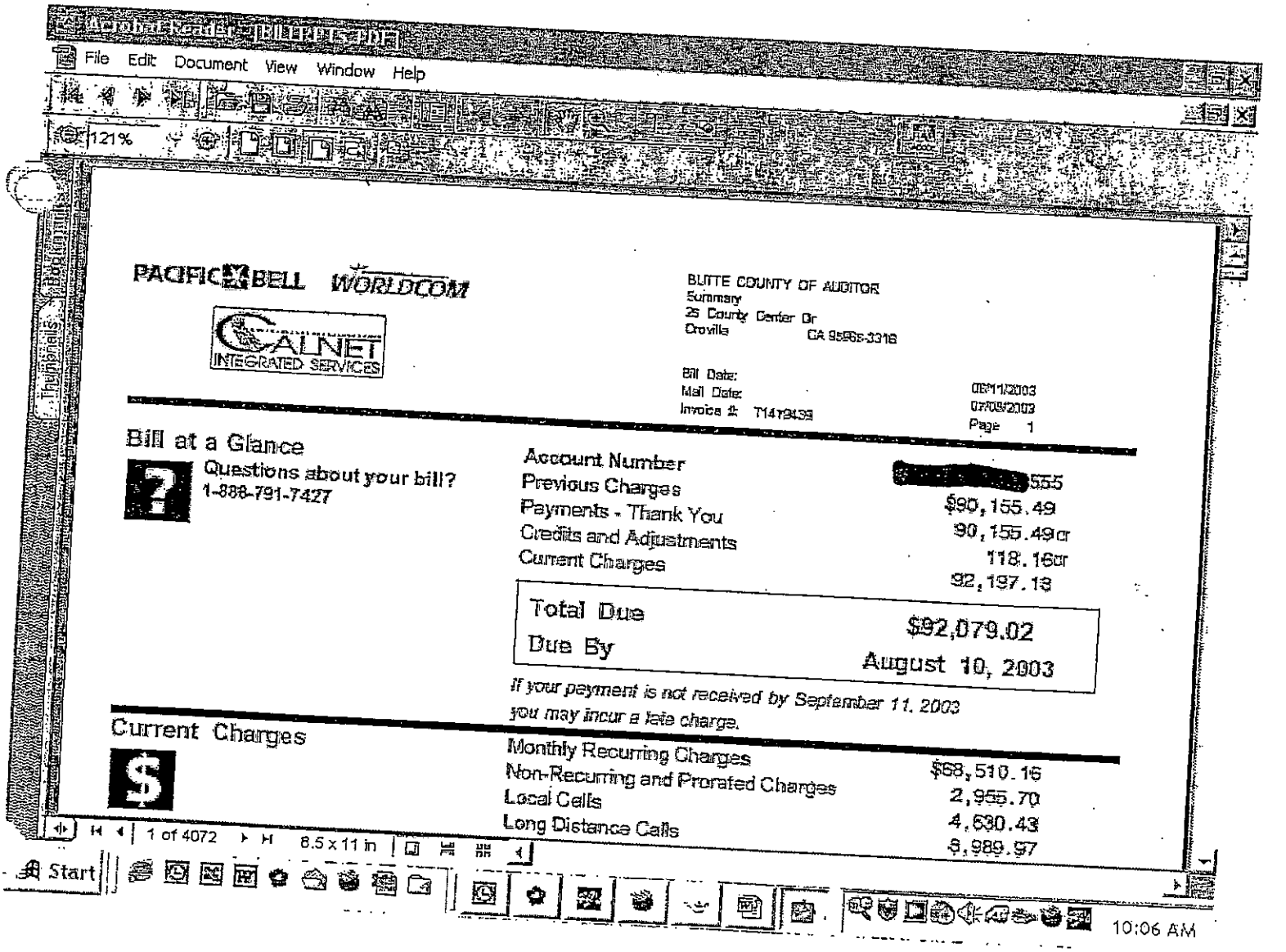
Each month a CD will come from SBC/Calnet. It automatically starts when inserted into the cd drive. There may be upgraded software that will install automatically. This manual covers converting the data on the CD to Excel format that will add the necessary information so Departmental totals can be calculated. It also covers the process of sending it to all departments by email.

When the CD is started it gives you a desktop Icon that show the Acrobat Logo and says "CALNET INVOICE ON CD".

Double click on the Icon and Acrobat Reader will load and display the first page. The report is thousands of pages long.

Print just the first page. Click on File at top of screen, then click on PRINT. Check the dot in front of CURRENT PAGE, then click on PRINT.

This will give the grand totals the export files should balance to.



and steps should be taken to not allow an employee to record time worked on any day other than on the day worked, without approval from the department head and the CAO's office.

The respondent agrees with the intent of this recommendation. Early in the process of development and deploying the many county departments into Kronos, the project planning team made the recommendation to Administration that 3 basic time card views be utilized for the 3 different employment types. Exempt classifications would default at the "PROJECT VIEW", pre-populated with the scheduled daily hours. If an employee needed to spread time to projects, he/she could easily accomplish this by editing the pre-population. For non-exempt classifications, default would be at the "HOURLY VIEW" with or without time stamp, and the "Extra-Help" (all non-exempt) workers would be "TIMESTAMP". All non-exempt regular help workers with the hourly view mentioned can currently edit their timecards after the time has past. Upon full deployment, the County will again look at tightening this window for editing, and address Policies and Procedures. The decision as to which timecard type to use should be with the appointing authority. However, extra help workers use the "TIMESTAMP" view exclusively. Extra help can make no changes to this view.

As the KRONOS process moves forward, meetings are continuously held on issues that are not well defined.

4. Elected officials should set an example for their employees and make himself available to his employees during working hours. Elected department heads should record their hours worked for public record.

The respondent partially disagrees with the recommendation. The Auditor is available to his employees during the working hours and at other times. Everyone should be an example to one another.

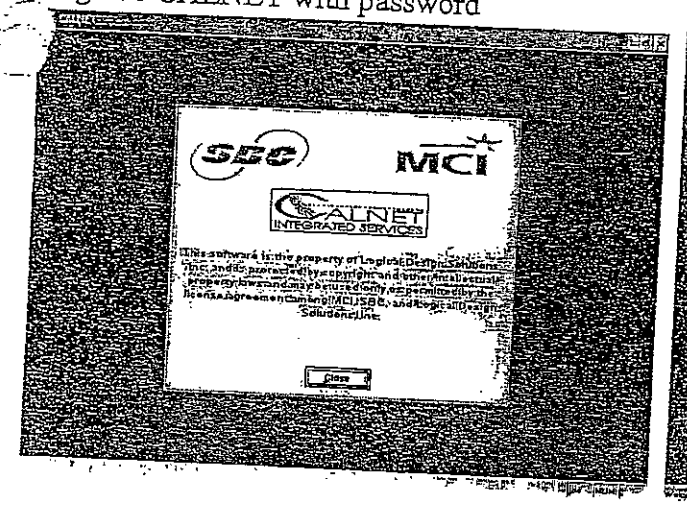
5. The County should take immediate action to insure that all managers of departments in the County attend and participate in a series of mandatory training sessions as defined by the HR Department. Managers should be required to complete all training within one year and department heads should be held accountable to insure successful completion.

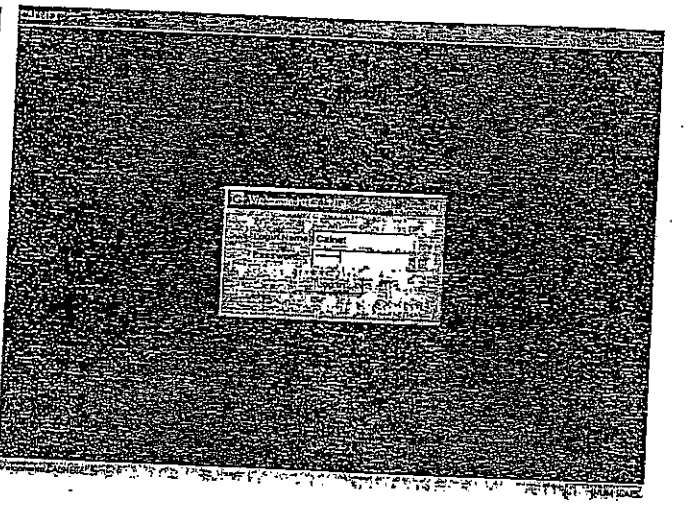
The recommendation has been implemented. The Auditor's Office is taking full advantage of training sessions offered by the HR department.

6. Each employee of the Auditor-Controller's Office should be provided with a copy of the Butte County Personnel Rules in order to fully understand their rights as employees of Butte County.

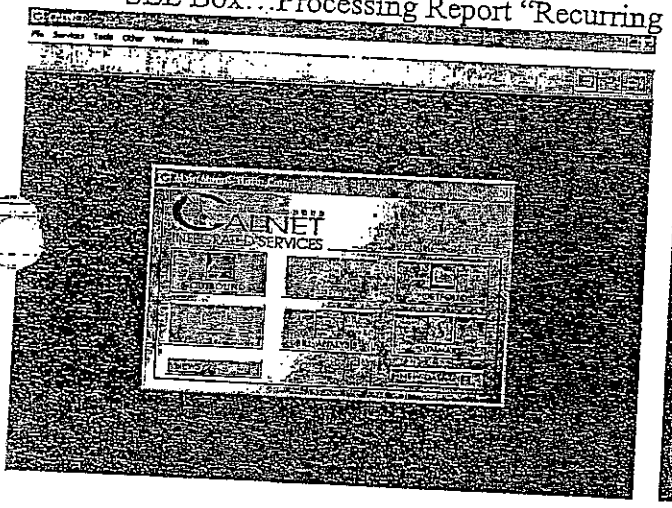
The recommendation has been implemented. Human Resources has provided every employee in the Auditor's Office with a copy of Butte County Personnel Rules.

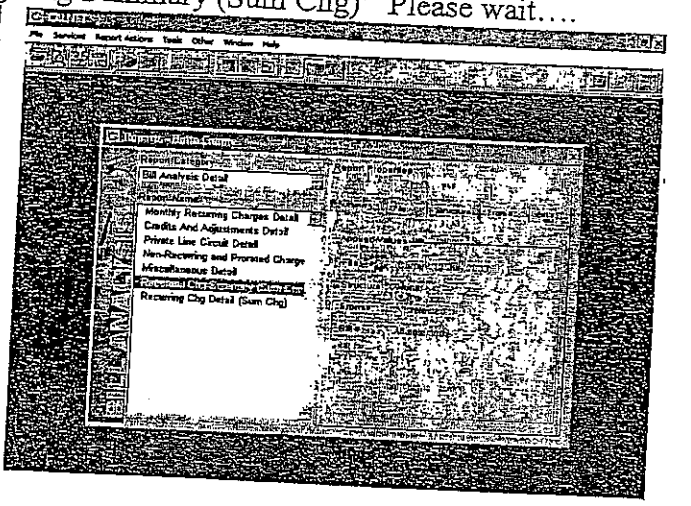
Run CALNET from desktop.
Close display window
Log into CALNET with password



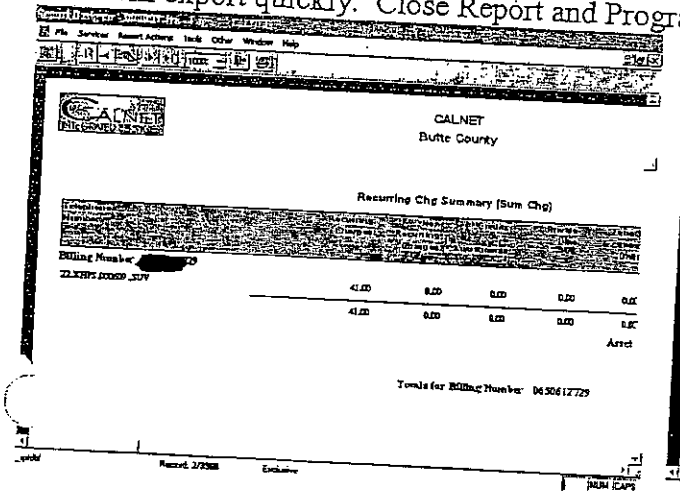


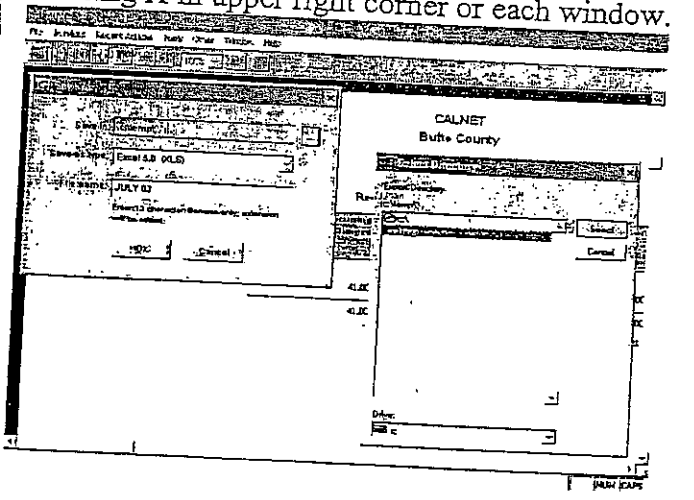
Click on BILL ANALYSIS. Then set REPORT CATEGORY to **Bill Analysis Detail.**
Double click on Recurring Chg Summary (Sum Chg
SEE Box...Processing Report "Recurring Chg Summary (Sum Chg)' Please wait....



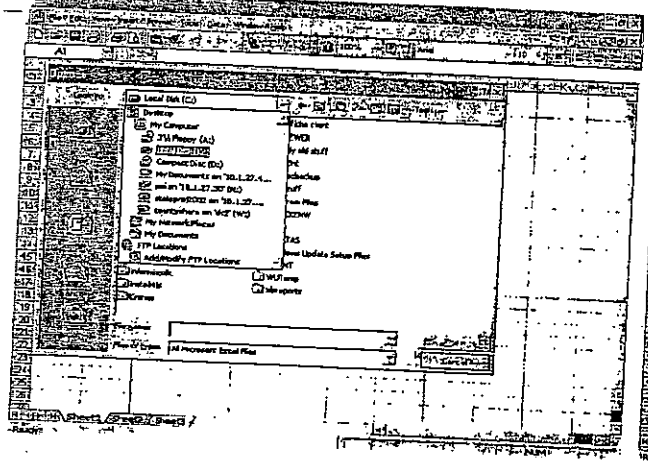


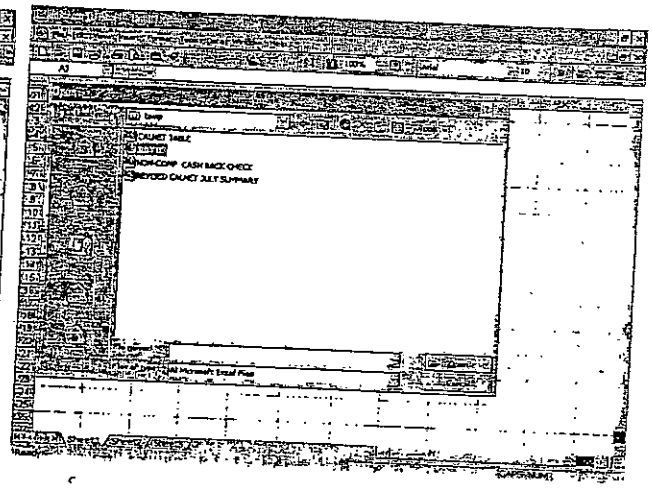
Page one of report is shown on the screen. Click on export Icon under the word File.
Save File as Excel 5.0 (xls) and use Month and year as name (ie JULY 03)
Click on the Save in box with .... And pick the TEMP directory on Drive C:\
Data will export quickly. Close Report and Program using X in upper right corner or each window.



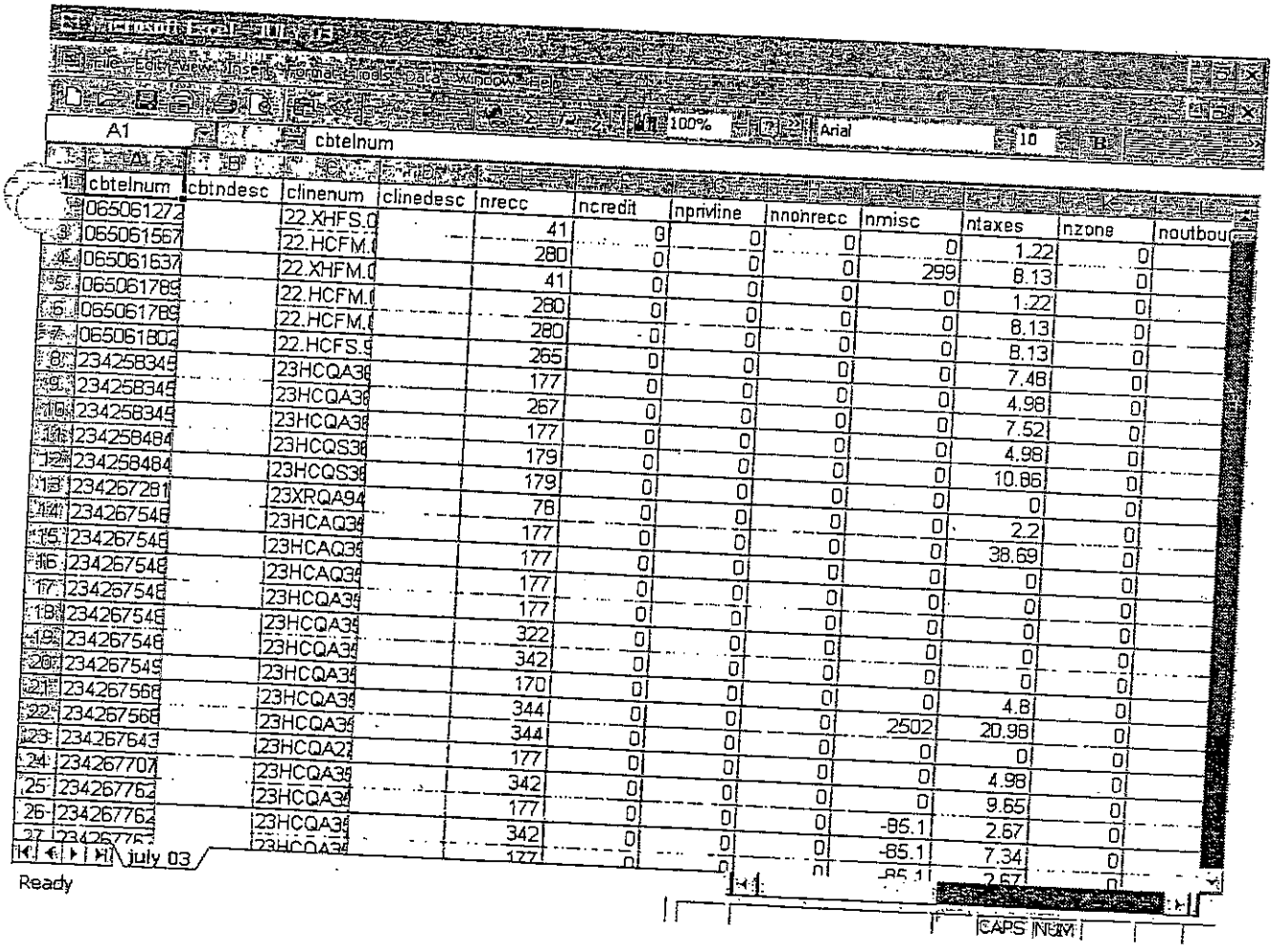


Run Excel, Click on File, Select Open.
Click on Down Arrow in the LOOK IN box and select Local Disk (C:)
Next Select and open the TEMP folder.
The file exported should be in this directory. File was saved as Month Year (ie JULY 03).
Open the file by double clicking on it.





Report needs extra columns deleted, amounts formatted, columns widened, new headings and department column added and lookup table added to workbook.



	cbtelnum	cbtndesc	clinenum	clinedesc	nrecc	ncredit	npriviine	nnonrecc	nmisc	ntaxes	nzone	noutbou
2	065061272		22.XHFS.0		41	8	0	0	0	1.22	0	
3	065061567		22.HCFM.(		280	0	0	0	299	8.13	0	
4	065061637		22.XHFM.0		41	0	0	0	0	1.22	0	
5	065061789		22.HCFM.(		280	0	0	0	0	8.13	0	
6	065061789		22.HCFM.(		280	0	0	0	0	8.13	0	
7	065061802		22.HCFS.9		265	0	0	0	0	8.13	0	
8	234258345		23HCQA36		177	0	0	0	0	7.48	0	
9	234258345		23HCQA36		267	0	0	0	0	4.98	0	
10	234258345		23HCQA36		177	0	0	0	0	7.52	0	
11	234258484		23HCQS36		179	0	0	0	0	4.98	0	
12	234258484		23HCQS36		179	0	0	0	0	10.86	0	
13	234267281		23XRQA94		78	0	0	0	0	0	0	
14	234267548		23HCAQ34		177	0	0	0	0	2.2	0	
15	234267548		23HCAQ35		177	0	0	0	0	38.69	0	
16	234267548		23HCAQ35		177	0	0	0	0	0	0	
17	234267548		23HCQA35		177	0	0	0	0	0	0	
18	234267548		23HCQA35		322	0	0	0	0	0	0	
19	234267548		23HCQA35		342	0	0	0	0	0	0	
20	234267549		23HCQA35		170	0	0	0	0	0	0	
21	234267568		23HCQA35		344	0	0	0	0	4.8	0	
22	234267568		23HCQA35		344	0	0	0	2502	20.98	0	
23	234267643		23HCQA21		177	0	0	0	0	0	0	
24	234267707		23HCQA35		342	0	0	0	0	4.98	0	
25	234267762		23HCQA34		177	0	0	0	0	9.65	0	
26	234267762		23HCQA35		342	0	0	0	-85.1	2.67	0	
27	234267762		23HCQA34		177	0	0	0	-85.1	7.34	0	
								0	-85.1	2.67	0	

Report is several thousand lines long. Use the side scroll bar to move to the bottom of the report. Start in column E and use the sum function to add column E. Example =SUM(E2:E3989) Now replicate formula to columns F through Y. This will show you any columns with no usable values. Normally columns B and M through Y are typically ZERO values.

Microsoft Excel - JULY.xls

File Edit View Insert Format Tools Data Window Help

E3990 =SUM(E2:E3989)

3972	530895662		530895662	12.78	0	0	0	0	0	0	
3973	530895662		530895662	12.78	0	0	0	0	0	0	
3974	530895662		530895662	12.78	0	0	0	0	0	0	
3975	530895662		530895663	12.78	0	0	0	0	0	0	
3976	530895662		530895663	12.78	0	0	0	0	0	0	
3977	530895662		530895663	12.78	0	0	0	0	0	0	
3978	530895662		530895663	12.78	0	0	0	0	0	0	
3979	530895662		530895663	12.78	0	0	0	0	0	0	
3980	530895662		530895663	12.78	0	0	0	0	0	0	
3981	530895662		530895663	12.78	0	0	0	0	0	0	
3982	530895662		530895663	12.78	0	0	0	0	0	0	
3983	530895662		530895663	12.78	0	0	0	0	0	0	
3984	530895662		530895663	12.78	0	0	0	0	0	0	
3985	530895662		530895668	12.78	0	0	0	0	0	0	
3986	530895662		530895667	11.93	0	0	0	0	0	0	
3987	530895667		530895669	12.78	0	0	0	0	0	0	
3988	530896015		530895667	12.03	0	0	0	0	0	1.07	
3989	530899694		530896015	13.76	0	0	0	0.26	0.34	0.66	1
3990			22.HCFS.9	265	0	0	0	0	2.12	2.57	53
3991				68701.18	0	0	1089.8	369	7.48	0	
3992								5781.04	2423.24	4796.27	9768
3993											
3994											
3995											
3996											
3997											
3998											

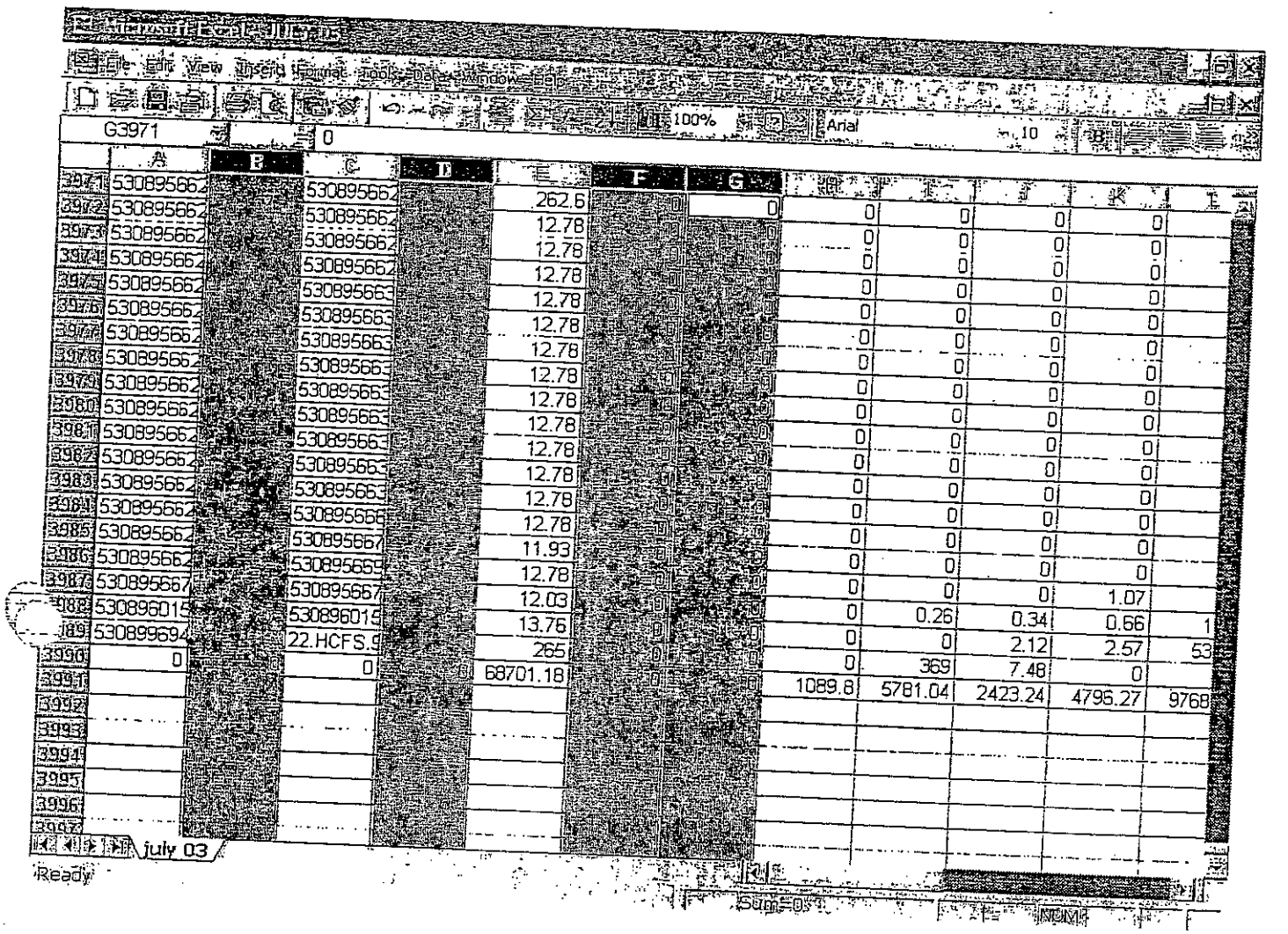
July 03

Ready NUM

REQUIRED STEP

COMPARE the totals with the acutal bill. If balances to not match...STOP. Find out why, Fix it and end with an ACCURATE excel file that can be DEFENDED to all departments.

Delete un-necessary columns with ZERO totals. Example below, Click on column B then hold down the <Control Key> and click on column D, F, G then M through Y . When done columns with amounts remain..



	A	B	C	D	E	F	G					
3971	530895662		530895662		262.6	0	0	0	0	0	0	
3972	530895662		530895662		12.78	0	0	0	0	0	0	
3973	530895662		530895662		12.78	0	0	0	0	0	0	
3974	530895662		530895662		12.78	0	0	0	0	0	0	
3975	530895662		530895663		12.78	0	0	0	0	0	0	
3976	530895662		530895663		12.78	0	0	0	0	0	0	
3977	530895662		530895663		12.78	0	0	0	0	0	0	
3978	530895662		530895663		12.78	0	0	0	0	0	0	
3979	530895662		530895663		12.78	0	0	0	0	0	0	
3980	530895662		530895663		12.78	0	0	0	0	0	0	
3981	530895662		530895663		12.78	0	0	0	0	0	0	
3982	530895662		530895663		12.78	0	0	0	0	0	0	
3983	530895662		530895663		12.78	0	0	0	0	0	0	
3984	530895662		530895663		12.78	0	0	0	0	0	0	
3985	530895662		530895666		12.78	0	0	0	0	0	0	
3986	530895662		530895667		11.93	0	0	0	0	0	0	
3987	530895667		530895669		12.78	0	0	0	0	0	0	
3988	530896015		530895667		12.03	0	0	0	0	0	1.07	
3989	530899694		530896015		13.76	0	0	0.26	0.34	0.66	1	
3990	0		22.HCFS.9		265	0	0	0	2.12	2.57	53	
3991			0		68701.18	0	0	369	7.48	0		
3992							1089.8	5781.04	2423.24	4796.27	9768	
3993												
3994												
3995												
3996												
3997												

It's a good idea to save your work up to this step.
Click on file, Save
Spreadsheet will save using the same name used in the original Export from Calnet. (ie JULY 03)

The remaining columns need to be formatted.
Make columns A & B wide enough to see the information. Center columns A & B. Format columns C through last column with Number format with 2 decimal places. Insert a column between B and C

Microsoft Excel - July 03

File Edit View Insert Format Tools Data Window Help

C3979 | 12.78 | Format Painter | 100% | Arial | 10

	A	B	C	D	E	F	G	H
1	cbtelnum	clinenum	nrecc	nnonrecc	nmisc	ntaxes	nzone	noutbound
2	065061272	22.XHFS.0	41	0	0	1.22	0	0
3	065061567	22.HCFM.0	280	0	299	8.13	0	0
4	065061637	22.XHFM.0	41	0	0	1.22	0	0
5	065061789	22.HCFM.0	280	0	0	8.13	0	0
6	065061789	22.HCFM.0	280	0	0	8.13	0	0
7	065061802	22.HCFS.9	265	0	0	7.48	0	0
8	234258345	23HCQA36	177	0	0	4.98	0	0
9	234258345	23HCQA36	267	0	0	7.52	0	0
10	234258345	23HCQA36	177	0	0	4.98	0	0
11	234258484	23HCQS36	179	0	0	10.86	0	0
12	234258484	23HCQS36	179	0	0	0	0	0
13	234267281	23XRQA94	78	0	0	2.2	0	0
14	234267548	23HCAQ35	177	0	0	38.69	0	0
15	234267548	23HCAQ35	177	0	0	0	0	0
16	234267548	23HCAQ35	177	0	0	0	0	0
17	234267548	23HCQA36	177	0	0	0	0	0
18	234267548	23HCQA36	322	0	0	0	0	0
19	234267548	23HCQA36	342	0	0	0	0	0
20	234267549	23HCQA35	170	0	0	4.8	0	0
21	234267568	23HCQA36	344	0	2502	20.98	0	0
22	234267568	23HCQA36	344	0	0	0	0	0
23	234267643	23HCQA27	177	0	0	4.98	0	0
24	234267707	23HCQA36	342	0	0	9.65	0	0
25	234267762	23HCQA35	177	0	-85.1	2.67	0	0
26	234267762	23HCQA35	342	0	-85.1	7.34	0	0
27	234267762	23HCQA35	177	0	-85.1	2.67	0	0

July 03

Ready NUM

*Column A needs to be format to text!

Microsoft Excel - July 03

File Edit View Insert Format Tools Data Window Help

C1

	A	B	C	D	E	F	G	H	I
1	cbtelnum	clinenum		nrecc	nnonrecc	nmisc	ntaxes	nzone	noutbound
2	0650612729	22.XHFS.000609..SUV		41.00	0.00	0.00	1.22	0.00	0.00
3	0650615674	22.HCFM.003698..SUV		280.00	0.00	299.00	8.13	0.00	0.00
4	0650616378	22.XHFM.002229..SUV		41.00	0.00	0.00	1.22	0.00	0.00
5	0650617891	22.HCFM.005242..SUV		280.00	0.00	0.00	8.13	0.00	0.00
6	0650617892	22.HCFM.005243..SUV		280.00	0.00	0.00	8.13	0.00	0.00
7	0650618020	22.HCFS.906689..SUV		265.00	0.00	0.00	7.48	0.00	0.00
8	2342583451	23HCQA363451-001PT		177.00	0.00	0.00	4.98	0.00	0.00
9	2342583452	23HCQA363452-001PT		267.00	0.00	0.00	7.52	0.00	0.00
10	2342583453	23HCQA363453-001PT		177.00	0.00	0.00	4.98	0.00	0.00
11	2342584846	23HCQS364846-001PT		179.00	0.00	0.00	10.86	0.00	0.00
12	2342584846	23HCQS364846-002PT		179.00	0.00	0.00	0.00	0.00	0.00
13	2342672815	23XRQA942069-001PT		78.00	0.00	0.00	2.20	0.00	0.00
14	2342675487	23HCAQ355684-001PT		177.00	0.00	0.00	38.69	0.00	0.00
15	2342675487	23HCAQ355685-001PT		177.00	0.00	0.00	0.00	0.00	0.00
16	2342675487	23HCAQ355696-001PT		177.00	0.00	0.00	0.00	0.00	0.00
17	2342675487	23HCQA355487-001PT		177.00	0.00	0.00	0.00	0.00	0.00
18	2342675487	23HCQA355488-001PT		322.00	0.00	0.00	0.00	0.00	0.00
19	2342675487	23HCQA355489-001PT		342.00	0.00	0.00	0.00	0.00	0.00
20	2342675490	23HCQA355490-001PT		170.00	0.00	0.00	4.80	0.00	0.00
21	2342675689	23HCQA355689-001PT		344.00	0.00	2502.00	20.98	0.00	0.00
22	2342675689	23HCQA355689-002PT		344.00	0.00	0.00	0.00	0.00	0.00
23	2342676431	23HCQA278292-063PT		177.00	0.00	0.00	4.98	0.00	0.00
24	2342677076	23HCQA357076-001PT		342.00	0.00	0.00	9.65	0.00	0.00
25	2342677627	23HCQA357627-001PT		177.00	0.00	-85.10	2.67	0.00	0.00
26	2342677628	23HCQA357628-001PT		342.00	0.00	-85.10	7.34	0.00	0.00
27	2342677629	23HCQA357629-001PT		177.00	0.00	-85.10	2.67	0.00	0.00
28	2342677630	23HCQA357630-001PT		177.00	0.00	-85.10	2.67	0.00	0.00

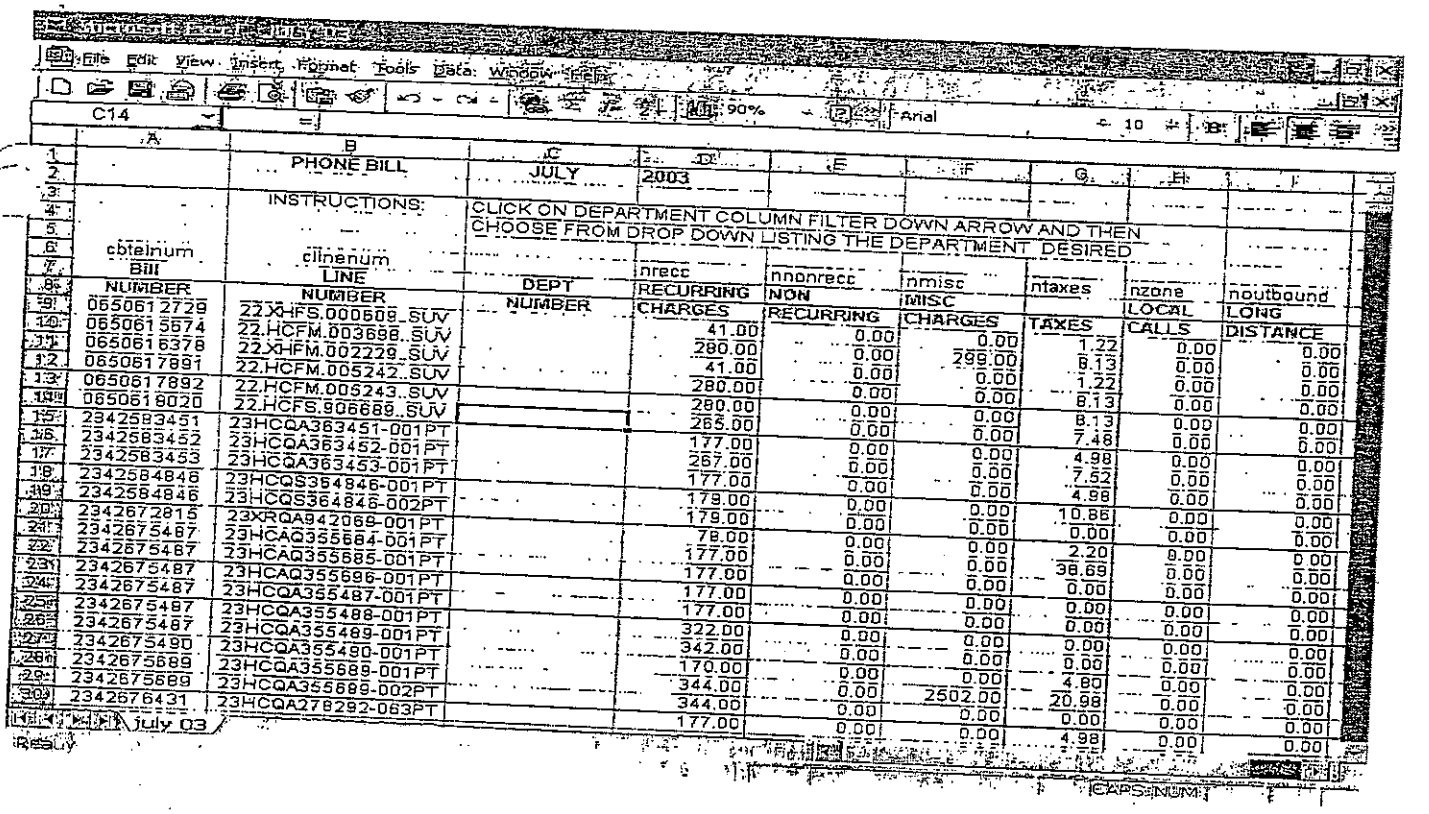
July 03

Ready

Now insert 5 blank rows at the top of report. At B1 type : PHONE BILL , At C1 type : MONTH
At C1 type : YEAR, At B3 type : INSTRUCTIONS :
At C3 type : CLICK ON DEPARTMENT COLUMN FILTER DOWN ARROW AND THEN
At C4 type : CHOOSE FROM DROP DOWN LISTING THE DEPARTMENT DESIRED

Insert 2 blank lines under the report column headings that were exported. Rename what colums remain based on the following conversion table. **BOLD** them after typing and when all have been typed, DELETE the original row of column titles.

Original name	New name (USE 2 LINES)
Cbtelnum	BILL NUMBER
Clinenum	LINE NUMBER
Unlabeled	DEPARTMENT NUMBER
Nrecc	RECCURRING CHARGES
Nnonrecc	Non Reccurring Charges
Nmisc	Misc.
Ntaxes	Taxes
~~Ntaxes~~	
Nzone	Local calls
Noutbound	Long Distance



	A	B	C	D	E	F	G	H	I
1		PHONE BILL	JULY	2003					
2									
3		INSTRUCTIONS:	CLICK ON DEPARTMENT COLUMN FILTER DOWN ARROW AND THEN						
4			CHOOSE FROM DROP DOWN LISTING THE DEPARTMENT DESIRED						
5	cbtelnum	clinenum		nrecc	nnonrecc	nmisc	ntaxes	nzone	noutbound
6	Bill NUMBER	LINE NUMBER	DEPT NUMBER	RECURRING CHARGES	NON RECURRING	MISC CHARGES	TAXES	LOCAL CALLS	LONG DISTANCE
7	0650612729	22XHFS.000609..SUV		41.00	0.00	0.00	1.22	0.00	0.00
8	0650615674	22.HCFM.003698..SUV		280.00	0.00	299.00	8.13	0.00	0.00
9	0650616378	22XHFM.002229..SUV		41.00	0.00	0.00	1.22	0.00	0.00
10	0650617891	22.HCFM.005242..SUV		280.00	0.00	0.00	8.13	0.00	0.00
11	0650617892	22.HCFM.005243..SUV		280.00	0.00	0.00	8.13	0.00	0.00
12	0650618020	22.HCFS.906689..SUV		265.00	0.00	0.00	7.48	0.00	0.00
13	2342583451	23HCQA363451-001PT		177.00	0.00	0.00	4.98	0.00	0.00
14	2342583452	23HCQA363452-001PT		267.00	0.00	0.00	7.52	0.00	0.00
15	2342583453	23HCQA363453-001PT		177.00	0.00	0.00	4.98	0.00	0.00
16	2342584846	23HCQS364846-001PT		179.00	0.00	0.00	10.86	0.00	0.00
17	2342584846	23HCQS364846-002PT		179.00	0.00	0.00	0.00	0.00	0.00
18	2342672815	23XRQA942068-001PT		78.00	0.00	0.00	2.20	0.00	0.00
19	2342675487	23HCAQ355684-001PT		177.00	0.00	0.00	38.69	0.00	0.00
20	2342675487	23HCAQ355685-001PT		177.00	0.00	0.00	0.00	0.00	0.00
21	2342675487	23HCAQ355686-001PT		177.00	0.00	0.00	0.00	0.00	0.00
22	2342675487	23HCQA355487-001PT		177.00	0.00	0.00	0.00	0.00	0.00
23	2342675487	23HCQA355488-001PT		322.00	0.00	0.00	0.00	0.00	0.00
24	2342675487	23HCQA355489-001PT		342.00	0.00	0.00	0.00	0.00	0.00
25	2342675490	23HCQA355490-001PT		170.00	0.00	0.00	4.80	0.00	0.00
26	2342675689	23HCQA355689-001PT		344.00	0.00	2502.00	20.98	0.00	0.00
27	2342675689	23HCQA355689-002PT		344.00	0.00	0.00	0.00	0.00	0.00
28	2342676431	23HCQA278292-063PT		177.00	0.00	0.00	4.98	0.00	0.00
29									
30									

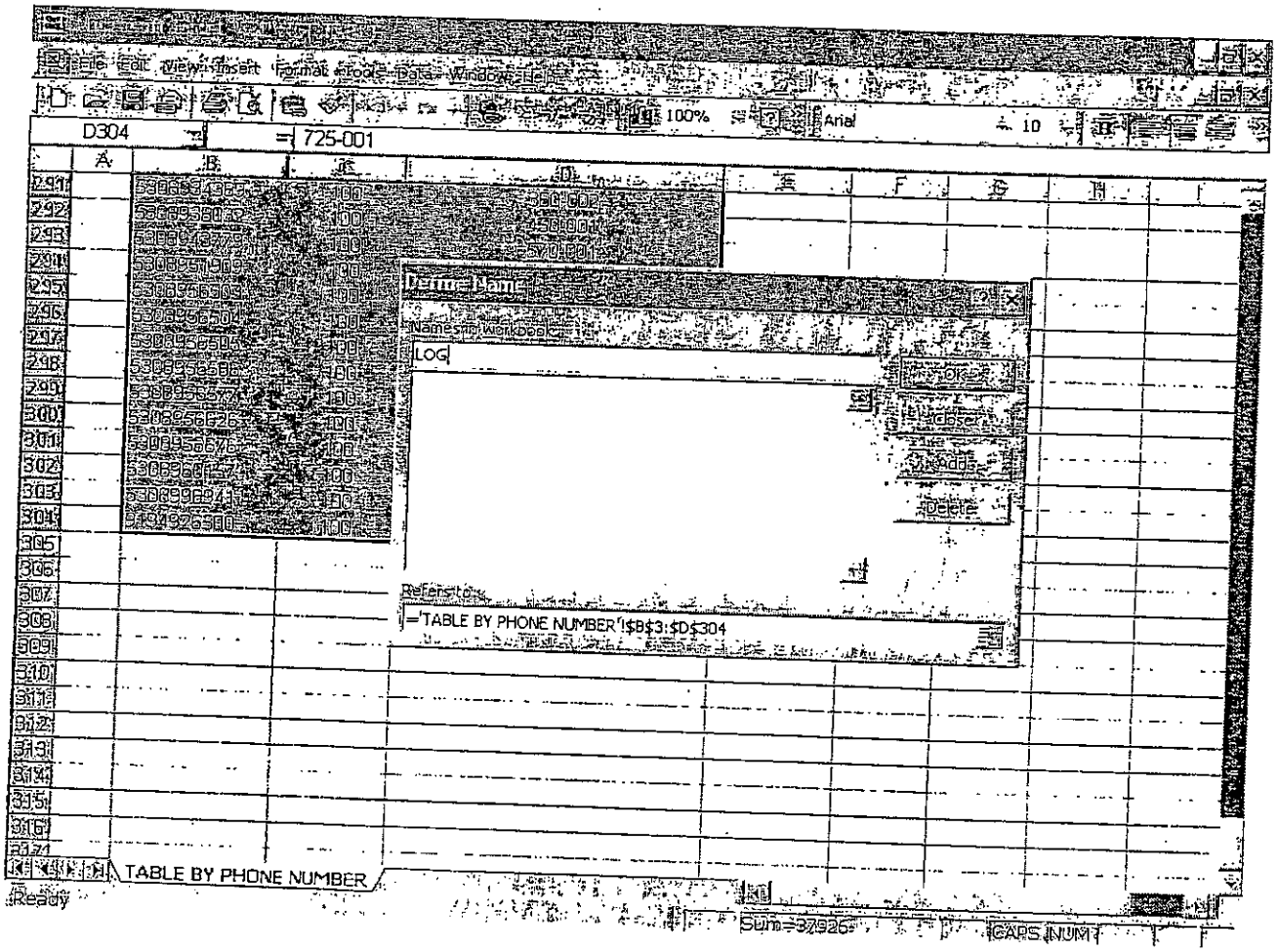
Again: Click on SAVE to protect the time invested so far.

Next the lookup table must be inserted in this workbook.
Click on File, Open, Go to the Local Drive (C:) then the Temp folder and
Open the file named CALNET TABLE.
Excel should now have 2 open workbooks.
Use the window menu at top of screen to switch between the workbooks.
Switch to the CALNET TABLE workbook.

- Right Click on the sheet tab at the bottom of the screen
- Choose Move or Copy
- Click on the down arrow in the TO BOOK: box and select the Exported CALNET table name.
- Check mark box titled CREATE a Copy
- Click OK.
- Excel will switch to the workbook where the copy went to.
- Table is now included with the Calnet exported data workbook

Defining a named area : (After table entered and before formula)

Find the lower right corner of the table. Left click on the cell and hold down the button and move the pointer to the upper left corner of the data. Do Not include the headings. Then click on Insert on the top menu, then choose Name, then choose Define. For the name type in LOG. The values of the highlighted area are shown in the Refers to: box. Click OK when done.



Click on cell C1 (or any blank cell) and highlighted area goes away.

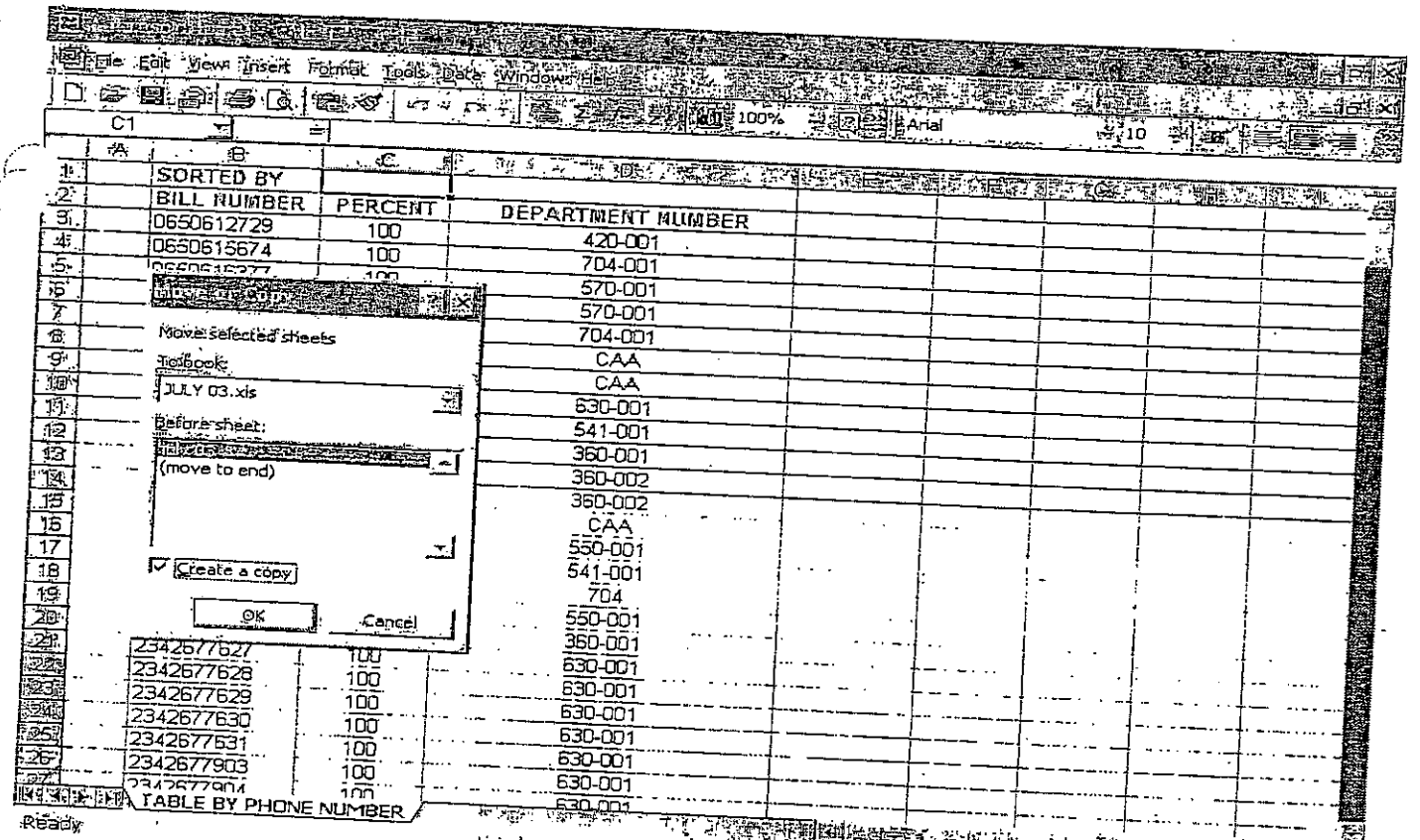
Protecting the Table

Protect this table by choosing Tools at the top menu, choose Protection, then choose Protect Sheet. A pop up box will display. Be sure CONTENTS, OBJECTS, SCENARIOS are all Check Marked. Enter the password. CNET click on OK and CNET click on OK. Any time a password is changed make a note here and give it in writing to the supervisor.

Password changed to [redacted] effective 12/5/03

Save file using the same name as loaded. CALNET TABLE.
It should save in the TEMP directory.

At this point you have the table built that is copied into the next spreadsheet must use



All columns must be formatted TEXT!!

Click on the Calnet worksheet TAB at the bottom of the screen.
Click on the first blank cell under the column title DEPARTMENT NUMBER.

Type in this formula,

=VLOOKUP [redacted] (A10, LOOK, 2, False)

Formula first looks at cell A10 to get a phone number value, it then looks in the named area called LOOK and looks for sorted information in the first column (also phone number values). It looks for a match to A9 value. If a matching value is found it returns the data in colum number 3 from the lookup table. In this case it returns the Department number.

If the phone number can not be found it returns #NA.
If that happens, the lookup table is not up to date with phonenumbers in use. GO BACK and fix the Lookup table and copy it to this workbook again. If the phone number is there it could be a case of mismatched digits or format.

The formula should bring back a department number as shown below.
Replicate the formula by dragging it to the bottom of the column. Remember how many rows that was?

Creating and Maintinaing the Calnet lookup table.

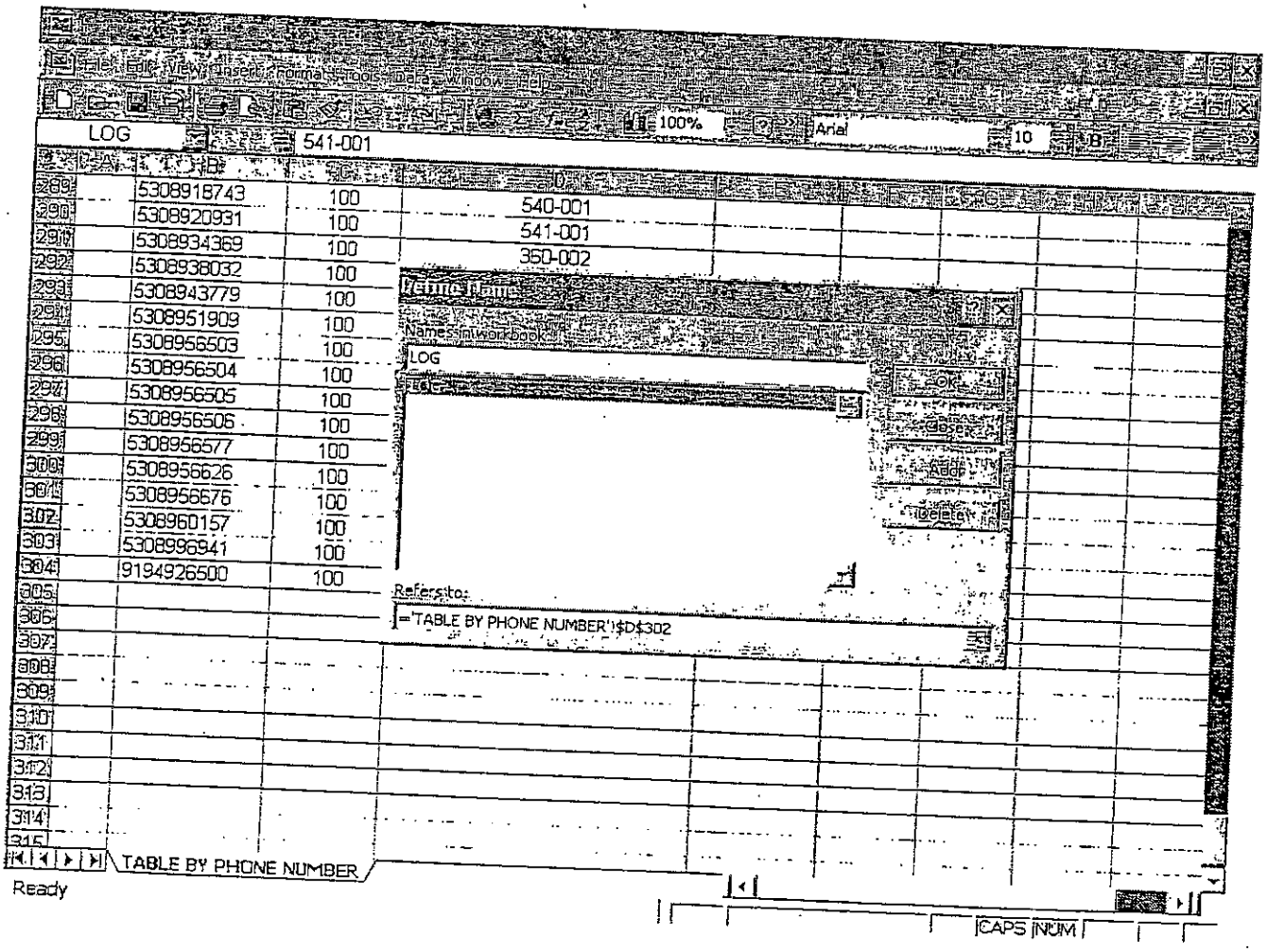
Overview: The Calnet data is missing the relationship of the bill number to any department number. Department numbers can be automatically looked up with the use of a lookup table. This will provide the capability to provide each department with their monthly phone bill.

Requirements: The information needed in the table is the BILLING phone number, the PERCENTAGE charged on that phone number and the DEPARTMENT assigned to that phone number. When any number is added the first column, BILLING number, must be sorted in assending order. There can be no duplicate numbers. A critical requirement is that the data area have a name and the name must be consistant throughout the monthly billing process.

Protected Table: The table has been password protected to prevent changing. Only the creator knows the password. See Protecting the Table instructions.

Instructions for naming a data area.
Any time the lookup table has changed the defined area name is deleted and then re-defined.

Deleting the defined named area:
Click on Insert on the top menu, choose Name, choose Define, Highlight the name LOG and click on the Delete button and then the OK button. This will erase all references to LOG and exit back to the spread sheet.



7. The Butte County Board of Supervisors and CAO should empower the Human Resources Director to assert the same authority throughout all County departments.

The respondent agrees with the recommendation. At this writing, the Auditor's Office does not know the status of implementation.

Findings – Part II, Page E-54

1. By Generally Accepted Accounting Practice standards, there are currently insufficient separation of duties or internal controls within the Butte County Auditor-Controller's Office.

The respondent disagrees with the finding. The Auditor's Office does not handle funds for deposit. This function is performed by the Treasurer. The Accounts Payable Supervisor is in charge of insuring that the proper codes are being utilized on the deposit forms. The Accounts Payable Supervisor supervises the auditing of claims and payment of checks. This Supervisor also supervises the Front Counter section that prepares the deposit documents that go to the Treasurer to 'book' in funds for expenditures. This Supervisor is only deputized by the Auditor-Controller to use the facsimile stamp for signature on checks that are issued through the system. The Supervisor cannot sign a claim form, nor can she sign an FPO or a 'deposit' form.

2. In spite of the recent changes in location and management of the Pentamation financial system, there are still many challenges and shortcomings with proper management and security of the financial data.

The respondent disagrees with the finding. The 'security' of the financial data is intact and very rigid. Butte County IS department provides a firewall and only allows communication to and from 'certain' computers. The UNIX operating system requires a login and password that the System Administrator (A/P Supervisor) sets. The login and password are given to the person so they may log in. The password is not kept by the System Administrator. There is documentation both in the financial system and in the System Administrator files as to who has a login and what permissions are allowed. There is no 'backdoor' login. There is a management tool called Structured Query Language that is used for correction of a description on an entry, or to clear an error in batch mode. This is not and has never been used for corrections to financial transactions. Only the System Administrator and her Assistant have access too this tool. This tool is also used for writing reports that are not available in the standard software.

There is confusion about when the System Administrator would require a login and password from someone when calling for assistance. There is only one instance where that would be needed, and that is if someone were having trouble connecting from their location. The System Administrator might ask for the login and password in order to login from her computer to emulate the problem. The logins of the majority of users is query only so there would be no instance of using the login to make changes.

Microsoft Excel - [illegible]

File Edit View Insert Format Tools Data Window Help

C27 =VLOOKUP(A27,log,3,FALSE)

	A	B							
1		PHONE BILL	JULY	2003					
2									
3		INSTRUCTIONS:	CLICK ON DEPARTMENT COLUMN FILTER DOWN ARROW AND THEN						
4			CHOOSE FROM DROP DOWN LISTING THE DEPARTMENT DESIRED						
5									
6	cbtelnum	clinenum		nrecc	nnonrecc	nmisc	ntaxes	nzone	noutbound
7	Bill	LINE	DEPT	RECURRING	NON	MISC		LOCAL	LONG
8	NUMBER	NUMBER	NUMBER	CHARGES	RECURRING	CHARGES	TAXES	CALLS	DISTANCE
9	0650612729	22.XHFS.000609..SUV	420-001	41.00	0.00	0.00	1.22	0.00	0.00
10	0650615674	22.HCFM.003698..SUV	704-001	280.00	0.00	299.00	8.13	0.00	0.00
11	0650616378	22.XHFM.002229..SUV	570-001	41.00	0.00	0.00	1.22	0.00	0.00
12	0650617891	22.HCFM.005242..SUV	CAA	280.00	0.00	0.00	8.13	0.00	0.00
13	0650617892	22.HCFM.005243..SUV	CAA	280.00	0.00	0.00	8.13	0.00	0.00
14	0650618020	22.HCFS.906689..SUV	630-001	265.00	0.00	0.00	7.48	0.00	0.00
15	2342583451	23HCQA363451-001PT	360-001	177.00	0.00	0.00	4.98	0.00	0.00
16	2342583452	23HCQA363452-001PT	360-002	267.00	0.00	0.00	7.52	0.00	0.00
17	2342583453	23HCQA363453-001PT	360-002	177.00	0.00	0.00	4.98	0.00	0.00
18	2342584846	23HCQS364846-001PT	CAA	179.00	0.00	0.00	10.86	0.00	0.00
19	2342584846	23HCQS364846-002PT	CAA	179.00	0.00	0.00	0.00	0.00	0.00
20	2342672815	23XRQA942069-001PT	550-001	78.00	0.00	0.00	2.20	0.00	0.00
21	2342675487	23HCAQ355684-001PT	541-001	177.00	0.00	0.00	38.69	0.00	0.00
22	2342675487	23HCAQ355685-001PT	541-001	177.00	0.00	0.00	0.00	0.00	0.00
23	2342675487	23HCAQ355696-001PT	541-001	177.00	0.00	0.00	0.00	0.00	0.00
24	2342675487	23HCQA355487-001PT	541-001	177.00	0.00	0.00	0.00	0.00	0.00
25	2342675487	23HCQA355488-001PT	541-001	322.00	0.00	0.00	0.00	0.00	0.00
26	2342675487	23HCQA355489-001PT	541-001	342.00	0.00	0.00	0.00	0.00	0.00
27	2342675490	23HCQA355490-001PT	#N/A	170.00	0.00	0.00	0.00	0.00	0.00
28	2342675689	23HCQA355689-001PT	704	344.00	0.00	0.00	4.80	0.00	0.00
29	2342675689	23HCQA355689-002PT	704	344.00	0.00	2502.00	20.98	0.00	0.00
30	2342676431	23HCQA278292-063PT	550-001	177.00	0.00	0.00	0.00	0.00	0.00
					0.00	0.00	4.98	0.00	0.00

TABLE BY PHONE NUMBER | july 03

Ready NUM

Because there are some numbers where less than 100 percent of the charges are charged to the department a SECOND colum must be inserted.

Insert a column to the right of the Department Number column. Label it PERCENT. Click on the first cell in this new column to type in a formula.

Type in the formula : =VLOOKUP(A9,~~LOG~~ Look, 3,2,FALSE)

It should return the percentage from the lookup table . Replicate it to the bottom of the column. Again, it will show #NA if the phone number is missing. Go back and fix the lookup table.

Microsoft Excel - JULY 03

File Edit View Insert Format Tools Data Window Help

C32 =VLOOKUP(A32,log,3,FALSE)

	A	B	C	D	E	F	G	H	I	J
1		PHONE BILL	JULY		2003					
2										
3		INSTRUCTIONS:	CLICK ON DEPARTMENT COLUMN FILTER DOWN ARROW AND THEN							
4			CHOOSE FROM DROP DOWN LISTING THE DEPARTMENT DESIRED							
5										
6	cbtelnum	clinenum								
7	Bill	LINE			nrecc	nnonrecc	nmisc	ntaxes	nzone	nc
8	NUMBER	NUMBER	DEPT		RECURRING	NON	MISC		LOCAL	LC
9	0650612729	22.XHFS.000609..SUV	NUMBER	PERCENT	CHARGES	RECURRING	CHARGES	TAXES	CALLS	DI
10	0650615674	22.HCFM.003698..SUV	420-001	100	41.00	0.00	0.00	1.22	0.00	
11	0650616378	22.XHFM.002229..SUV	704-001	100	280.00	0.00	299.00	8.13	0.00	
12	0650617891	22.HCFM.005242..SUV	570-001	100	41.00	0.00	0.00	1.22	0.00	
13	0650617892	22.HCFM.005243..SUV	CAA	100	280.00	0.00	0.00	8.13	0.00	
14	0650618020	22.HCFS.906689..SUV	CAA	100	280.00	0.00	0.00	8.13	0.00	
15	2342583451	23HCQA363451-001PT	630-001	100	265.00	0.00	0.00	7.48	0.00	
16	2342583452	23HCQA363452-001PT	360-001	100	177.00	0.00	0.00	4.98	0.00	
17	2342583453	23HCQA363453-001PT	360-002	100	267.00	0.00	0.00	7.52	0.00	
18	2342584846	23HCQS364846-001PT	360-002	100	177.00	0.00	0.00	4.98	0.00	
19	2342584846	23HCQS364846-002PT	CAA	100	179.00	0.00	0.00	10.86	0.00	
20	2342672815	23XRQA942069-001PT	CAA	100	179.00	0.00	0.00	0.00	0.00	
21	2342675487	23HCAQ355684-001PT	550-001	100	78.00	0.00	0.00	2.20	0.00	
22	2342675487	23HCAQ355685-001PT	541-001	100	177.00	0.00	0.00	38.69	0.00	
23	2342675487	23HCAQ355686-001PT	541-001	100	177.00	0.00	0.00	0.00	0.00	
24	2342675487	23HCQA355487-001PT	541-001	100	177.00	0.00	0.00	0.00	0.00	
25	2342675487	23HCQA355488-001PT	541-001	100	177.00	0.00	0.00	0.00	0.00	
26	2342675487	23HCQA355489-001PT	541-001	100	322.00	0.00	0.00	0.00	0.00	
27	2342675490	23HCQA355490-001PT	541-001	100	342.00	0.00	0.00	0.00	0.00	
28	2342675689	23HCQA355689-001PT	#N/A	#N/A	170.00	0.00	0.00	4.80	0.00	
29	2342675689	23HCQA355689-002PT	704	100	344.00	0.00	2502.00	20.98	0.00	
30	2342676431	23HCQA278292-063PT	704	100	344.00	0.00	0.00	0.00	0.00	
31			550-001	100	177.00	0.00	0.00	4.98	0.00	

TABLE BY PHONE NUMBER | july 03

Ready CAPS NUM

Protect the time invested now by clicking on SAVE

Place cursor on row 8.

Comm. Radio & Misc. repairs Procedures:

1. You will receive the Misc. Installations, Maintenance, Repairs and the Radio Installations, Maintenance, Repairs Reports & backup from [redacted] in Communications/ Information Systems by the 3rd working day of the month, if you don't email her. Double check that all the order numbers, times, parts and labor costs on these reports match the Service support request tickets that are attached to them. If not, contact [redacted] at [redacted]2. **There may not always be a Misc. report!!** First go to: \\warehouse\users\aud\gschmidt\ My Documents\Communications\FY 0x-0x \Comm. & Radio Repair Journals, "copy and paste" a copy of the previous month's journal (or journals) and rename it (them) to the month you are working on, then go get a journal number(s) and change the journal number(s). Now open the Radio one and remove all the costs from the previous month. On the Radio Summary sheet change Cell 9A to the last working day of the previous month, change Cell 10A to the month this is for, change Cell 11A to the Journal # you got, change Cell 17A to the month this is and type in the word for the month this is for in Cell 19E, all similar items will auto-up-date on the other sheets. SAVE!! Go to the Journal sheet, change the "Description" line in Cell 42A and also Cell 46A to the month this is for. Also, change the Date in Cell 52F to the last working day of the previous month. SAVE!! Go back to the Radio Summary sheet, go down to Cell 123E and enter the Grand total from the report you received as a cross check. Enter the "Order cost" amounts from the report into the cells in column E for the departments that are on the report. SAVE!! Make sure the total matches the cross check number and the report Grand total. These costs will automatically be put into the Distribution (Radio) & the Journal (Radio) sheets due to Formulas being in place there. Double-check that the Distribution & Journal sheets match. The Misc. Installations, Maintenance, Repairs Summary, Distribution & Journal are done the same way, just repeat the above steps, if there is one of those reports that month.

2. Remove the staple from all the paperwork that is with the Report and make two photocopies of all the pages. Print three copies of the Distribution & Journal sheets and two copies of the Summary sheets. Staple one copy of the Distribution & Journal together; sign your name on the "Prepared by" line and give to [redacted] (or the Authorized Accountant in the Cost Section) for "Approved for Entry" signature. Take to basket in Accounts payable when you receive this copy back. Staple the other copies of all three sheets each to a copy of the report you received from Loraine. On the "Prepared by" line put your initials and write "Copy" on the "approved for entry" line. One copy goes into the Communications ISF folder for the Quarter we are working on in the bottom drawer in the file cabinet in this workstation and the other goes in the Comm. Quarterly. Folder in the ISF drawer in the file cabinet across from this workstation.

Monthly Courier Procedures:

1. The Courier journal is set up in July of each year. You will be given the current Courier schedule in July from the [redacted] in the mailroom and use that to make any changes needed from the prior year!! Then you will just reuse the Courier journal each month unless there are charges needed, like a department moves out of a building or moves to a different one.

2. On the first working day of each month go to \\warehouse\users\aud\[redacted]\ My Documents\Courier\FY 0x-0x \Jxxxx\ Messenger XXX 200x and double click (use prior month's to create new current month's workbook) and open it. Go get a journal number. On the Stops worksheet change the date to the first working day of the Current month, change "For the month of…" to the month current, change the "Book: Messenger…." to the same month, enter the journal number and SAVE IT!! All other worksheets will auto-up-date as they are linked to the Stops worksheet. You will need to change the Month in the "Description: MGR CHGS xx/xx" section and the date on the bottom of the Journal worksheet, also. Now go back to the Stops worksheet. There are only 2 other items that will need to be changed here!! In Cell 11C change the Month name to the Current month and the days, if need be. Then go to cell 12D, figure out how many workdays are in the Current month minus holidays and type that number in. SAVE IT!! That is all you need to do…….DON'T change anything else on any of the other sheets!!

3. Double check the Distribution and Journal worksheet balances & make sure that they match the total on the Cost worksheet of Cell 158F. Print two copies of each of the Journal & Distribution worksheets and one copy of the Costs & Stops worksheet. Staple one copy of the Journal and distribution sheets together, sign on the "Prepared by" line and give to [redacted] for "Approved for Entry" signature. Take to Accounts Payable and put it in the basket by [redacted] after [redacted] signs it. Staple all other printed sheets together with the second Monthly Courier journal, write copy on the journal sheet and put in the Courier ISF folder in the file cabinet in the hallway across from this desk area.

Monthly Fac. Services Procedures – For Hunter's Pest Control

1. You will receive the monthly invoice and claim for Norcal from the contract person in the Cost section. Go through the invoice and check for prior balances due, if there are any, contact [redacted] in Facilities Svcs. at [redacted] Look in \\warehouse\users\aud\gschmidt\ My Documents\Fac. Svcs.\FY 0x-0x\Hunter's\Jxxx hunter's Pest Control x-xx to make sure all the Service addresses and charges (Look at the costs in the Invoice charge column formula, as overhead is charged on these costs) are the same as the prior month. Make a photocopy of all the pages (claim & invoice) and put your initials above the words "Gross Amt." on the original claim. Then give the original back to the Contracts person.

2. We charge these costs out to the departments right away. Go to \\warehouse\users\aud\gschmidt\ My Documents\Fac. Svcs.\FY 0x-0x\Hunter's\Jxxx Hunter's Pest Control x-xx. Start by making a copy of the prior month's journal in this folder, then delete the journal number and change the month to the one you will be charging out. Open this and go to the Cost sheet. In Cell 4A change the "For the month of……." to the month of service on the invoice, in cell 6A change the date to today's date, for cell 7A go get a journal number & enter it here and in Cell 10A change the "Book: Norcal for……" to the month of the service on the invoice. These items will auto-up-date on the other pages. Go to the Journal sheet, in cell 40A change " OTSDPESTCHG X/04 to the month of services and also in cell 45A. SAVE as the month and journal number you are working on. ***You should not need to enter any costs on any of these sheets, unless there is a change in Service address or Costs!!***

3. Double-check that your total distribution on the Distribution sheet matches the costs on the Journal sheet. Print two copies of the Journal and Distribution sheets. Also, print one copy each of the Cost and Dept. splits sheets. Staple a copy of the Journal & distribution together, sign your name on the "Prepared by" line and give to [redacted] (or Authorized Accountant in Cost Section) for "Approved for Entry" signature. Take to basket in Accounts payable when you receive this copy back. Staple the other printed copies together with the copies of the claim & invoice. On the "Prepared by" line put your initials and write "Copy" on the "approved for entry" line. Put these in the "Hunter's Pest Control 720" folder in the file cabinet across from this workstation.

Monthly Fac. Services Procedures – For Waste Management Disposal

1. You will receive the monthly invoice and claim for Waste Management from the contract person in the Cost section. Go through the invoice and check for prior balances due. Look in \\warehouse\users\aud\[redacted]\ My Documents\Fac. Svcs.\FY 0x-0x\Waste Management \Jxxx Waste Mgmt costs x-xx to make sure all the Service addresses and charges are the same as on the prior month on Cost sheet. Make a photocopy of all the pages (claim & invoice) and put your initials above the words "Gross Amt." on the original claim. Give the original back to the Contracts person.

2. We charge these costs out to the departments right away. Go to \\warehouse\users\aud\[redacted] My Documents\Fac. Svcs.\FY 0x-0x\Waste Management. Start by making a copy of the prior month's journal in this folder, then delete the journal number and change the month to the one you will be charging out. Open this and go to the Cost sheet. In Cell 4A change the "For the month of……." to the month of service on the invoice, in cell 6A change the date to today's date, for cell 7A go get a journal number & enter it here and in Cell 10A change the "Book: Waste Mgmt for……" to the month of the service on the invoice. These items will auto-up-date on the other pages. Go to the Journal sheet, in cell 40A change " OTSDWASTECHG X/04 to the month of services and also in cell 45A. SAVE as the month and journal number you are working on. ***You should not need to enter any costs on any of these sheets, unless there is a change in service address or osts!!***

3. Double-check that your total distribution on the Distribution sheet matches the costs on the Journal sheet. Print two copies of the Journal and Distribution sheets. Also, print one copy each of the Cost and Dept. splits sheets. Staple a copy of the Journal & distribution together, sign your name on the "Prepared by" line and give to J[redacted] (or Authorized Accountant in Cost Section) for "Approved for Entry" signature. Take to basket in Accounts payable when you receive this copy back. Staple the other printed copies together with the copies of the claim & invoice. On the "Prepared by" line put your initials and write "Copy" on the "approved for entry" line. Put these in the "Waste Mgmt Disposal 720" folder in the file cabinet across from this workstation.

Gen. Insurance Procedures- Employee Property loss:

1. You will receive the General Claims from Accounts Payable when an Employee is requesting reimbursement for the repair &/or replacement of Personal Property that is lost or damaged in the line of duty, as per Personnel rules, Section 9.5. The General Claim must have a completed and signed Field Report of Accident/Damage and the 2 pages of the Accident Investigation report attached. There also needs to be a copy of the receipt for the Cost of the repair or replacement. Make sure the item being requested for reimbursement is an item that the county reimburses for as in P.R. Section 9.5. If the age of the lost or damaged item is not on the claim or the employee number, contact the employee. Write on the line on the claim next to the total what the item is and the % on the reimbursement (see the chart on the 3rd page of the copy of the P.R. section 9.5 that's attached to the inside of the file for this in the front of the bottom drawer in the file cabinet in this work station). **Now code the claim:** write the Department # in the space under the words" Dept. & Sub, write 541 in the space under the words "Sub. Obj.", write the date of the Accident/injury & what the item is in the space under the words " Inv. Date" and write the total cost being reimbursed under the words " Gross amt.". Write your initials in the space above the words " Gross amt.".

2. Remove the staple from all the paperwork that is with the Claim and make a photocopy of all pages. Put the Copy in your file " General Insurance FY xx-xx Employees Personal property loss". Take the original General claim back to person whom gave it from Accounts Payable.

Outside Billing Procedures:

1. Outside billing is for charges to Agencies that are not County Departments that have use of County Services, such as: Courier, Phones, Voicemail, Copiers, Print shop, Postage and Storeroom.
   - **The following agencies are charged through Outside Billing**: Air Quality Mgmt. Dist., Butte Co. Assoc. of Government, Community Action Agency of Butte County, Private Industry Council, Law Library, three of the Superior Court reporters (Valdovinos, Alexander and Wells), three of the Employees Unions–BCEA, BCMEA & CWA, California Dept. of Forestry, Butte County Office of Education, Butte Co. Housing Authority, North State Coop. Lib. Systems, Town of Paradise, Attorney [redacted] Private Investigator [redacted] (she works for the District Attorneys office) and the Public Defenders (17 of them).

2. Throughout the month you need to printout copies of that section of the worksheet for any charges to these Outside Agencies as you do the Courier, Storeroom, Postage, Print shop and Communications monthly journals. Put these sheets in the rust-colored slot file holder on the shelf in this workstation until the end of the month. After you process the Communications journal you need to prepare, process and send out the Outside billing Invoices.

******These Invoices need to be done and sent out by the 5th of each month!!******

- **Preparing the invoices:** After the first of the month, open \\warehouse\users\aud\[redacted] My Documents\Outside Billing\FY 0x-0x\ BillsA or B 200x-0x. Create a new worksheet by going to Insert on the menu, and then click on worksheet. Double-click on the worksheet tab to name it as the month the invoices are for (Outside billing should be the same month as the Communications journal you just finished). Now you need to copy the prior month's worksheet into the new sheet and remove all the charges (except any remaining unused credits) & all of the invoice numbers from the month before on the "Charges Worksheet". Change the Month on the "Charges Worksheet" in Cell 16H (all others will auto-up-date), then on the first invoice for Air Quality Mgmt. change the Date in Cell 10C the 5th of the current month, change the "For the period ending…" to the month the charges are for, change the "Printshop charges for…" to the same month, all the "Monthly Charges for…" and the "Voicemail Charges for…". All the other invoices below AQMD's will auto-up-date these numbers. **SAVE!!**
- **Processing the Invoices:** Now it is time to enter the current charges into the "Charges Worksheet". Gather the copies of the charges from the rust-colored slot file (check with the other Cost Accountants to see if there are any Quarterly Adjustments that need to be charged out). Enter these charges into the "Charges Worksheet" into the correct columns for each Agency. **SAVE!!** All the charges will be put into the Invoices automatically as there are formulas in place on them. You will have to unhide the Column(s) if you have Quarterly Adjustments and then enter those numbers. After you get all the charges entered in, print out a copy of the "Charges Worksheet" and double-check against each invoice to make sure the correct amounts are showing for each Agency. Double-check your "Total Charges Due" formula includes all the charges &/or credits on the invoice. Make photocopies of the sheets for each set of charges based on the number of Agencies, as you will be keeping the original. (Example: For Courier, there will be 3 agencies so make 3 photocopies of the sheet). Sort these copies into the slots in the rust-colored file by Agency or person's name. Also, for the Communications charges you need to print out

- the Outside agencies charges on the Calnet bill (open \\warehouse\users\aud[redacted]t\ My Documents\Communications\FY 0x-0x\ Dept Calnet summary\XXX (Month name) files\XXX (Month name) Calnet bill and get the real phone bills that are attached to the General Claims that you paid if there are any for outside billing. Now you need to give these Invoices a Number and record them in the Invoice book, which is by [redacted] Take the book to your desk, open it to find the first Invoice number and type those invoice numbers into column AC for every Agency that has charges. On the Invoice sheet in the book, first write "Outside ISF Billing for XXX. 0x" in the Description Area, "Various" in the Dept. & RC/Proj. areas and your initials for the first one and " " for each one after that on each sheet for the Invoice numbers that you used. Now record the Date, Amount (this is the Total charges due from the invoices) and Purchaser's name from the invoices on your computer into the Invoice book. It is time to Print out the invoices; you need to print FIVE copies of each invoice with charges. The reason being: You keep one copy, [redacted] (Revenue Accountant) get one, one copy goes in the Invoice book and each agencies gets two copies of their invoice stapled together. Go get the "Please Return this copy with your remittance" stamp and stamp it on the Bottom of the top copy of each set of the stapled invoices. Give or put the other sets of invoice copies to [redacted] & in the Invoice Book!! Put your copies aside for now.
- **Sending out the Invoices:** Go to and open \\warehouse\users\aud[redacted]\ My Documents\Outside Billing\FY 0x-0x\ mailing labels.db, click on Reports on the left side under "Objects", then double click on "labels outside billing address list" and print these mailing labels on two sheets of the "White Mailing Labels" that are in the back slot of the rust-colored file. These are for the Invoices that are sent out through the postal mail. All the other Invoices that don't have a mailing label are sent out through the Courier. Paperclip together the invoices for each agency with the back up copies for the charges and put each one in a courier envelope or a regular-sized white envelope and get them sent them out by taking them up to the front of the office to the baskets for the mail. Put your copies of the Charges worksheet, Invoices and the copies of the sheets for the charges in the "Outside Billing" folder for the correct Quarter in the bottom drawer of the file cabinet in this workstation.

Monthly Postage Procedures:

1. You will receive the Monthly Postage and the full month's printouts from the postage machines (#4 & #5) from [redacted] the Supervising Storekeeper on the 1st or 2nd day of each month for the prior month's costs. You will also receive the "Monthly cash flow report" from [redacted] in Purchasing by the 3rd working day of the month. **You MUST have all these reports from both people to complete the Postage journal.** Check the "Monthly postage report" from [redacted] and make sure that the Beginning balance is the same as the Ending balance from the prior month by get the folder out. Now go to the Postage machine printouts, there should be two stacks marked #4 & #5. Go to the back of each stack and find the "Department report" dated the last day of last month and that was printed late in the afternoon. Staple each set together so you have one for Machine #4 & one for #5.

2. Go to \\warehouse\users\aud\[redacted] My Documents\Postage\FY 0x-0x \Reports and double click (use prior month's to create new current month's workbook) and open it. Change the "For month of…" in Cell 2A and the month number in Cells 6B &7B to last month. Enter the beginning balance, Ending Balance and Postage purchased for both machines in the "From monthly Postage" column. Enter the Grand total from each "Account Summary Report", which is on page 3, from the "Charged Amount" column in the "From reports" column on the spreadsheet. Now you will be entering the POSTAGE PURCHASED (the Check #s, information and Postage put on the machines) from the top of [redacted]s "Monthly Postage" and the Postage Purchased for each Machine into the bottom of this report. Copy and paste the ending balance into the Beginning Balance spot in cell 23E. Change the dates, Check# and amounts to what's on David's "Postage Monthly" sheet. The Cost accountant who does the Quarterly Adjustment for Postage uses this information. **SAVE IT** as the month you are working on, print one copy and close!!

3. Go to \\warehouse\users\aud[redacted] My Documents\Postage\FY 0x-0x \Journals and double click (use prior month's to create new current month's workbook) and open it. Go get a journal number and write it on the top of the "Monthly Postage" sheet. On the Costs worksheet change the date in Cell 9A to the last day of the prior month, change "Incurred during the month of" in Cell 6A to the month on the Monthly Postage report, change the "Book: Postage…" in cell 113A to the same month, enter the journal number in cell 8A and SAVE IT!! All other worksheets will auto-up-date as they are linked to the Cost worksheet. You will need to change the Month in the "Description: PSTG ISF x/xx" section and the date on the Journal worksheet at the bottom. Go back to the cost sheet and also get out both 'Department reports" for the machines. Go to the bottom of the Cost worksheet and type in the Grand totals from the Department report for Machine# 5 pieces in Cell 111F and the Total Charged amount for #4 in Cell 111H & for #5 in Cell 111I. Enter the Pieces for Machine #5 from the "Account summary Report" in Column F on the Cost sheet for each Account ID. Also, enter the "Charged Amount" for each machine……#4 in Column H and #5 in column I. Double check that the total matches your cross foot. **SAVE IT**!! Now get out the "Cash flow report" from [redacted] go to the second page and enter the "Other " number in Cell 111M; then the Outflow amounts, except the one for 724 524006, in Column M on the Cost sheet. **ALL expenses, except the 724 524006, must be charged to Expenditure code 535104**, so change any that have a different Expenditure code (Example: 535201, cross out the 201 and write 104 next to it). Also on [redacted]s report change 010001, 010002, 010003, 010004 & 010005 to 100006, as that is the only Board of Supervisors Budget Unit Number we charge Postage to.

4. Double check that the Distribution and Journal worksheet balances & make sure that they match the total on the Cost worksheet of Cell 103N. Print two copies of each of the Journal & Distribution

3. Many Butte County departments do not trust the budget detail contained in the Pentamation Financial Database. At an added expense to Butte County, some departments keep their own set of books to discover errors and unwarranted changes by the Butte County Auditor-Controller's office.

The respondent disagrees with the finding. The Auditor does not understand why some departments do not trust the detail contained in the system. Butte County is audited each year by an independent audit firm and there have been no remarks to that effect.

There are the situations where an account code is changed. One of the functions of auditing and allowing documents for payment is making sure the proper account is used. There are numerous occasions when a department does not list the proper account code. We adhere to the Accounting Standards & Procedures Manual for Counties from the State Controller's Office. Therefore, any additions or changes to codes strictly conform to State Controller's guidelines. At times we will have to set the account up in the department and then the department must request a Non Board Transfer to move the funds from the one account to another. It is the responsibility of the department to review all transactions and report any discrepancies to the Auditor's Office. Most departments adhere to this practice.

4. Adjustments to payments and cash receipts have been made by one or more employees of the Auditor-Controller's office after the fiscal year end has been closed and the Financial Statements have been prepared by an independent audit firm. These Financial Statements are required by California law.

The respondent disagrees with the finding. There can be no changes made in the system after the year has been closed. For example, no adjustments to Cash can be made once the Auditor and Treasurer are in balance and the financial system has been closed for the reporting period. Once an accounts payable has been entered into the system and the respective check has been written, no adjustment to that check can be made. Once the yearend closing process in the system is completed, there can be no more entries made in to the system for that year.

Please note, the financial statements are prepared by Butte County, not the independent auditor. The independent auditors **audit** our financial statements. Part of the audit process is checking ending balances from the year before and the beginning balances of the year being audited. If any changes were made, they would be caught at that time.

5. Butte County Administration and Information Systems are currently leading an effort to improve the Pentamation database security and performance, and improve the accuracy of the budget and expenditure details.

The respondent agrees with the finding. The Auditor-Controller, Administration and Information Systems staff have been meeting on a weekly basis for several months to discuss a long range plan to improve the County's financial system, create an enterprise wide system, and improve the Penatamation database security and performance.

worksheets and one copy of the Cost worksheet. Staple one copy of the Journal and distribution sheets together, sign on the "Prepared by" line and give to [redacted] for "Approved for Entry" signature. Take to Accounts Payable and put it in the basket by [redacted] after [redacted] signs it. Staple all other printed sheets together with Monthly Postage journal, write copy on the journal sheet and put in the Postage ISF folder in the file cabinet in the hallway across from this desk area.

Example: [redacted]'s Sheet
J# 1418

MONTHLY POSTAGE
March 2004

POSTAGE PURCHASED

Check #16163
$30,000.000 Dated 3/02/04
Check # 16174
$30,000.000 Dated 3/19/04

Dollar amount in Pitney Bowes Reserve Account as of 4/01/04 $102.01

Machine #2

Beginning balance: $9,313.009
Postage purchased: $25,000.000

Subtotal: $34,313.009
Less ending balance: $17,675.199

Postage used during January: $16,637.810
Postage used from report: $16,634.480

Difference from meter report: *+003.330*

Copy

Machine #3

Beginning balance: $9,629.359
Postage purchased: $45,000.000

Subtotal: $54,629.359
Less ending balance: $22,977.181

Postage used during March: $31,652.178
Postage used from report: $31,651.826
Difference from meter report: +000.352

Total pieces of mail: Machine #2: 16,671
Machine #3: 84,879

Total postage used for March 2004: $48,289.988

POSTAGE REPORT FROM MAIL ROOM
FOR MONTH OF MARCH 2004

AS PER TERI IN MAILROOM (SEE ATTACHED SHEETS)

			FROM REPORTS	DIFFERENCE
MACHINE #2				
	3/01/2004---STARTING METER READING:	$ 9,313.009		
	3/30/2004---ENDING METER READING:	$ 17,675.199		
	POSTAGE ADDED FROM RESERVE ACCOUNT:	$ 25,000.000		
	TOTAL POSTAGE USAGE FOR PERIOD:	$ 16,637.810	16,634.480	3.330
MACHINE# 3				
	3/01/2004---STARTING METER READING:	$ 9,629.359		
	3/30/2004---ENDING METER READING:	$ 22,977.181		
	POSTAGE ADDED FROM RESERVE ACCOUNT:	$ 45,000.000		
	TOTAL POSTAGE USAGE FOR MONTH:	$ 31,652.178	31,651.826	0.352
	TOTAL POSTAGE FOR BOTH MACHINES:	$48,289.99	48,286.306	3.682

RECORD OF FUNDS IN RESERVE ACCOUNT AT PITNEY BOWES

As per Teri & Mary(Purchasing)

	3/01/2004---BEGINNING BALANCE:	$10,102.01
3/2/2004	CHECK# 16163 GIVEN & ADDED TO RESERVE:	$30,000.00
	NEW BALANCE:	$40,102.01
3/19/2004	CHECK# 16174 GIVEN & ADDED TO RESERVE:	$30,000.00
	NEW BALANCE:	$70,102.01
	3//2004 ADDED TO MACHINE # 3:	$45,000.00
	NEW BALANCE:	$25,102.01
	3//2004 ADDED TO MACHINE # 2:	$25,000.00
	3/30/2004---ENDING BALANCE:	$102.01

Example: Report

Example - Cost Sheet

COUNTY OF BUTTE

DISTRIBUTION OF I.S.F. COSTS
IN COMPLIANCE WITH THE A-87 COST PLAN

CALCULATION OF POSTAGE COSTS THAT
INCURRED DURING THE MONTH OF MARCH 2004

J-1418

March 30, 2004

I.S.F. JOURNALS
POSTAGE MARCH 2004
COSTS

BUDGET UNIT NAME	BUDGET UNIT NUMBER	PROJ. #	MACH.# 3 BAR-CODE PIECES	BAR-CODE CREDIT @ .007%	Machine 2 Charges	Machine 3 Charges	TOTAL OF SUMMARY REPORTS	TOTAL MINUS CREDIT	OVERHEAD @ 15%	CHECKS WRITTEN	TOTAL COSTS
BOARD OF SUPERVISORS-ALL	010005		182	(1.27)	16.99	64.06	81.05	79.78	11.97	37.00	128.75
ADMINISTRATIVE OFFICE	020001		452	(3.16)	35.29	166.33	201.62	198.46	29.77		228.23
CLERK OF THE BOARD	020002		335	(2.35)	5.76	119.55	126.31	123.96	18.59		142.55
GENERAL SERVICES ADMINISTRATION	020003			0.00			0.00	0.00	0.00		0.00
AUDITOR - CONTROLLER	050		2,932	(20.52)	161.59	1,059.18	1,220.77	1,200.25	180.04		1,380.29
PURCHASING	060002		388	(2.72)	157.52	188.59	346.11	343.39	51.51		394.90
EMERGENCY SERVICES	060003		7	(0.05)	9.49	2.69	12.18	12.13	1.82		13.95
TREASURER - TAX COLLECTOR	070		3	(0.02)	1,862.29	1.06	1,863.35	1,863.33	279.50		2,142.83
ASSESSOR	080		2,614	(18.30)	85.31	927.58	1,012.89	994.59	149.19		1,143.78
PERSONNEL	090		731	(5.12)	68.13	261.73	329.86	324.74	48.71		373.45
COUNTY COUNSEL	100		36	(0.25)	28.95	15.78	44.73	44.48	6.67		51.15
ELECTIONS	130001		1,212	(8.48)	14.04	448.47	462.51	454.03	68.10	16.05	540.18
D.P.W. - GENERAL SERVICES	181		57	(0.40)	34.75	20.29	55.04	54.64	8.20		62.84
UNALLOCATED	224			0.00			0.00	0.00	0.00		0.00
GRAND JURY	230			0.00			0.00	0.00	0.00		0.00
D.A. - CRIMINAL	320001		3,668	(25.68)	183.83	1,321.02	1,504.85	1,479.17	221.88	53.50	1,754.55
D.A. - CHILD ABDUCTION UNIT	320003			0.00			0.00	0.00	0.00		0.00
D.A. - WELFARE FRAUD	320005			0.00			0.00	0.00	0.00		0.00
SHERIFF - ADMINISTRATION	350001		1,649	(11.54)	122.53	611.25	733.78	722.24	108.34		830.58
SHERIFF - OPERATIONS	350002			0.00			0.00	0.00	0.00		0.00
SHERIFF - JAIL	350003			0.00			0.00	0.00	0.00		0.00
SHERIFF - SPECIAL ENFORCEMENT	350008			0.00			0.00	0.00	0.00		0.00
JUVENILE HALL	420001		488	(3.42)	1.89	182.19	184.08	180.66	27.10	46.30	254.06
PROBATION	430001		1,462	(10.23)	296.61	606.19	902.80	892.57	133.89		1,026.46
PROBATION - GENERAL PROJECTS	430001	90195		0.00			0.00	0.00	0.00		0.00
PROBATION - VICTIM/WITNESS GRANT	4300006		385	(2.70)	65.45	142.65	208.10	205.40	30.81		236.21
[illegible]TION - BOARD OF CONTROL	4300087			0.00			0.00	0.00	0.00		0.00
[illegible]PMENT SERVICES	440001		629	(4.40)	260.04	231.49	491.53	487.13	73.07		560.20
[illegible]SION INSPECTION	440004		414	(2.90)	31.28	150.26	181.54	178.64	26.80		205.44
WATER DIVISION	441		134	(0.94)	20.50	47.39	67.89	66.95	10.04		76.99
FIRE PROTECTION - REGULAR	450001			0.00			0.00	0.00	0.00		0.00
FIRE PROTECTION - VOLUNTEER	450002			0.00			0.00	0.00	0.00		0.00
AGRICULTURE	460001		116	(0.81)	19.26	45.13	64.39	63.58	9.54		73.12
RECORDER	470001		2,894	(20.26)	901.11	1,103.82	2,004.93	1,984.67	297.70	30.60	2,312.97
ANIMAL CONTROL	490		788	(5.52)	0.49	282.20	282.69	277.17	41.58		318.75
FISH AND GAME COMMISSION	520			0.00			0.00	0.00	0.00	74.00	74.00
D.P.W. - ADMINISTRATION	533001		204	(1.43)	223.42	79.52	302.94	301.51	45.23		346.74
PUBLIC WORKS CONSTR & MAINT.	533002			0.00			0.00	0.00	0.00		0.00
PUBLIC WKS-SHOP & STORES	533003		1	(0.01)		0.35	0.35	0.34	0.05		0.39
PUBLIC HEALTH - GENERAL SERVICES	540001		1,922	(13.45)	445.72	723.14	1,168.86	1,155.41	173.31	416.20	1,744.92
PUBLIC HEALTH - TOBACCO EDUC.	540001(proj.)	90124		0.00			0.00	0.00	0.00		0.00
ENVIRONMENTAL HEALTH	540003		476	(3.33)	98.88	171.11	269.99	266.66	40.00		306.66
BEHAVIORAL HEALTH - GENERAL SERV.	541001		3,127	(21.89)	188.61	1,135.41	1,324.02	1,302.13	195.32	1555.00	2,052.45
BEHAVIORAL HEALTH - SUBST. ABUSE	541002			0.00			0.00	0.00	0.00		0.00
BEHAVIORAL HEALTH - PROP 36(DT)	541003			0.00			0.00	0.00	0.00		0.00
D.A. - CHILD SUPPORT SERVICES	550001		15,845	(110.92)	4,394.79	5,862.72	10,257.45	10,146.53	1,521.98		11,668.51
WELFARE - ADMINISTRATION	570001		24,638	(172.44)	4,882.42	9,339.55	14,221.97	14,049.54	2,107.39		16,156.93
VETERANS' SERVICES	605		106	(0.74)	23.80	45.27	69.07	68.33	10.25		78.58
LITERACY PROGRAM	629			0.00			0.00	0.00	0.00		0.00
LIBRARIES	630		1,674	(11.72)	348.28	598.59	946.87	935.15	140.27	311.00	1,186.42
FARM ADVISOR	631			0.00			0.00	0.00	0.00		0.00
TOTAL - COUNTY OPERATING DEPARTMENTS			59,569	(485.97)	14,989.96	25,954.56	40,944.52	40,457.56	6,068.62	1,452.65	47,978.83
INFORMATION SYSTEMS	704										
GENERAL LIABILITY INSURANCE	710001		1	(0.01)	5.30	0.25	5.55	5.54	0.85	16.85	23.34
WORKERS' COMP INSURANCE	711			0.00			0.00	0.00	0.00	15.81	15.81
BUILDINGS & GROUNDS	720	7720	16	(0.11)	54.35	6.04	60.39	60.28	9.04		69.32
PUBLICATING	723		7	(0.05)	16.30	2.46	18.76	18.71	2.81		21.52
MORES	724		1	(0.01)		0.58	0.58	0.57	0.09		0.66
COMMUNICATIONS	725	800		0.00			0.00	0.00	0.00	17.89	17.89
TOTAL - ISF OPERATING DEPARTMENTS				0.00			0.00	0.00	0.00		0.00
[illegible]L ROAD LANDFILL	757		25	(0.18)	75.95	9.43	85.38	85.20	12.79	50.55	148.54
TOTAL - ENTERPRISE OPERATING DEPARTMENTS			57	(0.40)	10.00	20.74	30.74	30.34	4.55		34.89
[illegible]LTH- CHILD & FAM. COMMISSION	795		57	(0.40)	10.00	20.74	30.74	30.34	4.55	0.00	34.89
[illegible]CO	797		496	(3.47)	67.04	179.50	246.54	243.07	36.46		279.53
[illegible]114 CHICO NITRATE	814		251	(1.76)	229.64	94.43	324.07	322.31	48.35		370.66
TOTAL - OUTSIDE OPERATING DEPARTMENTS			747	(5.23)	296.68	273.93	570.61	565.38	84.81	0.00	650.19
TOTAL CHARGED TO DEPARTMENTS			70,398	(492.78)	15,372.59	26,258.67	41,631.26	41,138.48	6,170.77	1,503.20	48,812.45
WELFARE FUND	F-1040			0.00							
State Coop. Library Systems Trust Fund	NSCLS 1550			0.00			0.00	0.00	0.00		
PRIOR COURTS	250001		14,481	(101.37)	1,261.89	5,393.16	6,655.05	6,553.68	983.05		0.00
PRIOR COURTS - AB1058 COMM GRT	260001			0.00			0.00	0.00	0.00		0.00
TOTAL DISTRIBUTED			84,879	(594.15)	16,634.48	31,651.83	48,286.31	47,692.16	7,153.82	1,503.20	56,349.18
CROSS-FOOT			84,879	(594.15)	16,634.48	31,651.83	48,286.31	47,692.16	7,153.82	1,503.20	56,349.18
						Difference:	0.00				

08/31/04 17:42

DEPARTMENT REPORT

DIE NO 012H16205602

#4

NO	NAME	ASCENDING	ITEMS	CLEAR DAT
0	MISC	0.000	0	08/02/04
1	20	59.020	29	08/02/04
2	80	13.590	9	08/02/04
3	50	140.180	84	08/02/04
4	10	16.430	28	08/02/04
5	202	10.370	10	08/02/04
6	100	24.090	7	08/02/04
7	90	68.450	39	08/02/04
8	130	7.980	20	08/02/04
9	470	1386.460	1008	08/02/04
10	70	1865.230	3998	08/02/04
11	241	822.830	345	08/02/04
12	242	121.800	20	08/02/04
13	243	0.000	0	08/02/04
14	244	9.170	8	08/02/04
15	245	0.000	0	08/02/04
16	246	0.000	0	08/02/04
17	247	0.000	0	08/02/04
18	540	929.560	2830	08/02/04
19	5403	132.140	221	08/02/04
20	54049	0.000	0	08/02/04
21	795	23.320	22	08/02/04
22	541	221.730	154	08/02/04
23	320	327.210	406	08/02/04
24	5501	2539.530	2073	08/02/04
25	360	128.860	125	08/02/04
26	1040	0.000	0	08/02/04
27	420	14.260	3	08/02/04
28	430	331.230	161	08/02/04
29	4306	22.370	9	08/02/04
30	570	4212.210	2114	08/02/04
31	57102	0.000	0	08/02/04
32	500	52.240	28	08/02/04
33	5331	312.750	91	08/02/04
34	4404	24.140	18	08/02/04
35	5312	0.000	0	08/02/04
36	5333	0.000	0	08/02/04
37	757	16.930	9	08/02/04
38	181	11.310	4	08/02/04
39	602	12.770	14	08/02/04
40	711	28.280	21	08/02/04
41	603	0.000	0	08/02/04
42	720	20.290	8	08/02/04
43	723	0.000	0	08/02/04
44	605	13.810	8	08/02/04
45	4601	56.260	31	08/02/04
46	4401	185.160	114	08/02/04
47	5201	9.030	7	08/02/04
48	704	5.210	6	08/02/04
49	630	312.960	238	08/02/04
50	797	111.410	165	08/02/04
51	441	24.660	25	08/02/04

Example: Dept. Report

Copy

Postage Revolving Account

Cash Flow Report

3/1/04 Through 3/31/04

4/5/04

Category Description	3/1/04-3/31/04
INFLOWS	
Reimbursement General Claim	62,355.70
TOTAL INFLOWS	62,355.70
OUTFLOWS	
010006 535~~201~~104	
130001 535~~201~~104	37.00
320001 535~~201~~104	18.05
420001 535~~201~~104	53.50
460001 535104	46.30
470001 535~~201~~104	111.00
520 535~~201~~104	30.60
540001 535~~201~~104	74.00
541001 535104	416.20
630 535104	555.00
704 535104	111.00
710001 535~~201~~104	16.85
724 524006	15.81
724 535~~201~~104	60,000.00
	17.89
TOTAL OUTFLOWS	61,503.20
~~TRSFER~~	(60,000.00)
OTHER	1,503.20

Copy

Example:
Second Page -
Mary's Report

Monthly Print shop Procedures:

1. When you receive the stack(s) of Monthly Printing requisitions and copier sheets from Mike make sure the following are included:
   A. Yellow Inter-Departmental memo for paper given out and used in Shared Copier machines.
   B. Reports called "Counter per User code" which are the count of copies for each shared machine.
   C. Report giving Count of usage for Dept. copiers-copies made by each machine.
   D. One stack of "Printing Requisition & Job orders"(*these arrive weekly on Fridays*).

   They will be:

      a. Supplies (Copier paper)(No box will be "X"ed below Job order#)
      b. Duplicating (Duplicating box will be "X"ed below Job order#)
      c. Printing (Either the In shop job or Purchase box will be "X"ed below Job order#).

2. Sort the three stacks of "Printing requisition & Job orders" separately by Supplies, Duplicating or Printing, then by department number, starting with Dept. 010001 or whichever is the lowest.
   A. First, go through each stack and make sure there are no Duplicating reqs. mixed in with the Supplies pile or Printing in Duplicating pile or Supplies in the Printing pile. (one main difference between Duplicating & Printing is that Printing jobs use Camera plate or have Outside charges in the lower left corner.)
   B. If there is more than one "Printing requisition & Job order" for any Department, sub-sort by Requisition #. (There are many depts. that will have several requisitions.)
   C. If there is NO requisition #, sub-sort by date received.
   D. If there is more than one department # listed on any "Printing requisition & Job order", put a Yellow Sticky note on this one, as you will have to split the costs later. (Usually this only happens on the Sheriff's requisitions).

3. A. If any "Printing requisition & Job order" has the word **RUSH** written or typed on the "Delivery Date Reqd." line circle it with **Red pen**, also circle the words "Rush charge" in the upper left corner then put an X in the box next to them & circle "Rush Charge" on the bottom left in the Recapitulation Section. (See sample attached-sections circled in blue ink).
   B. Make sure all "Printing requisition & Job orders" have Job Order #, Stock#, Quantity, Labor-work performed & Hrs. &/or Mins written in by staff at Print shop. If not, you must contact [redacted] at Print shop @ 7496 to get this information. (See sample attached-sections circled in black ink).

4. At the end of each month, find on [redacted]'s computer in: \\warehouse\users\aud[redacted]\ My Documents\Print shop\FY 0x-0x \Journals\J Printshop Copier recap xx-xx(current month's workbook).xls. Open it & go get a Journal # for this workbook and type the journal number in cell A5. Then scroll to the right to find the spreadsheet called " Dept. Copiers".

A. Get out the typed sheets you got from the Print shop- These are the total number of copies made on each copy machine in each dept.! There are several depts. that have more than one machine.

B. On Page 3-5 of this report---None of the machines have a Dept. number, so you must get out the "Copier Dept. #s" sheet and write in the Dept. #s in the column between "Meter Reading & Monthly Copies". If the Machine is a Shared Copier (ALL machines with "Counter per User Code" sheets & Machines 114,124 & 163), write "Shared". You then add up the totals for these Shared machines and subtract that amount from the monthly total on page 4 or 5 of this report to get the Total for the Dept. machines. Enter that total into cell AP42.

C. In the "# of copies" column on the "Dept. Copiers" spreadsheet enter the Total numbers from the Page 3-5 of this report for each department. **(DON'T ENTER the copies for the Shared machines on this sheet; they go in another spreadsheet!!)** If a department has more than one machine use a formula to type in the numbers to get an overall total. The Grand total **MUST** match the number you type into cell AP42. If it doesn't—add or subtract the difference from Dept. 723(this is for the Print shop).

****SAVE the workbook Jxxx Printshop Copier recap xx-xx****

5. Scroll to the left until you get to the spreadsheet called "Shared Copiers".

   A. You will use the "Monthly copies" numbers on the reports "Counter per User Code" from [redacted] for this (each sheet will have a Copier number written on it) and the numbers for machines 114, 124 & 163 from pages 3-5 of the sheets used for the dept. spreadsheet! The column "User Code" on these sheets are the Card Code # on my spreadsheet (I have only the last # or last two #s for each card code on my spreadsheet). Compare the totals on these sheets with the totals for these machines on pages 3-5 of report from Print shop. Write the totals from pages 3-5 on each "Counter per User Code" sheet, as "S/B xxxx" on the lower section of each page. Figure out and write in the difference, to be charged to 723(print shop), in "The Rest or Others" area of each sheet in the "total sum" column. Cross out the words "The Rest or Others" and write 723, so you know to charge these numbers to the Print shop. Now re-add the total sum column for each sheet to make sure you get the total copies number you wrote as "S/B xxxx". Also, all copies made by User code 2566 are charged to the Print shop!! Add up the Totals of the "shared machines" from each sheet called "Counter per User Code" plus the 3 copiers that we split (Copiers 114,124 & 163), and type this total into cell AI107. Enter those "total sum"' numbers for each user code and the 3 copiers that we split (Copiers 114,124 & 163) into "# of copies" column on the "Shared copies sheet".

   B. The Grand total on this spreadsheet **MUST** match the total in cell AI107. If it doesn't—add or subtract the difference from card# 2566(this is the Service card for the Print shop).

6. Use of the Yellow Inter-Departmental Memorandum from Mike:

   A. This is the stock that was given and used in the shared machines. We use the Dollar Amount ONLY!! Type the $ amount in Cell G93 in the Cost sheet in this workbook (the cell to the left of where it says 723 524007).

SAVE the workbook Jxxx Printshop Copier recap xx-xx

7. Goto on [redacted]s computer: \\warehouse\users\aud\[redacted] My Documents\Print shop\FY 0x-0x \Print Reqs & Job Orders xx-xx.xls, open this workbook and use the current month's worksheet (example: 10-03). Work-up & calculate the costs on the "Printing requisition & Job order" for Supplies as they arrive each week. These are the Reqs. from Depts. for Copier paper.
   A. Get "Print shop stock prices" card to use for paper prices and "Print shop Labor rate" card to use for labor prices from the right side of my desk.
   B. For each "Printing requisition & Job order" write cost for per ream(Rm) or sheet(sht) or package(pkg) in "unit price" column. You get this from the "Print shop stock prices" card. Calculate the total cost (ex: 23rms x $2.31/rm=$53.13) and write in Extension column. Next, add all totals in extension column and write overall total in "Total Materials Costs" box. (See sample attached-sections Circled in red ink)
   C. Now add all labor times (HRS & MIN) into box to right of first "Total shop time", changing to hours if over 60 minutes. Right next to second "Total shop time" write % of an hour(s) from the "Print shop Labor rate" card. {Ex: 10 minutes would be written as: .167 x 80.=}. In box next to "(X) Shop rate =" write the dollar amount for that labor from the "Print shop Labor rate" card. (See sample attached-sections Squared in red ink).
   D. In Recapitulation Section write the "Total Materials costs" on the Materials line, the "Total labor costs" on the Central Services Labor line and add them together to get the "Job Total". Write in the box at the bottom. ** If "Rush Charges" is circled at the bottom, add those charges and write that total on the second "Sub Total" line. Calculate 10% of this sub total and write that on the "Rush Charges" line, then add that 10% to the sub total to get the Job Total. (See sample attached-sections with a Triangle around them in red ink).
   E. Type the Job order #, Req. # and the Costs from the "Printing requisition & Job order" into the "Supplies" section for each one in the appropriate columns as you get them worked up for each department. Fix the formulas at the bottom of each column in the "SUPPLIES section" for the Grand totals, SAVE and print three copies (One copy goes with the "Printing requisition & Job orders" and the other two go with the journal copies we keep).

8. Go back to the workbook "Jxxx Printshop Copier recap xx-xx" at the end of the month. Type each department's totals from the "Supplies" section of the sheet into Column B(copy machine supplies) on the Cost sheet. Type all Outside Billing costs together as one total in Cell B106 they are billed separately.

9. **SAVE the workbook Jxxx Printshop Copier recap xx-xx**

10. Printing of "Jxxx Printshop Copier recap xx-xx": Print three copies each of the Journal and Expenditures sheets. Print two copies each the Cost sheet, Shared Copiers & Dept. Copiers sheets. Also, Print one copy of the "Outside billing" section of the Shared Copiers sheet with rows 1-10 at the top for use in charging Outside Agencies.

Stapling: staple one copy of Journal & Expenditure sheets, sign on the "Prepared by" line, give to [redacted] for "Approved for entry" signature and then put in journal

basket in Accounts Payable by [redacted] Next, staple two sets of all other sheets together, except Outside billing shared copiers (put aside by Brown slot binder). Put one set in the bottom drawer in file cabinet in this cubicle in the "Printshop ISF- Copyrec" folder and the other set in the "Dupl. Quarterly" folder in the file cabinet in the hall opposite this cubicle in the ISF xx-xx drawer.

11. A. Work-up and Calculate the costs on the "Printing requisition & Job orders" for Duplicating & Printing the same way as you did the Supplies ones, Except that some of the Printing and possibly some of the Duplicating ones may have Outside charges in the lower left section of "Printing requisition & Job orders"----write these costs on the Outside charges line in the recapitulation section.
B. Type the Duplicating costs from the "Printing requisition & Job orders" into the workbook in \\warehouse\users\aud\[redacted] My Documents\Print shop\FY 0x-0x \Print Reqs & Job Orders xx-xx.xls, in the "DUPLICATING section"; fix the formulas at bottom, **SAVE!** and print three copies.
C. Type the Printing costs from the "Printing requisition & Job orders" into the workbook in \\warehouse\users\aud\[redacted] My Documents\Print shop\FY 0x-0x \Print Reqs & Job Orders xx-xx.xls, in the "PRINTING section"; fix the formulas at bottom, **SAVE!** and print three copies.
D. Then type these totals into the appropriate columns on the Cost sheet for each department into the workbook in \\warehouse\users\aud\gschmidt\ My Documents\Print shop\FY 0x-0x \Print Reqs & Job Orders xx-xx.xls; get a journal # for this workbook and **SAVE!** (See #10 above for Printing & Stapling instructions, except there is only 3 sheets to print in this workbook).

6. Butte County is in the process of moving many of the functions of the Auditor-Controller's office to other County departments, partially to establish better internal controls/separation of duties, and partially to compensate for poor management and training by the current Auditor-Controller and his top managers.

The respondent disagrees with the finding. The only function to move out of the Auditor's Office is related to the operating system hardware/software to Information Systems. When the financial system originally went up for Butte County, there was not an adequate Information Systems department in place. Consequently, the Auditor's Office assumed the role of administrator. Since that time, Butte County's Information Systems department has grown and can now properly provide the security and administration necessary, which includes better internal controls and separation of duties.

7. Adequate and uniform policies, procedures, and training are not currently developed or available within the Auditor-Controller's office. Consequently, Butte County employees are not prepared to train other County departments to manage their own financial data. The County cannot move forward with a separation of duties, where County departments are responsible for managing their own budget expenditure detail in Pentamation, without policy and training.

The respondent disagrees with the finding. On January 5, 2005, the Auditor-Controller sent an updated ***Auditor's Policy & Procedures Manual*** and ***the State of California's Manual of Accounting Standards & Procedures for Counties*** to every department head in Butte County. Employees in the Auditor's Office have been and are available to train other department staff when necessary. Many departments have taken the opportunity to meet with Auditor staff for such training.

8. The Butte County financial statements, produced by Gilbert and Associates, cannot be relied upon as an accurate reflection of Butte County's financial status. This was due to: unreliable data, lack of adequate management and training in the Auditor-Controller's office, and a rush to provide feedback and data (to assist in the production of a final Audit report by the current Assistant Auditor-Controller and his subordinates).

The respondent disagrees with the finding. The financial statements for Butte County were not produced by Gilbert and Associates. The statements were produced by the Auditor-Controller staff and ***audited*** by Gilbert and Associates. On the contrary, the statements can, indeed, be relied upon as an accurate reflection of Butte County's financial status. Furthermore, if the statements were not accurate, this would be an indication of inadequate audit work by Gilbert and Associates and a reporting to the American Institute of Certified Public Accountants and the State Board of Accountancy would be warranted. Based on findings by the AICPA, disciplinary action may be taken against the CPA firm in question. As to alleged unreliable data, lack of adequate management and training and a rush to provide feedback and data, please see response to Finding number 11, below.

PRINTING REQUISITION & JOB ORDER

JOB ORDER NO. 3B 00829

DUPLICATING ☐ PURCHASE ☐

IN SHOP JOB ☐ RUSH CHARGE ☒ 3AC

Re-Run Number

Date Received 10-15-02

IMPRESSIONS

BASE SHEET SIZE Delivered 10-17-02 CUT ____ OUT

TO PRESS SIZE ____ FINAL SIZE ____

MATERIALS

PLATES	QUANTITY	UNIT PRICE	EXTENSION
Electrostatic			
*Camera Plate			
Stock 3B A131	3B 3 rms	7B 2.31/rm	7B 6.93
Glue / Padding			
Binding Tape			
Jiffy Packs			

TOTAL MATERIAL COSTS 7B 6.93

LABOR

WORK PERFORMED	IN	OUT	HRS	MIN
3B Process				1.05 3.B
Wrap				
TOTAL SHOP TIME				7C 1.05

TOTAL SHOP TIME 7C .083 X 82 = (X) SHOP RATE = 7C 6.81

RECAPITULATION

MATERIALS	7D 6.93
OUTSIDE COSTS	
SUB TOTAL	7D
CENTRAL SERVICES LABOR	6.81
3A SUB TOTAL	13.74
RUSH CHARGE 10% 7D	1.37
JOB TOTAL	$ 13.74 7D

Number	Quoted By	Terms
FOB Dest	FOB Other	Deliver on or before

ITEM DESCRIPTION

	Unit Price	Extension

SUB TOTAL	
TAX	
TOTAL	

Monthly Storeroom Procedures:

1. You will receive the Monthly Storeroom journal (see sample attached) from [redacted], the Supervising Storekeeper on the 1st or 2nd day of each month for the prior month's costs. It will have all the costs separated by department. ALL appropriations must be charged to Expenditure codes 535102, 526102, 522102, or *541102 (ONLY for Dept.# 430001, 533002, 540001, 541001 & 722)*. If any other codes are listed change them (Example: if it's written as 535201, change to 535102).

2. Go to \\warehouse\users\au[redacted]\ My Documents\Stores\FY 0x-0x\J Storeroom Costs xx-xx(use to create current month's workbook) and open it. Go get a journal number. On the Costs worksheet change the date to the last day of the prior month, change "Incurred during the month of" to the month on the Monthly Storeroom Journal's, change the "Book: Stores…." to the same month, enter the journal number and SAVE IT!! All other worksheets will auto-up-date as they are linked to the Cost worksheet. You will need to change the Month in the "Description: Stores xx/xx" section and the date on the Journal worksheet.

3. Go back to the Monthly Storeroom Journal and look it over. Get out at least two different colored highlighter pens. Highlight all the costs for 526102 in one color and the costs for 522102 in another color. Go to the bottom of the Cost worksheet and type in the Grand total from the Monthly Storeroom journal in cell E124 next to where it says "CROSS-FOOT:". On the Cost sheet in the "Invoiced Amount" column enter the amounts for 535102 from the Monthly Storeroom Journal in the top portion of the sheet by department number. Now, go to the bottom of this sheet and you will see all the departments that you can charge their expenditures to 522102, 526102 & 541102. Enter the costs for these codes here. Make sure your total matches the total in cell E124.

4. Double check that the Distribution and Journal worksheets balance & that they match the total on the Cost worksheet. Print two copies of each of the Journal & Distribution worksheets and one copy of the Cost worksheet. Staple one copy of the Journal and distribution sheets together, sign on the "Prepared by" line and give to [redacted] for "Approved for Entry" signature. Take to Accounts Payable and put it in the basket by [redacted] after [redacted] signs it. Staple all other printed sheets together with Monthly Storeroom journal, write copy on the journal sheet and put in the Stores ISF folder in the file cabinet in the hallway across from this desk area.

Monthly Storeroom Journal

JULY 2003

Copy

Dept. Name	Req. #	Appropriation	Amount	Subtotal
Administration	44	020001 535102	7.04	7.04
Purchasing	20	060002 535102	37.50	
	21	060002 535102	0.00	37.50
County Counsel	20	100 535102	25.00	25.00
Sheriff-Coroner	24	360002 535102	71.00	
	25	360002 535102	185.75	256.75
Juvenile Hall	122	420 522102	195.00	
	122	420 526102	285.00	
	122	420 535102	19.00	
	124	420 526102	472.50	
	124	420 522102	581.64	1,553.14
DDS/ Planning	03-P-007	440001 535102	18.75	18.75
Agriculture	12	460001 535102	7.00	7.00
Clerk-Recorder	13	470001 535102	31.25	
	14	470001 535102	3.52	34.77
Public Works	0-142	533002 535102	86.43	
	0-66	533002 535102	179.62	
	0-002	533002 541102	105.00	371.05
Behavioral Health	306529	541001 535102	258.60	
	306659	541001 535102	112.50	
	306829	541001 535102	21.30	
	307076	541001 535102	75.00	467.40
DESS	290	570001 535102	74.00	74.00
Information Systems	42	704 535102	15.12	15.12
Communication	19	725 535102	7.10	7.10
			Grand Total:	2,874.62

SAMPLE

Monthly Utilities Procedures

1. Through out the month you will receive through the postal mail invoices and statements for payment of charges for Water, Gas, Propane, Some electricity and Garbage.

   These invoices will be coming from the following Companies:

   - City of Biggs
   - California Water Services
   - Coast Gas
   - Del Oro Water
   - Durham Irrigation District
   - City of Gridley
   - South Feather Water & Power Agency
   - Paradise Irrigation District
   - Thermolito Irrigation District
   - Norcal Waste Systems of Butte County, Inc. – For CAA at 2255 Del Oro Ave.
   - Town of Paradise
   - Suburban Propane
   - Amerigas – Gridley

2. Go through the invoices as they arrive and check for Prior balances due. Look in \\warehouse\users\aud\[redacted] My Documents\Utilities\FY 0x-0x\Tracking sheet to make sure we paid them and write the date they were paid next to the charge on the invoice. On Friday of every week, open \\warehouse\users\aud[redacted] My Documents\Utilities\FY 0x-0x\Tracking sheet. Make a new worksheet and type on the tab " Paid and that day's date". Now find the Companies that you will be paying this week on the previous worksheets and copy & paste them to your new sheet leaving about 3 to 3 empty lines between each one. Delete the prior costs then type in the current costs and usage where needed. Save and close this sheet, it is for your records only!!

3. Open \\warehouse\users\aud[redacted] My Documents\Utilities\FY 0x-0x\Utility Claims. Start by charging the date in Cell 1A to today's date and that will auto-up-date it in 2 places on each claim. ***Work on entering the charges for one company at a time***. Enter the charges in the amount column on each sheet next to the Service used, the Account number or the Office address. Double-check the total by adding these claims for each company up on your adding machine. Scroll down to row 47 on the claims you are using and change the date to today's date. Type the date(s) of the invoice in the "Inv. Date" area on each claim you are using. **SAVE!!!**

4. Print two copies of each claim you are paying invoice(s) for this week. Photocopy all the invoices. Staple the original invoice(s) minus the payment coupon (remove these and staple to the front of the claim on the right side in the middle) to one copy of the claim, put your initials above the word "AMOUNT" and give this one [redacted] for her signature. Take these to [redacted] in Accounts Payable when you get them back from [redacted]. Staple the other copy of the claim and the photocopies of the invoices, write "your initials and Copy" on the line next to the words " Date… 2004" and give to [redacted] (right now) or [redacted] (later on).

COST ACCOUNTING SECTION - ACCOUNTING SPECIALIST DUTY STATEMENT

Phone Bills - Pay Friday payments! ~~once or twice a week depending on schedule~~ or unless otherwise directed. As phone bills come in put in spread sheet for monthly allocation. Phone bill direct charges must be charged out by the end of month. Be sure to write down explanations for differences in what was billed and what was paid. Please do not white out or scratch out anything on the bills to be paid. Please put a line through what is being changed and write the new changes next to it. Use schedule for payments.

Outside Billings - Prepare by the 5th of each month. Quarterly adjustment must be in the next billing cycle after quarterly allocation has been completed. (Comm., Printshop, Courier, maybe Stores!)

Radio FPO's - Put in spreadsheet as they come in. Must be charged out by end of month (last posting day of the month). (Recieve from A/P - code)

Radio Repairs - ~~Put in spreadsheet as they come in.~~ Must be charged out by end of month. Once a month.

Misc. Equip. Repairs - ~~Put in spreadsheet as they come in.~~ Must be charged out by end of month. Once a month.

Radio Repeaters - Must be charged out by end of month. (Done in monthly Journal/Comm.)

Print Shop Rec's - To be received once a week or as completed (a new schedule will be agreed upon) Put in spreadsheet as they are received. Must be charged out by end of month. (Recap)

Copy Recap - Put in spreadsheet as they come in. Must be charged out by end of month.

Printshop Qtrly Adj. - Do in [redacted] Jan., Apr. & Aug. (after period 13.)

Messenger - Charge out at beginning of month. Before doing monthly allocation check with [redacted] for any changes to the Stop Schedule or overhead rate applied.

Postage - Charge out before we close the month. Need to keep a Audit Trail of each month. [redacted] has set-up a new postage sheet that will keep track of each meter and department charges. Use this file and have [redacted] show you the steps. Check with [redacted] before doing allocation for any overhead rate changes. Also, have the Purchasing [redacted] check reconciliation done before we close the month. Alert [redacted] to any discrepancies. (Rec. from [redacted])

- Gen. Ins. - Empl. Personal Property loss Claims

Stores - Charge out monthly store room supplies before we close each month.

A/R Reports - get from Pentamation, compare & give to [redacted]

Water Bills - Pay once a week per schedule or unless otherwise directed. Keep an audit trail of all bills paid for month. [redacted] has set-up a new spreadsheet that will provide an audit trail. Use this file and have [redacted] show you the steps. Any unusual increases or decreases in rates or usage must be reported to [redacted]. Check back to previous audit trail to ensure we are staying constant. Alert [redacted] to any discrepancies. Write down explanations for any changes.

Propane, City of Biggs, and City of Gridley Bills - Pay on the same scheduled day as the Water Bills. Create a spreadsheet just like for Water and track the charges and usage for each bill. Fill out spreadsheet when bills are paid. Check for any usual increases or decreases and alert [redacted] to the differences.

~~A/R Reports - Printing & distribution!!~~

Fac. Svcs - Hunter's Pest Control & ~~[illegible]~~ Waste Mgmt. Journals!

Verify & Code 723 & 725 FPOs from A/P!

AU Section 380

Communication With Audit Committees

Source: SAS No. 61; SAS No. 89; SAS No. 90.

See section 9380 for interpretations of this section.

Effective for audits of financial statements for periods beginning on or after January 1, 1989, unless otherwise indicated.

.01 This section establishes a requirement for the auditor to determine that certain matters related to the conduct of an audit are communicated to those who have responsibility for oversight of the financial reporting process.[1] For purposes of this document, the recipient of the communications is referred to as the *audit committee*. The communications required by this section are applicable to (1) entities that either have an audit committee or that have otherwise formally designated oversight of the financial reporting process to a group equivalent to an audit committee (such as a finance committee or budget committee) and (2) all Securities and Exchange Commission (SEC) engagements.[2]

.02 This section requires the auditor to ensure that the audit committee receives additional information regarding the scope and results of the audit that may assist the audit committee in overseeing the financial reporting and

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[1] Communication with the audit committee by the independent auditor on certain specified matters when they arise in the conduct of an audit is required by other standards, including—

- Section 325, *Communication of Internal Control Related Matters Noted in an Audit*.
- Section 316, *Consideration of Fraud in a Financial Statement Audit*.
- Section 317, *Illegal Acts by Clients*.
- Section 801, *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*.

In addition, section 722, *Interim Financial Information*, requires that certain information be communicated to audit committees as a result of performing a review of interim financial information. [Footnote revised, November 2002, to reflect conforming changes necessary due to the issuance of Statement on Auditing Standards No. 100.]

[2] For purposes of this section, an SEC engagement is defined as one that involves the audit of the financial statements of—

1. An issuer making an initial filing, including amendments, under the Securities Act of 1933 and the Securities Exchange Act of 1934.
2. A registrant that files periodic reports with the SEC under the Investment Company Act of 1940 or the Securities Exchange Act of 1934 (except a broker or dealer registered only because of section 15(a) of the 1934 Act).
3. A bank or other lending institution that files periodic reports with the Comptroller of the Currency, the Federal Reserve System, the Federal Deposit Insurance Corporation, or the Federal Home Loan Bank Board because the powers, functions, and duties of the SEC to enforce its periodic reporting provisions are vested, pursuant to section 12(*i*) of the 1934 Act, in those agencies. (Section 12(*g*) of the Securities Exchange Act of 1934 provides an exemption from periodic reporting to the SEC to [1] entities with less than $5 million in total assets on the last day of each of the entity's three most recent fiscal years and fewer than 500 shareholders and [2] entities with fewer than 300 shareholders. Accordingly, such entities are not encompassed within the scope of this definition.)
4. A company whose financial statements appear in the annual report or proxy statement of any investment fund because it is a sponsor or manager of such a fund, but which is not itself a registrant required to file periodic reports under the 1940 Act or section 13 or 15(*d*) of the Securities Exchange Act of 1934.

AUDITOR'S EXHIBIT # 6

disclosure process for which management is responsible. This section does not require communications with management; however, it does not *preclude* communications with management or other individuals within the entity who may, in the auditor's judgment, benefit from the communications.

.03 The communications may be oral or written. If information is communicated orally, the auditor should document the communication by appropriate memoranda or notations in the working papers.[3] When the auditor communicates in writing, the report should indicate that it is intended solely for the information and use of the audit committee or the board of directors and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

.04 The communications specified by this section are incidental to the audit. Accordingly, they are not required to occur before the issuance of the auditor's report on the entity's financial statements so long as the communications occur on a timely basis. There may be occasions, however, when discussion of certain of the matters (specified by paragraphs .06 through .14 below) with the audit committee prior to the issuance of the report may, in the auditor's judgment, be desirable.

.05 It may be appropriate for management to communicate to the audit committee certain of the matters specified in this section. In such circumstances, the auditor should be satisfied that such communications have, in fact, occurred. Generally, it is not necessary to repeat the communication of recurring matters each year. Periodically, however, the auditor should consider whether, because of changes in the audit committee or simply because of the passage of time, it is appropriate and timely to report such matters. Finally, this section is not intended to restrict the communication of other matters.

Matters to Be Communicated

The Auditor's Responsibility Under Generally Accepted Auditing Standards

.06 An audit performed in accordance with generally accepted auditing standards may address many matters of interest to an audit committee. For example, an audit committee is usually interested in internal control and in whether the financial statements are free of material misstatement. In order for the audit committee to understand the nature of the assurance provided by an audit, the auditor should communicate the level of responsibility assumed for these matters under generally accepted auditing standards. It is also important for the audit committee to understand that an audit conducted in accordance with generally accepted auditing standards is designed to obtain reasonable, rather than absolute, assurance about the financial statements.

Significant Accounting Policies

.07 The auditor should determine that the audit committee is informed about the initial selection of and changes in significant accounting policies or

[3] The auditor may wish to review the minutes, if any, prepared by the audit committee for consistency with the auditor's understanding of the communications. [Footnote added, effective for audits of financial statements for periods ending on or after December 15, 2000, by Statement on Auditing Standards No. 90.]

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their application. The auditor should also determine that the audit committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. For example, significant accounting issues may exist in areas such as revenue recognition, off-balance-sheet financing, and accounting for equity investments.

Management Judgments and Accounting Estimates

.08 Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The auditor should determine that the audit committee is informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

Audit Adjustments

.09 The auditor should inform the audit committee about adjustments arising from the audit that could, in his judgment, either individually or in the aggregate, have a significant effect on the entity's financial reporting process. For purposes of this section, an audit adjustment, whether or not recorded by the entity, is a proposed correction of the financial statements that, in the auditor's judgment, may not have been detected except through the auditing procedures performed. Matters underlying adjustments proposed by the auditor but not recorded by the entity could potentially cause future financial statements to be materially misstated, even though the auditor has concluded that the adjustments are not material to the current financial statements. [As amended, effective for audits of financial statements for periods beginning on or after December 15, 1999, by Statement on Auditing Standards No. 89.]

.10 The auditor also should inform the audit committee[4] about uncorrected misstatements aggregated by the auditor during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.[5] [Paragraph added, effective for audits of financial statements for periods beginning on or after December 15, 1999, by Statement on Auditing Standards No. 89.]

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[4] The presentation to the audit committee should be similar to the summary of uncorrected misstatements included in or attached to the management representation letter. See footnote 6 of section 333, *Management Representations*. [Footnote added, effective for audits of financial statements for periods beginning on or after December 15, 1999, by Statement on Auditing Standards No. 89.]

[5] The communication to management and the audit committee of immaterial misstatements aggregated by the auditor does not constitute a communication pursuant to section 317.17, Section 10A of the Securities Exchange Act of 1934, or section 316.79–.82. The auditor may have additional communication responsibilities pursuant to section 317, Section 10A of the Securities Exchange Act of 1934, or section 316. [Footnote added, effective for audits of financial statements for periods beginning on or after December 15, 1999, by Statement on Auditing Standards No. 89. Footnote revised, January 2004, to reflect conforming changes necessary due to the issuance of Statement on Auditing Standards No. 99.]

Auditor's Judgments About the Quality of the Entity's Accounting Principles

.11 In connection with each SEC engagement (see paragraph .01), the auditor should discuss with the audit committee the auditor's judgments about the quality, not just the acceptability, of the entity's accounting principles as applied in its financial reporting. Since the primary responsibility for establishing an entity's accounting principles rests with management, the discussion generally would include management as an active participant. The discussion should be open and frank and generally should include such matters as the consistency of the entity's accounting policies and their application, and the clarity and completeness of the entity's financial statements, which include related disclosures. The discussion should also include items that have a significant impact on the representational faithfulness, verifiability, and neutrality of the accounting information included in the financial statements.[6] Examples of items that may have such an impact are the following:

- Selection of new or changes to accounting policies
- Estimates, judgments, and uncertainties
- Unusual transactions
- Accounting policies relating to significant financial statement items, including the timing of transactions and the period in which they are recorded

Objective criteria have not been developed to aid in the consistent evaluation of the quality of an entity's accounting principles as applied in its financial statements. The discussion should be tailored to the entity's specific circumstances, including accounting applications and practices not explicitly addressed in the accounting literature, for example, those that may be unique to an industry. [Paragraph added, effective for audits of financial statements for periods ending on or after December 15, 2000, by Statement on Auditing Standards No. 90.]

Other Information in Documents Containing Audited Financial Statements

.12 The audit committee often considers information prepared by management that accompanies the entity's financial statements. An example of information of this nature would be the "Management's Discussion and Analysis of Financial Condition and Results of Operations" that certain entities that file reports with the SEC are required to present in annual reports to shareholders. Section 550, *Other Information in Documents Containing Audited Financial Statements*, establishes the auditor's responsibility for such information.[7] The auditor should discuss with the audit committee his responsibility

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[6] These characteristics of accounting information are discussed in the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Concepts No. 2, *Qualitative Characteristics of Accounting Information*. FASB Concepts Statement No. 2 notes that consistently understating results or overly optimistic estimates of realization are inconsistent with these characteristics. [Footnote added, effective for audits of financial statements for periods ending on or after December 15, 2000, by Statement on Auditing Standards No. 90.]

[7] Guidance on the auditor's consideration of other information is also provided by section 558, *Required Supplementary Information*; section 551, *Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents*; and section 711, *Filings Under Federal Securities Statutes*. [Footnote renumbered by the issuance of Statement on Auditing Standards No. 89, December 1999. Footnote subsequently renumbered by the issuance of Statement on Auditing Standards No. 90, December 1999.]

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Butte County
LAND OF NATURAL WEALTH AND BEAUTY

MICHAEL L. RAMSEY
District Attorney

FRANCISCO R. ZARATE
Chief Deputy District Attorney

ANTHONY G. KOESTER
Chief Investigator

FILED
Butte County
Superior Court
AUG 18 2006
Sharol Strickland Clerk
By _____ Deputy

August 17, 2006

The Honorable Steven J. Howell
Presiding Judge
Butte County Superior Court
1 Court Street
Oroville, California

Re: Response to 2005/06 Grand Jury Report on Officer Involved Shootings/Critical Incidents Protocol

Your Honor:

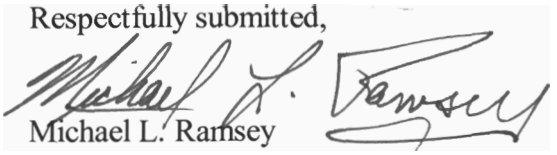
Please accept this response to the above portion of the Grand Jury report on behalf of the signatories of the Officer Involved Shooting / Critical Incidents Protocol. The signatories, including the Butte County District Attorney, Butte County Sheriff's Department, Chico Police Department, Oroville Police Department, Paradise Police Department, Gridley-Biggs Police Department, Butte Interagency Narcotics Task Force and Butte County Probation Department, agree with the Grand Jury's finding that human dignity was compromised, albeit inadvertently, at a crime scene when a deceased suspect was examined while visible to members of the public.

The above signatories and respondents also note the Grand Jury's recommendation to adopt a policy to preserve the dignity of the deceased at an incident scene has been adopted and added to the Protocol. Specifically, Section 6.A.6.e. has been amended to read as follows:

> "The Sheriff/Coroner, upon confirmation of a fatality will be notified. Body removal can be delayed as necessary for evidence processing. Give consideration to having the medical examiner observe the crime scene before the autopsy. *It shall be the responsibility of the Venue Agency to provide appropriate concealment of the deceased from view to members of the public. It shall also be the responsibility of the Sheriff/Coroner or their representative to make certain appropriate concealment of the deceased is in place before conducting any field examination of the body or removal of the body.*"

The signatory members of the Protocol thank the Grand Jury for their efforts in examining the protocol process and commending it in their report.

Respectfully submitted,



Michael L. Ramsey
District Attorney

cc: Butte County Board of Supervisors
Butte County Sheriff
Chico Police Department
Oroville Police Department
Paradise Police Department
Gridley-Biggs Police Department
Butte Interagency Narcotics Task Force
Butte County Probation Department
California Highway Patrol, Oroville and Chico
Chico State University Police Department
California Department of Justice – Chico Laboratory
California State Parks
California Department of Fish and Game

Butte County FAIR

FILED
Butte County
Superior Court
JUL 27 2006
Sharol Strickland Clerk
By _____ Deputy
FILED

July 18, 2006

Honorable Steven Howell
Presiding Judge, Butte County Superior Court
County of Butte
One Court Street
Oroville, CA 95965

Dear Judge Howell:

This letter is in response to the 2005/2006 Butte County Grand Jury report. We appreciate the work done by the members of the Butte County Grand Jury on behalf of the citizens of Butte County.

We were pleased to have the opportunity to be visited by members of the Grand Jury and appreciate the input provided. We are equally pleased to be provided with recommendations to improve our operation for the betterment of the citizens in which we serve. We have already implemented some of the recommendations and are in the process of implementing the others.

We are very proud of our Association and the annual event we produce. We work collectively with staff to assure we achieve our goals and maintain a reputation of a safe, friendly and family oriented event.

Thank you for your review of the Butte County Fair Association, we will continue to work hard to improve our facility and programs for all to enjoy.

Sincerely,

Doug Flesher
President
Board of Directors

df/pc

P.O. BOX 308 • GRIDLEY, CA 95948 • (530) 846-3626

July 18, 2006

Butte County Superior Court
JUL 27 2006
Sharol Strickland Clerk
By _____ Deputy
FILED

Honorable Steven Howell
Presiding Judge, Butte County Superior Court
County of Butte
One Court Street
Oroville, CA 95965

Dear Judge Howell:

This letter is in response to the 2005/2006 Butte County Grand Jury report wherein the Butte County Fair Association is reported as being visited. We always appreciate an opportunity to share our operation with members of the public and we enjoyed meeting with the members of the Grand Jury and giving them insight into our operation.

We value the opinions they provided and hope that with their input we will be better able to serve the people of Butte County. To address specific recommendations the fair has recently, or plans to in the future, address each area. With regards to the first recommendation concerning the trees, the fair, this past fall, trimmed the main walkways of the fair and removed 25 hazardous trees. The fair was able to plant 30 new trees so our reputation of having a beautiful and shaded fairgrounds will remain. The tree program is an ongoing process and each fall trees will be evaluated and treated as deemed necessary with new planting occurring on a regular basis and as the budget will allow.

The second recommendation in regards to computers was recently implemented with the addition of two new computers for the permanent office staff. This should improve the efficiency in which we work. Computers and technology are constantly discussed in the office but it often boils down to finances.

The Fair Association is constantly evaluating and updating its policies and procedures to be in line with state and federal laws. The inclusion of the Association's mission statement would be a natural addition to our policy manual since it sets the tone for our organization.

The fourth recommendation in regards to the safe environment for the public event is paramount in our annual planning. We have many people to thank for their continued support and commitment to keeping the patrons safe while visiting the fair. The support we receive from law enforcement throughout the county is phenomenal and we could not put on such a safe event without them.

Once again, we appreciate the work the Grand Jury does on behalf of the citizens of Butte County. We feel that by receiving input from outside sources we will be better able to serve our community.

Sincerely,

Patricia Conklin
Chief Executive Officer

P.O. BOX 308 • GRIDLEY, CA 95948 • (530) 846-3626

BUTTE COUNTY
OFFICE OF EDUCATION

DON McNELIS
SUPERINTENDENT
dmcnelis@bcoe.org

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Board of Education

Bessie R. Hironimus
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Jeannine MacKay
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Oroville, CA 95965
(530) 532-5761
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http://www.bcoe.org

An Equal Opportunity Employer

August 15, 2006

FILED Butte County Superior Court AUG 23 2006 Sharon Strickland Clerk By Deputy FILED

The Honorable Steven Howell
Presiding Judge
Butte County Superior Court

Dear Judge Howell:

I am pleased to submit the following as a response to Recommendation 3 on page B-6 of the 2005-06 Grand Jury Final Report. This represents the response from the Butte County Superintendent of Schools and the Butte County Board of Education.

One of the major roles of the Butte County Office of Education is to support the fourteen school districts in Butte County. We do this in a wide variety of ways, including matters related to STRS reporting requirements. We have been very active in this area with our five small direct service districts. With our larger districts, we have been less proactive and rather, have responded to questions and inquiries.

Beginning with the 2006-07 school year, the Butte County Office of Education will conduct an annual training workshop for staff from all districts relative to STRS reporting processes. Further, we will contact STRS and request that they assign a consultant from their offices to visit our districts on a rotating calendar to provide additional direct assistance and training.

As we have done in the past, we have designated one individual on our staff to be the primary point of contact between BCOE and our districts relative to STRS. We will again ensure that all districts are well aware of this primary contact. This will continue to provide a uniform interface for all of the districts with STRS requirements.

The portion of the recommendation which states that "School district management should encourage the presence of a CTA consultant at the negotiations by local teacher associations, as it is an important ingredient for informed teacher participation" is an issue for each district to address individually. In the bargaining process, each district teacher association selects their representatives. Many districts do have paid professional CTA consultants as a part of their team. Some teacher associations do not feel the need for that level of direct involvement. In any case, this is decided by the bargaining groups in each district. It is not something school district management would encourage or discourage.

Thank you for the opportunity to respond to the single Grand Jury recommendation involving the Butte County Office of Education. In the event that you require additional information, I will be glad to provide it.

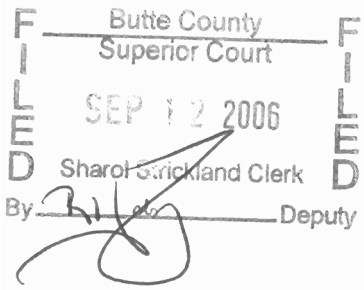
Sincerely,

Don McNelis, Superintendent
Butte County Office of Education

CITY OF CHICO
INC 1872

POLICE DEPARTMENT

1460 Humboldt Road
Chico, CA 95928
http://www.ci.chico.ca.us



September 11, 2006

The Honorable Steven Howell
Presiding Judge, Butte County Grand Jury
Superior Court, County of Butte
One Court Street
Oroville, CA 95965

RE: Chico Police Department response to the Final Report of the 2005 - 2006 Butte County Grand Jury

Dear Judge Howell:

The Chico Police Department is again pleased to respond to a Final Report for the Butte County Grand Jury. We are especially pleased with the overall report regarding our Department, and appreciate the efforts of the Grand Jury in auditing our operation. With regard to the recommendations for our Department, which are indicated in the Final Report for 2005 - 2006, the following should be noted:

1. **RECOMMENDATION**: Create a policy and procedure that protects the dignity of the deceased at the crime scene.

   RESPONSE: Unfortunately, this recommendation is based upon the circumstances of an isolated case. The policy of the Chico Police Department (CPD) is, and has always been, that in matters involving deceased individuals, every effort should always be made to preserve their dignity. Immediately following this incident, I reiterated this policy to all Department supervisors and managers. Additionally, I authorized the immediate acquisition of materials necessary to construct barriers for use at crime scenes involving deceased persons. Those barriers are now routinely utilized. In cases where the barriers are not immediately available, it is not uncommon to find my staff improvising by using blankets from patrol vehicles or bedding materials from ambulances or fire vehicles to shield corpses from public view.

2. **RECOMMENDATION**: Review the ILPP report and evaluate its recommendations, as related to CPD, for implementation.

   RESPONSE: We have reviewed the ILPP report and its recommendations as related to our Department. We will, in conjunction with the other components of the criminal justice system here in Butte County, evaluate and implement its recommendations as deemed appropriate.

3 **RECOMMENDATION**: Meet with Community Services Officers and address their safety and labor concerns.

RESPONSE: The Department's Community Services Officers (CSOs) are met with routinely in a number of venues. First, for as long as I have been Chief (and longer, as I understand it), there has always been a police sergeant who has been designated as a point person for all matters related to CSOs in general. Routine duties of this supervisor include coordinating regular meetings and training opportunities for all CSOs; receiving, addressing ,and routing CSO concerns, as appropriate and necessary; and coordinating the CSO field training program. Under all of these circumstances, there are frequent opportunities for CSO concerns to be aired and addressed through various meetings with supervision and management. Second, during my tenure of the last three and one half years, I have chaired a quarterly meeting with employees who make up a cross section of all units, assignments, and job classifications in the Department. In this meeting, which I call a Vertical Staff Meeting, I ask selected employees to come prepared to discuss things they like about the Department and issues they would like to see addressed or improved in the Department. CSOs have been routinely included in these meetings, and again, have had the opportunity to air their concerns and meet with me personally. Of the eight Vertical Staff Meetings I have held, only one did not have a CSO in attendance, and only three of the current CSOs have never attended a meeting. Third, I have always maintained an open door policy and routinely meet with employees at all levels and classifications on an informal basis. Although I have no recollection of any CSOs ever having availed themselves of this opportunity, it nevertheless remains available to them.

With regard to safety issues and the CSOs, a number of things should be noted: 1) All CSOs were provided brand new bullet resistant vests during October 2005; 2) All CSOs have received and continue to receive the very same arrest control technique training that the police officers do; 3) Before CSOs are allowed to become involved in the handcuffing of prisoners, they receive training on appropriate techniques.

In relation to the suggestion by CSOs that there should be supervisors designated among their ranks, it is the position of this administration that to do so would not be prudent organizationally or operationally. It is unfortunate that this classification does not allow for routine upward mobility or promotion within the classification, but I do not agree that the CSO position is in any way a dead-end position. In the past, there have been CSOs who have been upgraded to police officer positions, and the three current civilian managers in the Department (Crime Analyst, Management Analyst, and Property Section Manager) were all promoted from positions as CSOs to their current assignments. Additionally, there are four distinctly different full-time assignments currently available to CSOs (patrol, parking enforcement, property, outreach/crime prevention), as well as several collateral duty assignments (range-master, hostage negotiation team, canine agitator, crime scene investigator), which require advanced specialized training.

It is the position of this administration that not only is the safety training available for CSOs adequate, but there are ample opportunities in the organization to integrate variety into their assignments and to have upward mobility while remaining a part of the department.

4. **RECOMMENDATION**: Bring the Chief's Community Advisory Board to full and ongoing operation.

   RESPONSE: With my own recognition that the Police Chief's Community Advisory Board (PCCAB) had essentially become stagnant, I have sought, over the last several months, to revitalize the group. Some members had resigned or had terms end, and I have recruited a number of replacements. I have additionally engaged those current and remaining active members in conversation about how the entity could be most effective and of most use to the Police Department and the community. Efforts to bring the PCCAB to its full complement continue, and the next meeting of the Board is scheduled for September 14, 2006.

5. **RECOMMENDATION**: Address the issues of a detoxification facility serving the greater Chico area.

   RESPONSE: While the Chico Police Department agrees there is a need to establish such a facility in the Chico area, the actual establishment of such a facility exceeds the scope of what is traditionally expected of a municipal police department. In the true spirit of *community policing*, the Chico Police Department actively associates with a number of community partners to address issues of mutual concern. One such partner is the County Behavioral Health Department, which for some time has explored the possibility of establishing a detoxification facility locally. We will continue to work in partnership with Behavioral Health, and will additionally partner with other entities whose interests also address this issue.

6. **RECOMMENDATION**: Become diligent about documenting and placing all disciplinary actions against an officer in their personnel file in support of progressive discipline.

   RESPONSE: It is the strong sense of the Chico Police Department that this recommendation is based primarily upon observations related to one significant personnel matter during the past year. As such, the recommendation does not fully regard the actual practice of the Department. The Department has a practice and policy of fully affording employees all entitled due process and other rights related to employment. Additionally, we have an awareness and train supervisors and managers in such fundamentals as progressive discipline. Finally, we routinely utilize progressive discipline in the handling of employee discipline and personnel complaints. With regard to the actual placement of documentation regarding particular incidents into personnel files, we comply with all relevant law and established policies and procedures, which include provisions for the removal and destruction of some such documentation. As a result, while there may be an opinion that all documentation regarding employee performance should always remain in a personnel file, there are circumstances that prohibit it from taking place. The

Chico Police Department will continue to comply with all applicable rules and guidelines regarding employee discipline, and will remain diligent in preserving the rights of our employees.

7. **RECOMMENDATION**: Improve Dispatch working conditions as soon as possible.

RESPONSE: The Police Department continues to recognize the issues related to the physical/ergonomic environment in Dispatch. We recently completed a $70,000+ assessment of our future facility needs, which reinforces the position that the current facility, and in particular the Dispatch Center, is horribly inadequate. A plan is actively under way to design, and ultimately construct, a new police facility, which will meet all of the needs of the Department for the next twenty years. In the meantime, it was recognized that immediate efforts were necessary to mitigate some of the problems in Dispatch. A $50,000 project to address ergonomic issues in the Dispatch Center was just completed. It resulted in the placement of new, adjustable work tables, flat-screened computer monitors with new mounting brackets (which are more ergonomically desirable), and new computer keyboard holders. The improvements, as a result of this project, are significant, and it is hoped they will be sufficient until a new building can be constructed.

8. **RECOMMENDATION**: Evaluate technology improvements as potential force multipliers.

RESPONSE: The Police Department's use and integration of technology is in a constantly evolving state and is tied directly to the availability of fiscal resources. The Department has recently added its fourth generation of mobile computers to the fleet (we don't believe any other agency in the county has even implemented use of a first generation of mobile computers), it perpetually upgrades and replaces desktop work stations, we have introduced digital photo technology into our routine crime scene processing efforts, we are in the process of completing a full upgrade of our 911 system (to include mapping software and hardware capable of displaying maps, which pinpoint hard-line and wireless 911 calls), and we have an upgrade of our Dispatch radio system budgeted for the 2007-2008 fiscal year. After an absence of a few years, we have re-introduced crime analysis to the Department, and our Crime Analyst has developed and implemented use of an intra-net for Department employees. We have been developing a field reporting system, which is based upon the Adobe Acrobat standard, and are preparing to fully implement the system. The Department prides itself in the degree to which technology has been integrated into our every day operations, and continues to seek further such opportunity.

In addition to the recommendations, which relate specifically to the Chico Police Department, the Grand Jury made others, which are applicable to the Department under "Butte County Animal Control and Sheltering Agencies." Our response to those recommendations is as follows:

1. **RECOMMENDATION**: All Butte County animal shelters should try to standardize the microchip process.

RESPONSE: It is our understanding that there are two predominant vendors/manufacturers of microchips for use in tracking domestic pets. It is further our understanding that there are manufacturers who market microchip readers, which are capable of reading multiple brands and types of microchips. The Butte Humane Society, with whom the City currently contracts for certain animal services, has such a microchip reader. The City of Chico will support and encourage the other animal control agencies of the County to equip themselves with such a reader, if they do not currently have one.

2. **RECOMMENDATION**: Local animal control agencies need to establish an oversight committee to aid in maintaining healthy and disease free facilities.

   RESPONSE: The Butte County Environmental Health Department (BCEHD), the entity under which Butte County Animal Control is assigned, has recently initiated efforts to coordinate regular meetings between all County entities and organizations involved in animal control. The City of Chico has participated in the one meeting, which has been held to date, and plans to continue participation with the group. According to Craig Erickson of the BCEHD, it is hoped that over time this group can address the recommendations of the Grand Jury, as well as other issues, which may come up in relation to animal control in Butte County.

3. **RECOMMENDATION**: We recommend that the City of Chico investigate the possibility of a parcel fee, or a measure as approved by voters, to assist in animal control needs.

   RESPONSE: To date, it is our perspective that the regulatory and enforcement component of the animal control function in the City of Chico has been adequately funded through the City's General Fund. While there is currently discussion taking place about the costs related to contracting with the Butte Humane Society for providing the services they do, it is also our perspective that they are adequately funded. There is no doubt that a parcel tax would either free currently used General Fund revenue through supplanting or such revenues could be added to currently dedicated revenues to enhance animal control services in the City. However, implementation of such a fee, which amounts to taxation, should not be taken lightly and should only be pursued after due consideration by our local legislative and governing body. The Chico City Council is aware of this recommendation, and there is no doubt that they will pursue it in the future, if they desire to do so.

4. **RECOMMENDATION**: Have all shelters work together to establish consistent hours and days of operation.

   RESPONSE: The City of Chico intends to participate with the Butte County Inter-agency Animal Control Group to discuss this issue in the future. It should be noted that the Butte Humane Society Shelter, which provides shelter services for the City of Chico, is currently open seven days a week, for a total of 44 hours per week, and more than any other shelter in the county.

5. **RECOMMENDATION**: All shelters need to evaluate compliance with ADA standards for accessibility and parking.

   RESPONSE: Chico Police Department/Animal Control will coordinate with the City of Chico Facilities Manager to inspect the City's shelter facility for compliance with ADA standards.

Finally, the last recommendation of the Grand Jury, which was applicable to the Chico Police Department, was in the section of the Grand Jury Report entitled "Officer Involved Shootings/Critical Incidents Protocol." Our response to the recommendation in that section is as follows:

1. **RECOMMENDATION**: A policy on appropriate procedures for preserving the dignity of the deceased at the incident scene should be written and included in the Officer Involved Shootings/Critical Incidents Protocol Policy and Procedures. This should be forwarded to, and implemented by, all member agencies.

   RESPONSE: As previously noted, the Chico Police Department has already taken steps to address this recommendation. CPD representatives to this team will work with other agency team representatives to include the recommendation in the protocol. This recommendation will also be addressed by District Attorney Mike Ramsey in his response to the Grand Jury.

Thank you again for the opportunity to respond to your final report. It was a sincere pleasure for members of my staff to work with you during the last year as you sought to learn about our organization. We are most proud of our resources and the services we are able to provide, and especially pleased that the Grand Jury thought so highly of our Department.

Sincerely,

BRUCE E. HAGERTY
Chief of Police

BEH:ms

OFFICE OF THE
CITY MANAGER

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FILED
Butte County
Superior Court
JUL 18 2006
Sharol Strickland Clerk
By _____ Deputy
FILED

14 July 2006

Butte County Grand Jury
c/o Richard Holst, Administrative Analyst
Superior Court
One Court Street
Oroville, California 95965

Re: Old Humboldt Road Wagon Trail

The report of the Butte County Grand Jury relating to the Old Humboldt Road Wagon Trail has been reviewed by the City of Chico, and the following responses are offered:

1. The City anticipates undertaking a comprehensive update of the City's General Plan within the next several years, and the eligibility of the trail and adjacent rock walls for designation as historic landmarks will be considered through a process open to public input.

2. The Environmental Impact Report prepared for development north of Humboldt Road has been certified by the City of Chico, and potential impacts to the trail and rock walls have been appropriately mitigated. At the time development is proposed for the property on the south side of Humboldt Road, additional environmental review will be undertaken and include consideration of potential impacts to cultural and historic resources, including the trail and walls.

3. The environmental documents prepared for development south of Humboldt Road will include appropriate mitigation to avoid or minimize impacts to cultural and historic resources based on the project development design proposed, potentially limiting direct access to Humboldt Road to that necessary for traffic circulation and public safety.

Please feel free to contact the City of Chico Planning Division if any additional information is required.

Sincerely,

Greg Jones
City Manager

cc: City Council
Tony Baptiste, Community Services Director
Kim Seidler, Planning Director
Patrick Murphy, Senior Planner

J:\Judy Cooper\Dawnelle\Historical Properties\14 July 2006Butte County Grand Juryc.wpd

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FILED Butte County Superior Court OCT 10 2006 Sharol Strickland Clerk By Deputy FILED

To: The Hon. Steven Howell
Presiding Judge of the Butte County Superior Court
1 Court Street
Oroville, CA 95926

From: The Chico Unified School District Board of Trustees

Re: Response to 2005-2006 Grand Jury Report
Penal Code Section 933

On: September 20, 2006

1. Introduction

The Board of Education is pleased to have this opportunity to respond to the Butte County Grand Jury's 2005-2006 Final Report. The Board appreciates the Grand Jury's dedicated, extensive work with the District's students, parents and staff.

2. Health Care in Elementary Schools

Findings:

1. *The school-nurse-to student ratio is 1:3000 whereas the National Association of School Nurses recommends a ratio of 1:750. The Health Aide is not available the entire time elementary school children are on campus. Requirements for HAs are minimal for the responsibilities they have. Office staff and teachers receive minimal training to assist students when the RN and HA are not available.*

The District agrees with this finding. The District further agrees with the Grand Jury's commendations to the health staff for "the warm and friendly atmosphere in the health offices visited" and that the District's "[c]hildren appear to have their health needs safely and adequately met by caring staff at the schools."

2. *There is a Bloodbourne Pathogen Exposure Control Plan, but there are no written procedures for sharps and biohazardous waste disposal.*

The District agrees with this finding and further notes the Grand Jury's accurate statement that "sharps containers are sealed by the health assistant and delivered by the Safety and Loss Control Coordinator to a Butte County Health Clinic for disposal."

3. *Not all HAs are proficient in using SASI.*

The District agrees with this finding and will continue to encourage and increase the more efficient use of SASI by all HAs.

4. *There was food co-mingled with medications in refrigerators in some offices*

The District agrees with this finding in that at some sites, food was placed in a refrigerator also containing closed medications.

5. *Special needs health care for students is complex, complicated and federally mandated.*

The District agrees with this finding.

Recommendations:

1. *Evaluate health care needs in the schools and available staffing yearly. Increase or decrease staffing as evaluation indicates. Offer Health Aides education opportunities.*

This recommendation has been implemented. Health care staffing is reviewed closely every year. Administration is investigating the availability of non-student staff development time for HA training.

2. *Develop a formal written procedure for disposal of sharps containers and biohazardous waste and include the document in the Bloodbourne Pathogen Exposure Control Plan. File the Plan at the District Office.*

This recommendation will be implemented during the current 2006-2007 school year. Specifically, the disposal practices now in place and described in finding number 2 above will be reduced to writing.

3. *Provide periodic re-training for HAs on the computer program, SASI.*

This recommendation will be considered; specifically, Administration is investigating the availability of non-student staff development time for HA SASI training.

4. *Lock refrigerators used for student medications; segregate student drugs from employee foods and drinks; store students' medications in a well-labeled, easily recognizable container in a locked cabinet.*

This recommendation will be implemented in the current 2006-2007 school year.

5. *Conduct in-service training for administrators, teachers and support personnel district-wide, about the impact of integrating special needs students into regular classrooms.*

This recommendation has been implemented in that such training has occurred and will continue.

6. *Best efforts should be made for all CUSD facilities to meet applicable heating and cooling standards district wide.*

This recommendation has been implemented; the District will continue to provide a learning environment that is above minimum standards.

7. *Make heating and cooling standards known to parents so that they can take proactive measures to dress their children accordingly.*

This recommendation will be implemented during the 2006-2007 school year by informing parents that, as noted by the Grand Jury, classroom temperatures may vary between 68 and 78 degrees, depending upon time of year and facility.

3. Disposition of Surplus Equipment

Findings:

1. *There is no prescribed chain of custody from site of use to disposal site for computer CPU/memory storage devices.*

The District agrees with this finding and further agrees with the Grand Jury that the primary issue with District surplus computer equipment is not monetary value but, instead, "sensitive student and personnel information theft."

2. *An incomplete disposition process for surplus equipment is in place. A manifest for computers is developed only when Maintenance and Operations personnel delivers them. Surplus equipment is not treated or valued equally. Surplus equipment does not remain on the books until the Board approves the surplus equipment list. The number of surplus computers is determined but not tracked.*

The District agrees with this finding in part; specifically, with regard to the site at which surplus computer equipment was exposed to the elements. However, concerning surplus property, generally, the District will continue to utilize the "triage" methodology as set forth in the Education Code. First, the sites designate/deliver property believed to be unusable, obsolete, or no longer needed by the district: "not required for school purposes, or if it should be disposed of for the purpose of replacement, or if it is unsatisfactory or not suitable for school use." Ed

Code 17545(a). At that point, District staff (Director of Fiscal Services and/or site administrators), determines the fair market value, if any. The triage criteria to be used are set forth in Ed Code sections 17545 and 17546.

(1) Items that exceed $2,500 in value are to be publically offered for sale after the public notices set forth in section 17545 are issued and posted. Staff may be authorized to arrange for that sale.

(2) Create a list for items do not exceed in value the sum of $2,500 but are still of sufficient value to warrant sale, either public with notice or private without notice.

(3) Create a list of items that are of insufficient value to defray the costs of arranging a sale.

The lists of items in (2) and (3) are brought to the Board with the Designee's recommendation as to estimated value and recommended disposition. A unanimous vote of those Board members in attendance is required. At that point, staff is then to dispose of items in the second category, as stated, by either public or private sale, and arrange for the transport to the landfill of the remaining materials.

In addition, items in the third category may be donated to a charitable organization deemed appropriate by the board.

With regard to instructional materials, surplus or undistributed obsolete instructional materials may be donated or sold at a nominal price to organizations or individuals who will use them for educational purposes, as specified in Education Code 60510. Surplus or undistributed obsolete instructional materials which are unusable or which cannot be distributed may be mutilated so as not to be salable and sold for scrap at the highest obtainable price, or destroyed by any economical means at least 30 days after the Board has given notice to all persons who have requested such notice. (Education Code 60530)

Finally, money received from the sale of personal property shall be, at the Board's discretion, either deposited in the District reserve or general fund or credited to the fund from which the original purchase was made. (Education Code 17547).

3. Surplus Equipment is disposed of on a scheduled basis with or without Board authority.

The District agrees with this finding in that, as set forth in response to finding 2, Board determination as to surplus is not necessary where the value exceeds $2,500 and is appropriately offered for sale at fair market value. The District does bring before the Board all property for which Board designation of surplus is required.

4. Computers determined to be surplus by individual schools are not stored in a safe

environment.

The District agrees with this finding in that, as observed at one site, surplus computer equipment was exposed to the elements

Recommendations:

1. *Develop a chain of custody procedure for all data found on hard drives or other types of digital storage devices to prevent unauthorized access to student, teacher, or employee private information.*

The District will implement this recommendation during the 2006-2007 school year by developing procedures whereby any such data is removed or otherwise made inaccessible from surplus computer equipment.

2. *Review and revise the surplus equipment policy and procedure to include computer equipment; have all surplus equipment handled by the same process; surplus equipment should remain on the books until the Board approves the surplus list and hold equipment at Maintenance and Operations until Board approval for disposal is received.*

The District will implement this recommendation as to computer equipment such that all property will be treated by the District in the same manner. However, in light of the "vast and far-reaching" benefits provided by Computers for Classrooms as noted by the Grand Jury, the District will continue to transfer computer equipment to that organization directly, while Board determination is pending. This transfer will be subject to the chain of custody as envisioned by the Grand Jury. In general, the District will continue to adhere to the surplus property procedure set forth in response to finding number 2, such that all property will be subject to Board review as required and shall be disposed of properly.

3. *Approval of the Board for equipment determined surplus should be required before the equipment leaves the Maintenance and Operations storage by any disposal method.*

The District agrees and will continue to utilize the surplus property procedure set forth in response to Finding 2 and Recommendation 2, above. The District will apply this procedure to computer equipment effective during this current 2006-2007 school year.

4. Associated Student Body Funds

Findings:

1. *Tracking money from fundraiser and other money collected for ASB activities is still handled in an inconsistent manner.*

The District agrees that some inconsistencies do remain. The District also agrees with the Grand Jury's findings that "[i]n all schools visited, the principals and activities directors attended FCMAT seminars on ASB management;" that [a]ll the schools have FCMAT guidelines;" that "[a]ll ASB organization are on the same accounting system;" that "CUSD has made improvements in the ASB process," and that [t]here is better communication between the ASB Account Tech and Fiscal Service." The District also agrees with that Grand Jury "that the majority of the teachers and staff working with ASB at the Jr. High and High Schools are dedicated and have put the best interest of youth at heart. There is a great amount of energy and time put into student activity projects."

2. *There are insufficient processes developed for consistent ASB money handling at CUSD schools.*

As set forth in response to finding 1, the District does believe that though there remain some inconsistent practices, significant progress towards a uniform set of processes has been made and the progress will continue.

3. *The independent auditor hired by CUSD found that ASB money is not handled safely.*

The District disagrees with this finding. In the text of its report, the Grand Jury reported that "[t]he independent auditor hired by CUSD to audit ASB funds found that at one school during the 2004-05 school year the bookkeeping was not clear or handled safely,"

4. *A PTSO was acting as a bank for the computer/photography class.*

The District agrees with this finding. The PTSO was the Board-approved fundraiser and therefore had the authority to so act.

5. *Some schools have made clear efforts to establish workable and legal processes without clear direction from the administration.*

The District agrees with this finding in part. Schools have made clear efforts to establish workable and legal processes. The District disagrees that there has been a lack of clear direction from the administration. As acknowledged by the Grand Jury, the District has made considerable progress towards a uniform set of ASB practices, despite the lack of clarity in state law and inconsistent FCMAT practices. This progress is the product of efforts by all ASB participants, including the District's Administration.

6. *CUSD contends that the FCMAT and the State of California guidelines for handling ASB funds lack clarity and consistency.*

The District agrees with this finding and further notes that these are the same conclusions

reached by the attorneys retained to assist the District.

Recommendations:

1. *CUSD Administration should develop and implement a standardized paper trail for tracking ASB funds, for example triplicate forms.*

The District will continue to implement this recommendation in the current school year and continue the progress towards a uniform process as noted by the Grand Jury.

2. *CUSD Administration should continue to refine the overall ASB process and develop guidelines for the ASB Activity Directors, principals and the Parent Teacher Organizations or Associations at each school site.*

The District will continue to implement this recommendation in the current school year and continue the progress towards a uniform process as noted by the Grand Jury.

3. *CUSD should take all steps necessary to ensure compliance with Education Code section 48937, which requires that CUSD be responsible for all funds raised.*

The CUSD agrees and will continue to ensure compliance with Education Code section 48937.

4. *In the absence of consistent State policy, CUSD should implement accounting standards and controls for ASB money handling practices.*

The District will continue to implement this recommendation in the current school year and continue the progress towards a uniform process as noted by the Grand Jury.

BOARD OF SUPERVISORS

ADMINISTRATION CENTER
25 COUNTY CENTER DRIVE - OROVILLE, CALIFORNIA 95965

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KIM K. YAMAGUCHI, Chair
Fifth District

September 12, 2006

Honorable Steven Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, CA 95965

RE: Board of Supervisors' Response to the 2005/06 Butte County Grand Jury Final Report

The Butte County Board of Supervisors would like to thank the members of the Grand Jury for many hours spent in researching, investigating, and making recommendations for improvements in government operations that benefit the citizens and taxpayers of Butte County.

In accordance with Penal Code Sections 933 and 933.05, the Board submits the following agency response to the findings and recommendations of the 2005/06 Grand Jury Final Report pertaining to matters under its control. A response from the Board is additionally provided where the Grand Jury has requested a response to budgetary or personnel matters of a county department that is headed by an elected official. In such cases, the Board's response addresses only those budgetary or personnel matters over which it has some decision-making authority.

In preparing an agency response, appointed department heads were requested to submit responses to the Chief Administrative Officer for attachment to the overall agency response included herein. You will find the various departmental responses located in Appendix A of this agency response. Responses provided to the Chief Administrative Office by elected Department Heads have also been included as Appendix B. The Board of Supervisors' response below is organized by major heading in the order located within the 2005/06 Grand Jury Report.

BUTTE COUNTY ANIMAL SHELTERING AND CONTROL AGENCIES

Grand Jury Findings

1. *The County of Butte and Town of Paradise have a parcel fee on property owners to assist animal control.*

   The respondent agrees with this finding.

2. *All animal control agencies have concerns for low-cost spay and neuter clinics.*

   The respondent agrees with this finding.

3. *Animal welfare is top priority by all animal control agency staff.*

   The respondent agrees with this finding.

4. *All facilities are in need of updating or replacement for animal needs and staffing needs (excluding N.W.S.P.C.A).*

   The respondent agrees with this finding.

5. *All animal control agencies have been operating in inadequate facilities.*

   The respondent agrees with this finding.

6. *Community support enhances the success of all animal shelters. PASH is an excellent example of this.*

   The respondent agrees with this finding.

7. *Butte County residents need to assume more responsibility for their pets to help curtail the overpopulation.*

   The respondent agrees with this finding.

8. *Hours of operation between shelters lack standardizing for public access.*

   The respondent agrees with this finding.

9. *ADA accessibility is limited (excluding N.W.S.P.C.A).*

   The respondent agrees with this finding.

10. *There appears to be a variety of microchips which can cause a problem in compatibility and identification of pets.*

    The respondent agrees with this finding.

11. *There is no single agency that oversees or inspects the shelters.*

    The respondent agrees with this finding.

12. *The communication system for Butte County animal control officers needs improvement.*

    The respondent partially disagrees with this finding. The problems with communications in Butte County are not limited to the Animal Control Division. Due to the County's mountainous terrain, cellular phone and radio coverage are problematic in all departments that need broad communications capability. Animal Control staff have radios and Nextel cell phones with a walkie-talkie capability, which represent the most current technology available to the County. As the County finds new technology and improves the overall communication infrastructure, appropriate equipment will be provided to staff.

13. *The City of Chico has no dedicated per parcel fee for animal control.*

    The respondent neither agrees nor disagrees with this finding. Respondent has no jurisdiction over the City of Chico.

Grand Jury Recommendations

1. *Butte County animal control needs to evaluate their current communication system and resolve their communication needs in remote county areas.*

   This recommendation has been partially implemented. The County regularly evaluates its communication system and uses the latest available technology for staff use. Currently, the County does not have sufficient resources to eliminate all the "black holes" in the communication system, which cover approximately half of the County. The County is actively seeking millions of dollars of outside funding to install new radio repeaters, microwave link, and related improvements to enhance the communication system. Even after installing the new system, there will be some the remote areas in the County where communication difficulties will continue to exist.

2. *All Butte County animal shelters should try to standardize the microchip process.*

   This recommendation requires further analysis. Butte County does not have jurisdiction over other agencies and cannot mandate standardization of the microchip process. However, the respondent agrees with the recommendation. Staff from Animal Control have been in active discussions with other jurisdictions to coordinate the process.

3. *Local animal control agencies need to establish an oversight committee to aid in maintaining healthy and disease free facilities.*

   This recommendation requires further analysis. Butte County does not have jurisdiction over other agencies and cannot establish an oversight committee on its own. However, staff from Animal Control have been in active discussions with other

jurisdictions to establish such a committee.

4. *We recommend that City of Chico investigate the possibility of a parcel fee or a measure as approved by voters to assist in animal control needs.*

   The respondent is unable to comment on this recommendation. Respondent has no jurisdiction over the City of Chico.

5. *Have all shelters work together to establish consistent hours and days of operation.*

   This recommendation requires further analysis. Butte County does not have jurisdiction over other agencies and cannot mandate hours and days of animal shelter operation. However, the respondent agrees with the recommendation. Staff from Animal Control have been in active discussions with other jurisdictions coordinate such an effort.

6. *All shelters need to evaluate compliance with ADA standards for accessibility and parking.*

   This recommendation requires further analysis. Butte County does not have jurisdiction over other agencies and cannot mandate Americans with Disabilities Act (ADA) standards for accessibility and parking for shelters. However, the respondent agrees with the recommendation. Staff from Animal Control have been in active discussions with other jurisdictions to evaluate animal shelter ADA compliance.

LAW ENFORCEMENT IN BUTTE COUNTY

Grand Jury Commendations

1. *To the Superintendent of Juvenile Hall and staff for running an excellent facility.*

   The respondent appreciates the commendation for dedicated service provided by the Juvenile Hall Superintendent and his staff in the hall.

2. *To Ron Reed for providing immeasurable volunteer hours for Butte County Juvenile Court and Hall improvements.*

   The respondent also wishes to commend Ron Reed for his contribution for the betterment of youth in Butte County.

3. *To Linda Wilms, R.N. and staff for their organizational skills and commitment to the County Jail and Juvenile Hall.*

   The respondent appreciates the commendation for dedicated service provided by Linda Lewis and staff in the Juvenile Hall and the County Jail.

Grand Jury Findings

1. *The County Jail Dental office does not appear to consistently maintain a clean, hygienic environment.*

   The respondent neither agrees nor disagrees with this finding. The Sheriff-Coroner is an elected official, and the Board of Supervisors only has decision-making authority over budgetary matters. However, the Sheriff reports that the jail dental office maintains a clean and hygienic environment, and any lapses are inadvertent and infrequent (details are outlined in the Sheriff's response in Appendix B).

2. *The County Jail does not maintain a history log that documents jail problems such as fights, suicide attempts, inmate grievances, or complaints of inmates against jail staff. Records are kept in individual inmate files. The County Jail could not demonstrate a method of tracking incidents.*

   The respondent neither agrees nor disagrees with this finding. The Sheriff-Coroner is an elected official, and the Board of Supervisors only has decision-making authority over budgetary matters. However, the Sheriff reports that he agrees with this finding (details are outlined in the Sheriff's response in Appendix B).

3. *The Women's area of the County Jail continues to be outdated and crowded as documented in previous Grand Jury reports.*

   The respondent agrees with this finding.

4. *There are a large number of medical needs being met at the County Jail.*

   The respondent agrees with this finding.

5. *The recommendations of the ILPP report appear to have been forgotten. Many of the Law Enforcement Agencies within Butte County were unaware of the report or it's findings in testimony to the Grand Jury.*

   The respondent partially disagrees with this finding. The respondent does not have jurisdictional authority over other law enforcement agencies in Butte County and is unable to comment on their efforts to implement recommendations in the ILPP report. The respondent agrees with many of the recommendations contained in the ILPP report and continues to encourage the Criminal Justice Coordinating Committee, comprised of the Presiding Judge, Sheriff, District Attorney, Chief Probation Officer, and the Executive Director of the Public Defender Consortium, to meet and implement appropriate recommendations contained therein.

Grand Jury Recommendations

1. *Maintain hygienic conditions in the dental office of the County Jail.*

The respondent is unable to comment on this recommendation. The Sheriff-Coroner is an elected official, and the Board of Supervisors only has decision-making authority over budgetary matters. However, the Sheriff reports that there is an on-going effort to implement this recommendation (details are outlined in the Sheriff's response in Appendix B).

2. *Develop a comprehensive facility-wide record keeping system in the Butte County Jail so that major events (suicide attempts, fights, injuries, grievances, internal affairs complaints, lock downs, etc.) are logged and readily available for statistical analysis.*

   The respondent is unable to comment on this recommendation. The Sheriff-Coroner is an elected official, and the Board of Supervisors only has decision-making authority over budgetary matters. However, the Sheriff reports that this recommendation has partially been implemented (details are outlined in the Sheriff's response in Appendix B).

3. *Bring the women's portion of the County Jail up to par with the men's.*

   This recommendation has not yet been implemented but will be implemented in the future as soon as appropriate funding can be secured. Recognizing the financial limitations of California counties, the State has financed construction of most new local detention facilities through grants in the past few decades. The respondent will continue to seek appropriate funding in conjunction with the Sheriff.

BUTTE COUNTY EMERGENCY OPERATIONS EXERCISE

Grand Jury Findings

The Grand Jury found the taxpayer's money to be well spent on the Emergency Operations Center exercise "Operation Silver Lining" and we were pleased to observe that preparedness is a high priority in Butte County.

The respondent agrees with this finding. The respondent appreciates the recognition of Butte County's efforts to improve emergency preparedness and wishes to thank all those participated in this exercise.

OFFICER INVOLVED SHOOTINGS/CRITICAL INCIDENTS PROTOCOL

Grand Jury Commendations

This was the Grand Jury's first exposure to much of the information we received. We appreciated the time and effort expended by these agencies in educating us. The Grand Jury came away with heightened respect and admiration for the Protocol Team concept.

The Grand Jury recognizes the Chico Police Department, Butte County Sheriff's Department and the District Attorney's Office for the courteous and respectful manner with which we were treated at all times.

The respondent appreciates the commendation offered to the dedicated law enforcement officials in Butte County.

Grand Jury Findings

1. *Human dignity was compromised at a crime scene when a deceased suspect was examined while visible to members of the public.*

   The respondent neither agrees nor disagrees with this finding. The Sheriff-Coroner is an elected official, and the Board of Supervisors only has decision-making authority over budgetary matters. However, the Sheriff reports that all necessary steps are taken to maintain the human dignity of the deceased (details are outlined in the Sheriff's response in Appendix B).

Grand Jury Recommendations

1. *A policy on appropriate procedures for preserving the dignity of the deceased at the incident scene should be written and included in the Officer Involved Shootings/Critical Incidents Protocol Policy and Procedures. This should be forwarded to, and implemented by, all member agencies.*

   The respondent is unable to comment on this recommendation. The Sheriff-Coroner is an elected official, and the Board of Supervisors only has decision-making authority over budgetary matters. However, the Sheriff reports that every reasonable effort is made not to compromise the human dignity of the deceased and will discuss this recommendation with other agencies (details are outlined in the Sheriff's response in Appendix B).

THE BUTTE COUNTY AUDITOR-CONTROLLER – PART 1
THE OFFICE AND STAFF

Grand Jury Findings

1. *The current Assistant Auditor-Controller was hired without any background in government accounting practices resulting in delays and deferment of decisions and policy setting to a department supervisor. It is not apparent that he has any supervisory or management skills. He consistently relies on a lower level supervisor to make his decisions and set policy and procedure for the office.*

   The respondent neither agrees nor disagrees with this finding. The Board of Supervisors is not involved in hiring decisions of elected officials. However, the Human Resources Department reports that the Assistant Auditor-Controller met minimum qualifications at the time of hire.

2. *Lack of management skills of the Auditor-Controller and the Assistant Auditor-Controller has led to an antagonistic work environment where employees are fearful for their safety/well being.*

   The respondent neither agrees nor disagrees with this finding. While it is the policy of the County of Butte, as set by the Board of Supervisors, that all employees are treated fairly and equitably and that they have a safe and healthy environment in which to work, the Board lacks the statutory authority to direct the operations of the Auditor-Controller, an elected official.

3. *Treatment of employees in the Auditor-Controller's office is frequently inconsistent with Butte County Personnel Rules and MOUs.*

   The respondent neither agrees nor disagrees with this finding. It is the policy of the County of Butte, as set by the Board of Supervisors, that the personnel rules and memoranda of understanding, both adopted by this Board, be applied consistently and fairly throughout the organization. However, the Board lacks the statutory authority to direct the operations of the Auditor-Controller, an elected official.

4. *The Auditor-Controller is seldom available to employees or other County officials. The Grand Jury believes that when the Auditor-Controller attempts to resolve an issue, his lack of familiarity with his office's processes and policies often exacerbates the problem.*

   The respondent neither agrees nor disagrees with this finding. The Board of Supervisors has limited interaction with the Auditor-Controller and is not in a position to judge the level of familiarity he may have with processes and policies in his department.

5. *The Auditor-Controller sometimes manages employee situations with sarcasm and derogatory comments about his employees. Several of his subordinate managers have adopted his management style as their role model for management by intimidation. Additionally, the hostile behavior is undermining the County's ability to do business on a daily basis as the anger and hostility disseminates into communications with other County departments.*

   The respondent neither agrees nor disagrees with this finding. It is the policy of Butte County, as set by the Board of Supervisors, that all employees be treated with dignity and respect in the workplace and that they feel safe and comfortable in their work environment. However, the Board lacks the statutory authority to direct the operations of the Auditor-Controller, an elected official.

6. *The Assistant Auditor-Controller and Finance Officer initiated and participated in a juvenile and mean spirited prank on an office supervisor, which clearly was demeaning and made the supervisor feel threatened. This type of behavior is unprofessional and unbecoming a member of a management team.*

   The respondent neither agrees nor disagrees with this finding. The Board lacks specific knowledge of this incident and cannot render an opinion. However, if the facts

are indeed as stated by the Grand Jury, the Board would agree that such behavior is unprofessional and unbecoming a member of Butte County's management team.

7. *Multiple testimonies suggest that the Cost Section Supervisor may have come to work with the odor of alcohol on her person on several occasions. To date no action has been taken regarding this behavior. Ignoring this behavior puts the department's employees in danger and puts the County of Butte at risk.*

   The respondent neither agrees nor disagrees with this finding. It is the policy of the County of Butte, as set by the Board of Supervisors, that the personnel rules and memoranda of understanding, both adopted by this Board, be applied consistently and fairly throughout the organization. However, the Board lacks the statutory authority to direct the operations of the Auditor-Controller, an elected official. The Human Resources Director reports that the Auditor-Controller has addressed this issue (see the response from the Director of Human Resources Department in Appendix A).

8. *The Cost Section Supervisor has demonstrated unprofessional and unacceptable behavior towards various county employees.*

   The respondent neither agrees nor disagrees with this finding.

9. *As a result of the Grand Jury's investigation into alleged behavioral issues within the Auditor-Controller's office, the County initiated a comprehensive investigation of the issues. As a result, the County is considering several additional training programs for their managers and line level staff.*

   The respondent agrees with this finding.

10. *Problems found by the Grand Jury in the Auditor-Controller's office should not have reached the level observed. It is apparent that the Human Resources department has limited authority when dealing with departments of elected officials.*

    The respondent agrees with this finding.

Grand Jury Recommendations

1. *The Board of Supervisors should utilize the Chief Administrative Officer and his Deputy Administrators to organize a public hearing to discuss possible options for a ballot initiative proposing one or more of these potential solutions:*
   a. *Eliminate the Auditor-Controller position completely*
   b. *Separate the positions of Auditor-Controller, where the Controller acts as a Chief Financial Officer (CFO) reporting to the Chief Administrative Officer (CAO)*
   c. *The Auditor-Controller position remains intact with a higher level of accountability to the taxpayers.*

   This recommendation has not been implemented but will be implemented in the future. Extensive analysis is needed to explore the practical options possible for a ballot initiative before a public hearing can be facilitated. The next opportunity to combine a

ballot measure with a general election is June 3, 2008, so such a ballot measure would need to be prepared, approved by the Board of Supervisors, and submitted to the County Registrar of Voters prior to March 7, 2008. It is anticipated that a public hearing will be held by April 1, 2007 to discuss the recommendations from the Grand Jury.

The following notes should be considered prior to adopting Grand Jury recommendations:

- The office of County Controller was not created by the Butte County Charter nor the Butte County Code. Creating such an office is permissible but not required by State law or county charter. However, the Board of Supervisors, by Resolution adopted on August 22, 1955, pursuant to Government Code sections 26880 and 26885, created the office of County Controller and ordered that the County Auditor shall hold the office ex-officio. The Resolution also held that the order may be repealed at any time by majority vote of the Board of Supervisors.

- If the electorate approves a Charter amendment to eliminate the office of Auditor on June 3, 2008 the amendment would not become effective until filed and accepted by the Secretary of State pursuant to Government Code section 23723. As a practical matter, however, such an amendment could not eliminate the office until after the expiration of the existing term of the incumbent. The next term begins on January 8, 2007, and ends on the first Monday following January 1, 2011. Therefore, a Charter amendment considered by the electorate on June 3, 2008 that eliminates the office of the auditor would become effective January 3, 2011.

- The electorate may be able to approve a Charter amendment creating the position of controller, comptroller, or chief financial officer that is independent from the office of auditor. Further analysis is required to determine what options are available to the electorate. A new office created by a Charter amendment can take effect as soon as the amendment is filed and accepted by the Secretary of State.

- The Board of Supervisors may be able to adopt an ordinance amending the County Code creating the position of controller, comptroller or chief financial officer that is independent from the office of auditor. Further analysis is required to determine what options are available to the Board of Supervisors.

2. *The County needs to take immediate and appropriate action to eliminate the dysfunction of the management staff of the Auditor-Controller's office, to include training and disciplinary action up to and including termination of employment. Should replacement of employees be chosen, the County needs to insure that candidates strictly meet the job qualifications for the job to which they are applying. Solving the problems with management, in this Grand Jury's opinion, would take care of a majority of the personnel problems in the department.*

   This recommendation requires further analysis. Currently, only the Auditor-Controller, an elected official, is able to hire, take disciplinary action, and require training for employees of his department. The Board of Supervisors will direct the Chief Administrative Officer to prepare a plan and resource request to create a policy

compliance program affecting all departments for Board consideration by January 2007. The Board will also direct the Human Resources Director to prepare a plan for a mandatory supervision and management program affecting all departments for Board consideration by January 2007.

Pursuant to existing County rules and regulations, the Human Resources Department will continue to provide a list of eligible candidates who meet minimum qualifications for County departments during the recruitment process.

3. *Butte County has spent nearly $1,000,000 to implement a time keeping system to insure accurate timekeeping and to control payroll costs. Procedures should be implemented and steps should be taken to not allow an employee to record time worked on any day other than on the day worked, without approval from the department head and the CAO's office.*

   This recommendation will not be implemented because it is not reasonable. Many County employees are not at their regular worksite at the end of the day to enter time worked that day. Fieldwork, training events, and participation in out of the office meetings are examples of such instances. However, it is the Board's policy that all employees enter time worked as soon as practical.

4. *Elected officials should set an example for their employees and make himself available to his employees during working hours. Elected department heads should record their hours worked for public record.*

   This recommendation will not be implemented because it is not reasonable. It is the policy of the County of Butte, as set by the Board of Supervisors, that all employees enter their number of hours worked into the electronic timekeeping system as soon as possible. However, the Board lacks the statutory authority to direct the operations of the Auditor-Controller, an elected official.

5. *The County should take immediate action to insure that all managers of departments in the County attend and participate in a series of mandatory training sessions as defined by the HR Department. Managers should be required to complete all training within one year and department heads should be held accountable to insure successful completion.*

   This recommendation has not been implemented, but will be partially implemented in the future. The Board of Supervisors will direct the Human Resources Director to prepare a plan for a mandatory supervision and management program affecting all departments for Board consideration by January 2007. All elected and appointed department heads should ensure that their managers attend mandatory training sessions and take appropriate disciplinary actions in cases of non-compliance.

6. *Each employee of the Auditor-Controller's office should be provided with a copy of the Butte County Personnel Rules in order to fully understand their rights as employees of Butte County.*

This recommendation has been implemented. The Human Resources Director reports that on August 3, 2006, a copy of the Butte County Personnel Rules was provided to each employee of the Auditor-Controller's Office.

7. *The Butte County Board of Supervisors and CAO should empower the Human Resources Director to assert the same authority throughout all County departments.*

   This recommendation has not been implemented, but will be partially implemented. The Board of Supervisors will direct the Chief Administrative Officer to prepare a plan and resource request to create a policy compliance program affecting all departments for Board consideration by January 2007.

AUDITOR-CONTROLLER ADDENDUM: BUTTE COUNTY HUMAN RESOURCES

Grand Jury Findings

1. *The HR Director notifies each department when a performance review is due, however no follow up is made to ensure that the review ever gets done. One without the other is not effective.*

   The respondent partially disagrees with this finding. The Board of Supervisors agrees that performance evaluations should be completed in a timely fashion. The Human Resources Director reports that notices are given to departments on a regular basis until the evaluations are completed.

2. *Performance reviews are a measurement of an employee's job performance and a vehicle to groom the employee for advancement or disciplinary action should the job performance decline. Additionally, it suggests ways the employee can stretch and grow to enhance their knowledge and skills. Without performance reviews there is no justification for promotions or disciplinary actions.*

   The respondent agrees with this finding.

3. *The County currently could filter inappropriate email between County employees with current software or additional software. This could slow the forwarding of inappropriate or offensive emails.*

   The respondent agrees with this finding. However, it should be noted that the County already utilizes both hardware and software to filter network and Internet traffic.

4. *Butte County has insufficient policy to control inappropriate or offensive email between county employees.*

   The respondent partially disagrees with this finding. The current Butte County computer use policies and memoranda of understanding with employee groups both delineate appropriate and inappropriate use of computers. The e-mails described by the Grand Jury clearly fall in the inappropriate category. However, the Board has directed

that the County's computer use policy be strengthened, as well as new security policies put in place. The Board will consider an updated e-mail use, retention and inspection policy by January 2007.

5. *With the exception of AB1825 training, no other mandatory training exists for County managers.*

   The respondent agrees with this finding. It should be noted, however, that the Human Resourced Department provides training to all new employees on County policies. The training is provided as a part of new employee orientations and attendance is mandatory.

6. *As a rule, employee reviews are not done in a timely fashion. Many Butte County employees who have reached the top of their salary range do not receive annual performance evaluations.*

   The respondent partially disagrees with this finding. The Board of Supervisors agrees that performance evaluations should be completed on a timely basis. The Human Resources Director reports that while there is room for improvements, County departments are generally in compliance with timely submittal of performance evaluations.

Grand Jury Recommendations

1. *The County should make the following classes mandatory for all current management employees and require all probationary managers to attend the following training prior to the completion of their probationary period. Management employees should be required to repeat workshops identified by the HR Department no less than every two years to stay current with Federal and State laws and County policy:*
   - *EEO & Hostile Workplace*
   - *Discipline Process*
   - *Grievance & MOU Administration*
   - *Non Discrimination Partnering for Performance (performance evaluation process and policies)*
   - *Managing Absenteeism (how to manage overlapping leaves of absence, various protected leaves, and how all this coordinates with Butte County policy)*
   - *Positive Discipline (coaching, counseling and communicating expectations)*
   - *Progressive Discipline (imposing formal discipline when coaching counseling and communicating expectations has not been successful)*
   - *Non-Discrimination (includes sensitivity training concerning protected characteristics, sexual harassment, and retaliation)*

   This recommendation has not been implemented, but will be partially implemented in the future. The Board of Supervisors will direct the Human Resources Director to prepare a plan for a mandatory supervision and management program affecting all departments for Board consideration by January 2007.

2. *All employees of the Auditor-Controllers' office should be encouraged and allowed to attend all pertinent and appropriate trainings offered by the Butte County Department of HR.*

   This recommendation has been partially implemented. The Board of Supervisors agrees that all employees should be encouraged to attend pertinent and appropriate training sessions offered by the Human Resources Department. The Human Resources Director reports that she consistently encourages all employees to attend appropriate training sessions by communicating with department heads, assistant department heads, and program managers. The Board of Supervisors will direct the Human Resources Director to prepare a plan for a mandatory supervision and management program affecting all departments for Board consideration by January 2007.

3. *HR Department should track attendance of all trainings given and notify departments when the annual participation of supervisors and managers is required.*

   This recommendation has been partially implemented. The Human Resources Department currently tracks attendance for all mandated trainings it provides to County departments. The Board of Supervisors will direct the Human Resources Director to prepare a plan for a mandatory supervision and management program affecting all departments for Board consideration by January 2007.

4. *Information Services should install email filtering software on the County email system that automatically filters County employees' email and insure that all employees are aware of a sufficient, adopted email policy.*

   This recommendation has not been implemented, but will be partially implemented. The County currently utilizes a spam screening system for outside emails. Moreover, an Internet tracking system enables the County to identify employees who views inappropriate sites. However, the internal filtering would significantly impact the management (resources and handling) of the e-mail system and slow the delivery of all e-mail. The Board of Supervisors will direct County staff to prepare an updated e-mail use, retention and inspection policy for Board consideration by January 2007.

5. *The HR department should be the de-facto enforcer of County policy and must be empowered by the Board of Supervisors to serve in this capacity. There cannot be special rules for departments of elected officials.*

   This recommendation has not been implemented, but will be partially implemented. The Board of Supervisors will direct the Chief Administrative Officer to prepare a plan and resource request to create a policy compliance program affecting all departments for Board consideration by January 2007.

6. *The HR department should implement procedures for timely notification to managers of upcoming performance reviews of their employees. Department managers must be held accountable for completion of annual performance reviews, and HR needs to provide follow up with the department before reviews are due.*

This recommendation has been partially implemented. The Human Resources Department already has a procedure for notifying the departments when performance evaluations are not completed in a timely fashion. The Board of Supervisors will direct the Chief Administrative Officer to prepare a plan and resource request to create a policy compliance program affecting all departments for Board consideration by January 2007.

THE BUTTE COUNTY AUDITOR-CONTROLLER PART II: AUDITING THE AUDITOR AND HIS AUDITORS

Grand Jury Findings

1. *By Generally Accepted Accounting Practice standards, there are currently insufficient separation of duties or internal controls within the Butte County Auditor-Controller's office.*

   The respondent neither agrees nor disagrees with this finding. The Board of Supervisors notes that the Auditor is an independently elected official and, as such, is responsible for the operation of his department, including compliance with Generally Accepted Accounting Practices. If this finding is accurate, though, the Board of Supervisors would have serious concerns.

2. *In spite of the recent changes in location and management of the Pentamation financial system, there are still many challenges and shortcomings with proper management and security of the financial data.*

   The respondent partially disagrees with this finding. While there were some challenges in changing the location and management of the Pentamation financial system, there have been significant improvements. Since the County financial system was relocated to the Information Systems Department server room, the security of both the system hardware and data has greatly improved. System access logs are now kept, regular back-ups are made, and a dedicated firewall appliance system will be installed during fiscal year 2006-2007.

3. *Many Butte County departments do not trust the budget detail contained in the Pentamation Financial Database. At an added expense to Butte County, some departments keep their own set of books to discover errors and unwarranted changes by the Butte County Auditor-Controller's office.*

   The respondent agrees with this finding. The Board of Supervisors notes that this is a significant waste of resources and has directed the Chief Administrative Officer and Information Systems Department Director to take the steps necessary to provide timely, accurate, reliable information to all departments that will enable them to make full use of the technological resources available.

4. *Adjustments to payments and cash receipts have been made by one or more employees of the Auditor-Controller's office after the fiscal year end has been closed and the*

Financial Statements have been prepared by an independent audit firm. These Financial Statements are required by California law.

The respondent neither agrees nor disagrees with this finding. The Board of Supervisors could not independently verify this finding.

5. *Butte County Administration and Information Systems are currently leading an effort to improve the Pentamation database security and performance, and improve the accuracy of the budget and expenditure details.*

   The respondent agrees with this finding.

6. *Butte County is in the process of moving many of the functions of the Auditor-Controller's office to other County departments, partially to establish better internal controls/separation of duties, and partially to compensate for poor management and training by the current Auditor-Controller and his top managers.*

   The respondent partially disagrees with this finding. The primary reason for the movement of responsibilities is for better internal control, but it is also to shift information technology duties to the experts in the Information Systems Department so that business processes can be further automated and streamlined, as provided for in the I/T Effectiveness Plan and Network Security Policy accepted by the Board in February 2005. This effort is a key piece of the expansion of the current Pentamation Open Series accounting system to become an enterprise-wide financial and human resources information system managed by Information Systems. The enterprise-wide system would fully integrate existing timekeeping (Kronos), purchasing, human resource, payroll and accounting systems, and automate cash receipting processes throughout the organization. Over the last three years the County has invested in physical infrastructure to provide for a fully integrated network. This next step enables the County to begin to take advantage of that technology and infrastructure to achieve much greater economies of scale in the conduct of routine administrative processes. This effort is consistent with the Information Services Department's three-year strategic plan and the policies of the Board of Supervisors.

7. *Adequate and uniform policies, procedures, and training are not currently developed or available within the Auditor-Controller's office. Consequently, Butte County employees are not prepared to train other County departments to manage their own financial data. The County cannot move forward with a separation of duties, where County departments are responsible for managing their own budget expenditure detail in Pentamation, without policy and training.*

   The respondent agrees with this finding.

8. *The Butte County financial statements, produced by Gilbert and Associates, cannot be relied upon as an accurate reflection of Butte County's financial status. This was due to: unreliable data, lack of adequate management and training in the Auditor-Controller's office, and a rush to provide feedback and data (to assist in the production of a final Audit report by the current Assistant Auditor-Controller and his subordinates).*

The respondent neither agrees nor disagrees with this finding. The Board of Supervisors could not independently verify this finding. However, the County will work closely with the newly contracted independent auditing firm to examine County's financial statements.

9. *Butte County's Assistant Auditor-Controller rejected a draft management letter from Gilbert and Associates addressed to the Butte County Board of Supervisors. This action prevented the Board of Supervisors, the CAO, and the public from seeing findings and recommendations that the management letter contained.*

   The respondent neither agrees nor disagrees with this finding. However, based on the information provided by the Grand Jury, this finding appears to be accurate.

10. *The 2005 Financial Statements for Butte County, produced by Gilbert and Associates, shows far less long term financing obligations than the long term financings data maintained by the Treasurer's and the Auditor-Controller's offices.*

    The respondent agrees with this finding. The Board of Supervisors notes that Gilbert and Associates are required to examine and report all known legal debt obligations of Butte County, which they did in their independent audit. Legal debt obligations, though, are different than the "long term financings" that were reviewed by the Grand Jury. This distinction has led to confusion on the part of the Grand Jury when reviewing this issue.

11. *The 2005 Financial Statements, produced by Gilbert and Associates, were not completed in a timely fashion due primarily to unprofessional behavior by the management and staff of the Butte-County Auditor-Controller's office.*

    The respondent neither agrees nor disagrees with this finding. The Board of Supervisors could not confirm the reason for the untimely completion. However, the Board has directed the Chief Administrative Officer to take a more active role in managing the contract with the newly contracted independent auditing firm.

12. *Gilbert and Associates, while accepting the normal maximum payment amount required in a government contract, spent an abnormally large amount of extra hours required to finish the 2004 and 2005 audit report and financial statements. These extra hours were required because of poor training, attendance, and unprofessional behavior by David Houser's employees.*

    The respondent neither agrees nor disagrees with this finding. The Board of Supervisors could not confirm the actual hours worked or the reason for any extra hours worked. However, the Board has directed the Chief Administrative Officer to take a more active role in managing the contract with the newly contracted independent auditing firm.

13. *Many of the recommendations and findings of the management letters produced by Gilbert and Associates from 2003 and 2004 have not been fully implemented. The Audit Committee, suggested in the 2003 management letter to the Board of Supervisors, has*

not produced any minutes or policies for review by the Board of Supervisors or the public. In 2005 and 2006, vacation and furlough were still being approved without prior approval or a formal leave request. A formal fraud policy has not been adopted by the Board of Supervisors as suggested in the management letter.

The respondent partially disagrees with this finding. The Board of Supervisors agrees that some of the recommendations have not yet been fully implemented. "Many" is a mischaracterization of proportion.

14. *As of November 11, 2005, Butte County had over $118,000,000.00 in non-voter approved long term financings, of which the principal balance owed was over $110,000,000.00. The Treasurer's Office and the Auditor's Office show $4,317,000.00 of this debt is not collateralized. Should a future Board not appropriate funds for this debt, they would still likely owe a debt in conflict with California Constitution Article 18.*

    The respondent disagrees with this finding. The total financings described by the Grand Jury include short-term cash flow loans secured by annual property tax revenues. Annual property tax revenues also secure the solar project gap loan. The California Energy Commission (CEC) loans are not collaterized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

15. *Butte County Code does not require a review of contracts by the Auditor-Controller, only that all contracts are forwarded to his office.*

    The respondent partially disagrees with this finding. A review by the Auditor-Controller is required when a contract requires the exchange of funds. As described in the Grand Jury Report, this step often slows the contract administration process significantly. However, Board of Supervisors will direct the Chief Administrative Officer to explore how the County Financial System may be used to simplify the process with automatic electronic real-time budget appropriation verification so that a contract does not need to be delivered to the Auditor's Office for appropriation review prior to it being executed.

16. *Contracts, such as the solar contract, have been executed without a properly encumbered source of funds or collateralized long term debt.*

    The respondent disagrees with this finding. The Treasurer's inter-fund (GAP) loan for the solar contract is secured by a promissory note and a loan agreement. These documents were drafted by the bond counsel firm of Stradling Yocca, reviewed by County Counsel and executed both by the Board of Supervisors and the County Treasurer. The loan agreement, under Section 5 Security, states:

    "In the event the County fails to make payment under Section 2, the moneys otherwise owed to the County General Fund from the collection of secured property taxes shall be paid to the Note Repayment and Interest Fund in an amount sufficient to cure the default."

The current principal balance of the loan is $ 839,480.00 and the estimated fiscal year 2006-2007 General Fund secured property tax receipts are $19,000,000.00.

The California Energy Commission (CEC) loans are not collaterized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

17. *County departments that are connected to the solar panels have had significant increases in utility costs when factoring in ISF transfers to pay for the Treasury "GAP loan."*

The respondent partially disagrees with this finding. Application of the costs of utilities to the departments using the energy is appropriate accounting procedure. Increased utility costs for these departments have been primarily due to increased power usage, particularly by the District Attorney. The County departments that are connected to the solar panels have also had corresponding and equal increases in budget appropriations to fully offset the cost increase so that there is zero fiscal impact to the operations of those departments. Once the loan is paid off in 2009 the departments will see a large decrease in utility costs that should be well below historical levels. The long-term savings of the project will far exceed the total cost.

18. *County departments are frequently not provided final budget detail for review before a final, adopted budget is approved by the Board of Supervisors. A-87 and ISF charges are frequently much higher in the final budget than in the Proposed Budgets.*

The respondent partially disagrees with this finding. The respondent disagrees entirely with the first part of this finding, and mostly agrees with the second part of this finding.

County departments and the public are always provided all details of the proposed budget for review and comment well before the budget is considered and adopted by the Board of Supervisors. The County budget process is open with ongoing opportunities for department input. The Chief Administrative Officer and his staff are constantly apprising departments of new budget information, legislative dynamics and fiscal forecasts so that the entire organization is kept on the forefront of the budget development process. Much of this communication is primarily by means of department heads with the expectation that they will disseminate to the appropriate employees under their control.

Support service costs (A-87 & ISF) are estimated in the early stages of the budget process so that departments may prepare their budget requests, however, the costs are updated based on more current information prior to consideration of the proposed budget. For some services the cost estimates decrease, but more often it increases due to normal inflationary factors.

19. *Butte County's methods for tracking and justifying indirect charges are inconsistent, poorly documented. The methods and tools for tracking charges by A-87 departments*

vary greatly from department to department. This inconsistency could jeopardize grant funding eligibility due to A-87 requirements for justification and consistency of indirect charges.

The respondent disagrees with this finding. The methods and records of A-87 charges are independently audited each year by the State Controller's Office and certified by the State of California to be consistent with the federal Office of Management and Budget (OMB) Circular A-87. The methods for allocating costs must vary among the support service departments in order to comply with OMB Circular A-87 because the services are so varied.

However, regular review of the methodology should occur with opportunity for input from all County departments, and an annual training regarding cost allocation principles and methodologies should be provided to all interested departments. Complete transparency and open dialogue of the cost allocation process would alleviate the concerns among County departments.

The Board will direct any departments that allocate costs (Administration, Auditor, County Counsel, Human Resources, Information Services, and the Treasurer) to make available all source documents used to allocate costs including time, accounting and facility records, to any department requesting such records.

20. *Butte County's methods for tracking employees' time worked and eligible leave is inconsistent. Butte County policy regarding time card tracking has not been fully updated to reflect the demands of the Kronos Workforce Timekeeping system. Additional controls are needed to ensure consistent implementation of County policy and to verify the integrity of the payroll data, at time of payment through the Pentamation system. Current practices create the opportunity for fraud.*

The respondent agrees with this finding.

21. *Account codes used for tracking budget detail in the Pentamation database are unique to Butte County, are poorly documented, and are currently frequently changed without notice. This has created, and will continue to create, many obstacles to Butte County's employees managing their own department budget detail and expenditures.*

The respondent agrees with this finding.

22. *Current Butte County policy does not require or guarantee any consistent allocations of Proposition 172 funding to be distributed to any single Butte County defined public safety agency. Both County contributions and Proposition 172 contributions to the defined public safety agencies has varied significantly from year to year, making it difficult to build, prioritize and maintain quality public safety programs that are not funded by grants.*

The respondent partially disagrees with this finding. The respondent agrees that appropriation for various County departments may vary from year to year based on Federal and State mandates, service demands, and funding limitations. However, the

respondent disagrees that any portion of Proposition 172 revenues should be restricted to specific public safety departments.

One of the Board of Supervisors' primary legislative roles is to adopt Butte County's annual budget. The process for preparing, adopting, implementing, and auditing a county budget is long and complex. In this process, the Board of Supervisors balances the desires of local taxpayers with State and Federal mandates, policies, and program requirements. Local governments across the State continue an ongoing collective effort to maximize local discretionary spending authority.

California Government Code Section 30200 requires the State Controller to prescribe uniform accounting procedures for counties. The State Controller's Accounting Standards and Procedures for Counties manual details the uniform charts of accounts, fund structure, functions, and activities. The purpose of this manual is twofold: (1) to ensure conformance to generally accepted accounting principals; and (2) To facilitate comparison and analysis of county financial reports on a statewide basis by minimizing differences between counties' philosophies, methods, and terminologies.

Section 1.08.a.(1) of the State Controller's manual states that the County's General Fund is to be used to account for all financial resources except those required to be accounted for in another fund. Section 1.09 states "Only the minimum number of funds consistent with legal operating requirements should be established. Using too many funds causes inflexibility and undue complexity in financial management. It should be avoided in the interest of efficient and economical financial administration."

Proposition 172 revenues are a dedicated state-allocated tax to be used exclusively for eligible public safety services. This revenue is received by the County's General Fund as directed by the State Controller. Government Code Section 30052 defines "public safety services" as including, but not limited to sheriffs, police, fire protection, county district attorneys, county corrections, and lifeguards. Government Code Section 30056 prohibits a city or county from spending less of its own "financial resource' on "all combined public safety services" in any given year when compared to what it spent during the 1992-93 fiscal year. In other words, a city or county may not reduce its own sources of funding for public safety services as a consequence of receiving Proposition 172 sales tax revenues. This is called a Maintenance of Effort (MOE) requirement.

Pursuant to statute, Butte County's public safety sales tax MOE calculation for fiscal year 1992-93 considered specific budget units for the District Attorney, Sheriff, Probation Department, and Fire Department. The fiscal year 2006-07 Proposed Budget appropriates $32 million to these eligible public safety services ***in excess*** of the amount required by the MOE. This demonstrates that public safety services continue to be a high priority of the Board of Supervisors.

Attorney General Opinion Number 02-913 states that a county board of supervisors has the discretion to change the annual allocation of Proposition 172 funds among eligible public safety service agencies. The Board of Supervisors' legislative authority would be compromised if the County were to self-impose an un-mandated restriction on any source of local discretionary funds.

23. *The current practice of transferring Proposition 172 funds from the public safety account to the General Fund masks the final allocations and expenditures. This practice has created mistrust among departments that receive these funds. County departments have previously requested an accounting of Proposition 172 MOE allocations and have been denied that request.*

    The respondent disagrees with this finding. Butte County's treatment of Proposition 172 funds is in compliance with Government Code Section 30056 and direction provided by the State Controller. Further, Proposition 172 revenues are clearly identified in the County budget. Section 30056 mandates that total spending for all combined public safety services be maintained from year to year. Nothing in Section 30056 requires that a specific public safety service agency receive a certain amount during each fiscal year. Again, this discretion and authority resides with the Board of Supervisors.

    All available information regarding the accounting of Proposition 172 MOE allocation has been provided to County departments.

24. *Policies, procedures, desk manuals, and training have not been adequately kept up to date in all organizational units within the Butte County Auditor-Controller's office. Existing desk manuals inappropriately contain security pass codes for access to financial information. Documentation prepared for a specific employee in the Cost Section could be construed as harassing or discriminatory.*

    The respondent neither agrees nor disagrees with this finding. It is the policy of Butte County, as set by the Board of Supervisors, that all elected and appointed department heads should ensure that policies, procedures, desk manuals, and training should be adequately kept up to date with sufficient security where needed and that all documents should be void any appearance of harassment or discrimination. However, the Board lacks the statutory authority to direct the operations of the Auditor-Controller, an elected official.

25. *Posting of expenditures and receipts in the Pentamation system has been slow, inaccurate, and inconsistent. Journals of financial transactions have not been consistently available to affected departments in a timely fashion. This has caused difficulty for departments in managing their budgets.*

    The respondent agrees with this finding.

26. *Between July 1, 2003 and May 3, 2006, David Houser consumed more than half of the Auditor-Controller's combined budget units 533 (Memberships) and 543201 (Transportation & Travel/ Outside Purchase) for his memberships, car and cell phone allowance, and trips to conferences. These costs have not been a direct benefit to Butte County or County employees.*

    The respondent neither agrees nor disagrees with this finding. However, Administration reports that the finding appears to be accurate. It should be noted that both elected and appointed department heads are encouraged to attend training and

conferences to learn new state and federal mandates as well as innovative ideas to save money and to improve existing processes. There is a benefit to both the County and County employees if such new information is shared and implemented.

27. *The majority of the employees of the Auditor-Controller's office have had no professionally standardized training related to government accounting during their employment by Butte County. Consequently, implementation of Generally Accepted Accounting Principles and GASB guidelines have been erratic. Fiscal policies are made by the Auditor's employees in the moment as the need arises without prior communication to affected County departments.*

    The respondent agrees with this finding.

28. *The working conditions found in the Auditor's office appear to be safety, health, and fire hazards.*

    The respondent neither agrees nor disagrees with this finding. However, Administration reports that the County Safety Officer, a representative from California Division of Occupational Safety, an ergonomics specialist, and the Fire Marshall have inspected the Auditor-Controller's Office for safety, health, and fire hazards. Based on these inspections, appropriate remedies will be taken.

29. *Many of the responsibilities of the Auditor-Controller are being transferred to other Butte County departments, narrowing the scope of his responsibilities. California Penal Code 927 states, "a grand jury may, and when requested by the Board of Supervisors shall, investigate and report upon the needs for increase or decrease in salaries of the County-elected officials. A copy of such report shall be transmitted to the Board of Supervisors."*

    The respondent disagrees with this finding. Only some of the responsibilities of the Auditor-Controller have been or are currently being transferred. "Many" is a mischaracterization of proportion.

Grand Jury Recommendations

1. *Pursuant to California Penal Code 927, this Grand Jury recommends a decrease in salary for the position of the Butte County Auditor-Controller of 25% of current salary and salary range, at the next legal interval to do so, due to significant portions of departmental responsibility being moved to other County departments. The Butte County Board of Supervisors should, pursuant to California Penal Code 927, request the Grand Jury to reassess this salary decrease in three years by providing data to the Grand Jury related to Butte County audit results, management letters, salaries and compensation of Auditor-Controllers in comparable sized counties, and functional responsibilities of the Auditor-Controller in the comparable sized counties.*

    This recommendation will not be implemented because it is not reasonable. The Board of Supervisors may not lower the salary of an elected official during his or her term of office absent an emergency. Based on initial analysis, the next "legal interval"

for a salary decrease is at the start of the term beginning on January 3, 2011. A decrease at the start of that term would negatively impact the size of the candidate pool running for the office. It is a common economic factor in any recruitment for any position, whether elected or appointed, that as the salary for a position is lowered the number of qualified people pursuing the post is decreased, and as the salary is increased so goes the number of qualified candidates.

2. *Upon direction by the Butte County Board of Supervisors, the CAO should contact the audit firm, Gilbert and Associates, and report to the Board what unpaid labor and travel costs may be due so that Butte County employees' unprofessionalism does not undermine the County's ability to attract competitive bids.*

   This recommendation will not be implemented because it is not warranted. The County and the audit firm of Gilbert and Associates fulfilled all the obligations of a signed contract. The County cannot legally pay more than the agreed amount.

3. *The adopted Butte County computer use and ethics policy should be reviewed and updated as needed to ensure that it specifically addresses the Pentamation Financial Database. Documenting pass-codes in non-secure locations should be grounds for disciplinary action. Any employee that uses security credentials not assigned to themselves to access or alter financial data should be placed on administrative leave until an investigation is completed and appropriate course of action is decided by recommendation of Butte County's Department of Human Resources.*

   This recommendation has not been implemented, but will be partially implemented. By January 2007, an updated email, use, retention, and inspection policy, will be presented to the Board of Supervisors for consideration. Any violation of this policy or any other adopted policy is enforceable by department heads, including the imposition of disciplinary action. Department heads can place employees on paid administrative leave during the investigation of a policy infraction. The Human Resources Department is available to departments for consultation and will provide recommendations regarding appropriate course of action.

4. *The outstanding obligations for both the CEC loans for Butte County's solar panel project and the GAP loan owed to the Butte County Treasurer should be appropriately collateralized. There should be no ambiguity to a future Butte County Board of Supervisors as to the impacts of deciding not to appropriate funds to pay for these long term obligations.*

   The recommendation will not be implemented because it is unwarranted. The California Energy Commission (CEC) loans are not collaterized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

   The GAP loan between the County and the County Treasury is fully collaterized via a loan agreement and a promissory note which provide that, in the event of a default,

secured property tax monies otherwise owing to the County General Fund be diverted to cure the default.

5. *The available budget in the Auditor's office for training, travel, and professional memberships should be increased to a level that each employee can attend needed training.*

   This recommendation will not be implemented because it is not warranted. The Board of Supervisors agrees that employee training and professional development is an important and necessary investment for the County. However, all county department heads have the flexibility of "moving" appropriations from one account to another within a major spending category (such as salaries/benefits and services/supplies). If additional training and professional development is necessary, the Auditor-Controller is encouraged to move existing appropriations to meet this need. If additional appropriations are required, it should be considered in the context of the annual budget process.

6. *The Audit Committee should review Butte County's implementation of account codes used in the Pentamation Financial system and develop policy to standardize account codes with the State of California standards as much as possible. A policy standardizing account codes, including a method for appropriately adding or deleting account codes, as well as documenting and communicating those changes, should be forwarded to the Board of Supervisors for their review after review by the Audit Committee. The Grand Jury believes that a log of added and deleted account codes should be kept by those responsible and forwarded quarterly to the Audit Committee for their review.*

   This recommendation requires further analysis. The Board of Supervisors will direct Chief Administrative Officer to work with the Auditor-Controller to review the existing chart of accounts, and explore improvements and maintenance of the chart of accounts. At this time, it is unclear how long it would take to implement this recommendation.

7. *Changes to expenditures and receipts should not be made after closing a fiscal year's books or July 31 of each year. Errors and omissions should be documented and forwarded to the Butte County CAO and Auditor-Controller for appropriate actions.*

   The respondent is unable to comment on this recommendation since it is directed to the Auditor-Controller, an elected official. However, the Board of Supervisors agrees with the recommendation.

8. *Uniform accounting policy should be adopted county-wide and relevant documentation should be forwarded to all affected Butte County Department Heads for their distribution.*

   This recommendation has not been implemented but will be implemented to the extent current resources and Auditor-Controller support will allow. The Board of Supervisors will direct the Chief Administrative Officer to work with the Auditor-Controller and Treasurer-Tax Collector to develop a plan for developing, maintaining and enforcing a uniform accounting policy for Board consideration by January 2007.

9. *Butte County Code should be updated to require a signature for a legally required review by the Auditor's Office before a contract is executed. Failure to complete such a review in a County policy defined time window by the Auditor's office should be grounds for disciplinary action for the assigned employee.*

   This recommendation will not be implemented because it is unwarranted. As an alternative to this recommendation, the Board of Supervisors will consider an update to the Butte County Code that requires the Purchasing Agent to review all contracts before they are executed and to send an original of each executed contract to the Auditor-Controller for proper encumbrance.

10. *Payments, receipts, and journals should be posted accurately within a reasonable number of days defined in Butte County policy. Failure to do so should be grounds for progressive discipline per County policy.*

    This recommendation has not been implemented, but will be partially implemented. The Board of Supervisors will direct the Chief Administrative Officer to work with the Auditor-Controller and Treasurer-Tax Collector to develop a plan for developing, maintaining and enforcing a uniform accounting policy for Board consideration by January 2007. Any violation of such policy or any other adopted policy is enforceable by department heads, including the imposition of disciplinary action.

11. *A designated member of Butte County Administration should be the primary point of contact for most, or all, facets of the annual Butte County Audit. All relevant communications with the Auditor-Controller or his staff, including email, should include a copy to the designee of Butte County Administration.*

    This recommendation has been partially implemented. A Deputy Administrative Officer in Butte County Administration has been designated as the primary point of contact for most facets of the annual audit. The other part of this recommendation is directed toward the Auditor-Controller, an elected official.

12. *The Butte County Auditor-Controller should instruct his Internal Auditor, or other qualified employee, to comprehensively audit distributions of Proposition 172 funds and ensure that these funds are allocated and distributed in accordance with relevant California codes and regulations. All public safety agencies that receive Prop. 172 monies should be defined as such in Board adopted policy. A report should be prepared and forwarded to all members of the Audit Committee, the Board of Supervisors, the affected public safety agencies, and the Grand Jury.*

    This recommendation will not be implemented because it is not warranted. Butte County is in compliance with all relevant sections of Government Code. As stated earlier, the fiscal year 2006-07 Proposed Budget appropriates $32 million to eligible public safety services in excess of the amount required by the MOE. This demonstrates that public safety services continue to be a high priority of the Board of Supervisors. Developing new County policy to permanently allocate a percentage of Proposition 172 funds to specific public safety departments would compromise and restrict the Board of Supervisors' legislative authority. In addition, such practice would not be consistent with

the intent of Proposition 172 nor the State Controller's established accounting standards and procedures. The intention of Proposition 172 is for counties to maintain an MOE level of funding in return for receiving these revenues in the County's General Fund.

13. *Butte County Administration should spearhead an effort to coordinate with County defined public safety agencies, (defined as required by Proposition 172/ AB2788), to bring forward a recommendation to the Board of Supervisors for an MOU for calculating each public safety agencies' share of this funding source within the Maintenance of Effort calculations as described earlier in this report. The Board of Supervisors should consider including stipulations in the policy that Proposition 172 funds are never transferred to the General Fund so that full transparency and accountability is always maintained.*

    This recommendation will not be implemented because it is not warranted. Butte County is in compliance with Government Code Section 30056 in dealing with Proposition 172 funds. The County maintains full transparency and accountability in using these funds in its budget process. A policy stipulation that Proposition 172 funds are never transferred to the County's General Fund would violate the intentions of Proposition 172 and direction provided by the State Controller.

14. *The Auditor-Controller's department should be inspected on an ongoing basis by the Fire Marshall and other experts for health and safety problems.*

    This recommendation has been partially implemented. The County Safety Officer has and will continue to inspect the department's offices on an ongoing basis. The County Safety Officer has investigated the office with an inspector from California Division of Occupational Safety and Health, an ergonomics specialist, and the Fire Marshall, and will address all concerns.

15. *An ergonomics assessment should be performed for each staff member and appropriate workstations should be installed in the Auditor-Controller's office.*

    This recommendation has been partially implemented. The ergonomic assessment has been completed and the workstations are being procured. By January 2007, all the workstations should be installed.

16. *The Butte County Board of Supervisors should consider allocating additional funding for aggressive audit sampling and review of the following items for a minimum of the next three years (these items need not be completed by the November 30th due date or under the same cover as the normal, annual audit):*
    A. *payroll and timekeeping data including, but not limited to, policies and procedures related to billing for indirect costs, proper crediting of accruals and payments of vacation/sick leave/furlough,*
    B. *refunds given for Development Services land use or building permits and related impact fees,*
    C. *refunds and disbursements given for what are referred to, but not necessarily legally defined as, trust accounts held by Butte County,*

D. legally defensible collateralization of all financial obligations owed by Butte County that extend beyond a single fiscal year, and a legally defined debt limit that includes authorizing California Codes or Regulations.

This recommendation has not been implemented but will be implemented in the future. An independent accounting firm will be contracted to review the above-noted items by January 2007.

ISSUES IMPACTING GRAND JURY EFFICIENCY

Grand Jury Findings

1. *Current Grand Jury facilities limit and affect the Grand Jury's performance of authorized Penal Code duties.*

   The respondent partially disagrees with this finding. While facility limitations could affect the Grand Jury's performance, the current and past Grand Juries have been able to perform their duties as authorized by the statute. The County has worked with previous Grand Juries to find facilities to better meet their needs. However, past Grand Juries have chosen to continue the current arrangements.

2. *Greater facilitation, coordination, and policy regarding the physical requirements of the Grand Jury are needed between Butte County and the Superior Court.*

   The respondent partially disagrees with this finding. The County has worked with past Grand Juries to deal with physical requirements of the Grand Jury. The County will continue to work directly with current and future Grand Jury to better address facility and other unmet needs within the financial constraints of the County.

3. *Without violating the confidentiality of the Grand Jury, volunteers can provide support to the Grand Jury by offering skill trainings, by donating equipment, supplies, and by performing public outreach.*

   The respondent agrees with this finding.

4. *Current Per Diem does not cover all out of pocket expenses. Waste and inefficiency can be minimized by providing centrally located and secure facilities for office space and record storage.*

   The respondent agrees with this finding.

Grand Jury Recommendations

1. *Allow the Grand Jury to utilize appropriate office space in the old Juvenile Hall complex or the old Carnegie Library, or a similar space, provided it can be appropriately secured and climate controlled for the preservation of records until space becomes available at 25 County Center Drive in approximately 2015.*

This recommendation requires further analysis. Within the next six months, designated staff from County Administration will discuss records storage needs with the Grand Jury. Existing County facilities will be examined with the Grand Jury. It should be noted that the Carnegie Library is the property of the City of Oroville and the County has no control over its use.

2. *Butte County should coordinate with the Superior Court and two (2) current and/or former Grand Jury volunteers to resolve issues of policy and functional responsibility assignments for supplies and facilities until such time as Grand Jury law appropriately reflects the separation of the Superior Courts from the county. This coordination should include regular meetings to ensure good communications.*

   This recommendation will not be implemented because it is not warranted. While the Grand Jury reports to the Presiding Judge, the County is responsible for funding its operations. Any and all supplies and facilities needs should be addressed with the General Services Director.

3. *In the short term, Grand Jury office facilities need to be large enough, for the entire Grand Jury to meet. Butte County should designate a point of contact within its administration, for volunteers to coordinate a location with sufficient materials and work area containing a telephone line, fax machine, Internet access, computer equipment, and furniture for record storage. Most of this equipment could be donated or purchased inexpensively from surplus.*

   This recommendation has been implemented. The County's General Service Director is the designated contact for the Grand Jury for addressing facility, communication, and supply needs. As addressed in Recommendation #1, the County will discuss facility needs with the Grand Jury within the next six months. Included in this discussion will be other needs such as communication, records storage, and other supplies.

4. *Butte County should coordinate with the Grand Jury to provide access to basic office supplies. It is very likely that the purchasing power of the County could provide supplies at a much lower price than Jurors pay at a retail store. A rationed allotment of supplies for each Grand Jury term could greatly offset out of pocket expenses.*

   This recommendation has not been implemented but will be implemented in the future. Within one month of being contacted by the Grand Jury, the General Service Director will coordinate the implementation of this recommendation. He will ensure that basic office supplies can be purchased in a timely manner at reasonable costs through County suppliers thus reducing or eliminating out-of-pocket expenses for the Grand Jury members.

5. *Butte County should pay Per Diem at an average rate of the same counties used in its compensation study for its employees in the 2005/06 fiscal year.*

   This recommendation has not been implemented but will be implemented in the future. Within the next six months, County staff will be directed to draft an ordinance,

for Board consideration, increasing Grand Jury mileage reimbursement and per diem rates equivalent to that of County employees. The current mileage reimbursement of twenty-four cents per mile ($.24/mile) and per diem of twenty dollars ($20) was adopted in January 1981. The rate for the new ordinance should be tied to the existing County travel policy, so if the rates increase for County employees, the Grand Jury would see an equivalent increase.

This concludes the overall County agency response to the Grand Jury findings and recommendations for fiscal year 2005-06. Attached to this response are the individual responses prepared by department heads where Grand Jury findings and recommendations related to their areas of responsibility.

The Board of Supervisors, Chief Administrative Officer, and County department heads appreciate the time commitment and diligent efforts of each Grand Jury member in conducting the research and analyses, attending meetings and interviews, and working to identify areas for improvement within government operations throughout our fine County.

Sincerely,

Curt Josiassen, Chair
Butte County Board of Supervisors

FEATHER RIVER RECREATION & PARK DISTRICT

OROVILLE, CALIFORNIA 95965

MUNICIPAL AUDITORIUM, 1200 MYERS STREET
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FILED Butte County Superior Court 14 2006 Sharol Strickland Clerk By Deputy FILED

August 9, 2006

Honorable Steven J. Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, CA 95965

Re: Response to the 2005-2006 Grand Jury Final Report from the Board of Feather River Recreation and Park District

Honorable Judge Howell;

The Board of the Feather River Recreation and Park District (District) submits the following response to the Grand Jury Final Report, dated 2005-2006 based on *Penal Code Sections 933 and 933.05.*

Introduction

The District would like to thank all members of the Grand Jury for their dedicated service to this community. It is a benefit to the community to have such dedicated individuals make findings and recommendations as to the public agencies that serve them in order to better that agency and its role.

That being said, the District and its acting Board would like to make it clear that it has every intention of following those legal requirements imposed upon it. The District works hard to provide beautiful parks, recreational activities for all ages, and facilities, which may be used by everyone, in order to improve the quality of life in this area. It is only through progressive change and hard work that the District has and will be able to better serve the community. It is the District's position that the only way to better its position is to look to the future and take advantage of the vast possibilities it has, to do more to serve Oroville and the surrounding Oroville area.

The 2005-2006 Grand Jury investigation has caused the current Board to closely scrutinize past policies, procedures, and practices of the District. The Board has discovered numerous areas it would like to focus on in order to better the District. The investigation has also caused the Board to closely investigate all aspects of the Skate and Bike Park. In doing so the District has compiled an extensive timeline of events

surrounding the Skate and Bike Park. This timeline is available for the public upon request at the District office.

With the above information in mind, the Board hereby submits the following in response to the 2005-2006 Grand Jury Report:

Findings:

1. **The Board of Directors of the Feather River Recreation and Parks District (FRRPD) appears to have violated its fiduciary responsibility by mishandling project funds.**

The respondent agrees with the findings. The District is currently made up of a relatively new Board of Directors. Through this process, the current Board has learned of the inadequacy of the District's Policy and Procedure Manual. It has also learned that the District office is in need of a new filing and record keeping system. The Board believes these problems have stemmed from prior District Board action/inaction and those members' complacency as to the importance of these items.

The current Board is willing to accept these findings; however, it would like to stress that the Board and the District have made remedying this problem its primary responsibility as well as one of utmost importance.

2. **The Project Manager, Mr. Sharkey, appears to have acted independently on a number of occasions, avoiding or ignoring legal and/or policy restrictions for expenditure of monies that may have been set by the Board. A copy of a purchase order exists, signed by Mr. Sharkey, for $168,000. Mr. Sharkey told the Grand Jury, in testimony, that his maximum authorization is $1,000.00 but the Grand Jury has been unable to find any Board action authorizing any specific level of expenditure. Mr. Sharkey purchased the ramps for the Skate and Bike Park without the knowledge or approval of the Board until after they had been delivered.**

The respondent disagrees wholly with the finding. Mr. Sharkey, as project manager, acted only as he was instructed to do by the General Manager at the time, Ruthie Heuton. Further, at the time Mr. Sharkey was acting as project manager, he was instructed by Ruthie Heuton to sign purchase orders, rather than to have Ms. Heuton sign them herself.

Further, the District's current Policy and Procedure Manual does not express what the maximum level of expenditure is allowed with no Board approval. The Board is currently working to remedy this problem, as discussed in the responses to recommendations below.

In regard to the purchase of the ramps for the Skate and Bike Park, it was Ms. Heuton who told Mr. Sharkey to purchase these items. Mr. Sharkey was acting under the direction of the General Manager, who at the time was supposed to receive direction from the Board. She told Mr. Sharkey to purchase the ramps and he, accordingly, followed those directions. Attached, as **Exhibit 1** is a copy of a letter written to Altman General Engineering from Ruthie Heuton on February 15, 2006. In this letter Ms. Heuton states that the District intended to cover the expenses for the TrueRide Equipment. Through this statement, made by the General Manager of the District at the time, it can be inferred that the Board knew of the ramps and approved of their purchase at the time Ms. Heuton made such representations. This information was provided to the Grand Jury. However, this letter was not relied on, or even mentioned, by the Grand Jury in making its findings and recommendations.

In addition, the Grand Jury states in its report that a purchase order exists, with Bob Sharkey's signature, for the Skate and Bike Park ramps. The purchase order relied on by the Grand Jury was not the original purchase order, but rather a copy of that order with Bob Sharkey's stamped signature placed upon it. Attached hereto as **Exhibit 2** is a copy of the original purchase order. The original purchase order was never signed by anyone. The Board for the District formally approved the purchase of the ramps on April 6, 2006. The Grand Jury had this information available to it when rendering its report. For whatever reason, the Grand Jury chose not to rely on or discuss these discrepancies in making its findings.

3. **The FRRPD does not have an updated Personnel Policy and Procedure manual.**

The respondent agrees with the finding. The Board has currently finished the first draft of the District's new Policy and Procedures Manual. It is anticipated that the completed version of this manual will be submitted for Board approval at the Board's regularly scheduled October 2006 meeting.

4. **The FRRPD by contracting with outside firms, may have ignored the legal definition of "force account" contracting and the legal requirements of Public Contract Code Section 20815.3**

The respondent disagrees wholly with the finding. Force accounting is a method of accounting used when a public agency chooses to have employees perform the type of work that is normally contracted out. Force accounting "distinguishes the costs of a public agency employing a labor force to perform work as opposed to contracting with an outside business to perform the same service." (*Construction Industry Force Account Council v. Amador Water Agency, (1999) 71 Cal. App. 4th 810, 814).* Whether or not a public agency has the power to use a force account rather than bid the work out depends on the nature of the work and whether it is governed by statute.

If force accounting is allowed then specific procedures must be followed. These procedures are generally not applicable to "maintenance work, work occasioned by emergency, and work costing less than $15,000.00." *(Government Code Section 4000)*. If force accounting is applied, and one of the above listed exceptions do not apply then the supervisor of the construction must keep an accurate record of the public work. *(Government Code Section 4003)*. Further, prior to commencing work a full and complete set of plans with an estimate of cost must be prepared and filed in the office of the supervisor. *(Government Code Section 4004)*. Lastly, within 60 days from completion of any public work, the supervisor must prepare and file the following information:

(1) The complete and accurate plans and estimate prepared prior to commencement;

(2) The names of bidders with prices bid (if any);

(3) Changes in the adopted/approved plan and specifications or a work authorization describing the work to be performed;

(4) The total cost of the work, segregated to show cost of all labor, materials, equipment, engineering/architectural services, including services of public employees with that work, and other expenses. *(Gov. Code Section 4005)*.

(5) This information must be filed with the clerk of the Board of Supervisors for the county.

All plans, specifications, work authorizations, and all other information must be open to inspection and examination as public record.

At this present time, the Skate Bike Park has not been completed and because of this the time is not ripe for the District to submit the above-referenced information. The District has every intention of following the procedures of force accounting once completion of the Skate Bike Park has occurred. In addition, information regarding the Skate Bike Park is currently housed at the District office and can be made available should a member of the public request to review it. This information has been at the office and available to the public since the beginning of the Skate Bike Park project.

5. **A review of the official minutes for the FRRPD shows no discussion or vote to approve the Phase I contract. No amendment to the contract for Phase 1 of the Skate Bike Park is reflected in the minutes of the Board of the FRRPD. It was not discussed or approved in written or audio records of the meetings.**

The respondent disagrees in part with the finding. At the time authorizations for Phase I of the Skate Bike Park were made, the District did not have a reliable method for storage of written or audio records of meetings. In addition, the General Manager at the time, Ruthie Heuton, without Board direction or authorization,

directed that some of the audio recordings and written records of the Board meetings be destroyed. Attached, as **Exhibit 3** is a letter from the District's current Finance Manager, Susan Martin. In this letter, Ms. Martin discusses the disarray caused by past employees and their failure to organize. Ms. Martin also discusses the fact that she and other current employees of the District are committed to changing the way things have been done in the past. The current Board for the District has addressed these issues as well, discussed in the recommendations below.

Even though record-keeping in the past has been an issue for the District, the Grand Jury finding as to approval of Phase I of the Skate/Bike Park was in error. Attached as **Exhibit 4** is a complete copy of the December 8, 2004 Regular Board Meeting Minutes. The Skate/Bike Park was discussed at length at this meeting and it was the intent of the Board on this date to approve Phase I of the Skate/Bike Park. The Grand Jury was given access to this information; however, they chose not to rely on it when making their findings and recommendations.

Further, members of the Board who either regularly attended Board meetings prior to becoming a Board Member, or in the alternative served as a Board member during the relevant time period, have personal recollection that Phase I of the Skate/Bike Park was approved at the December 2004 meeting. This information was conveyed to the Grand Jury; however the Grand Jury did not rely on the statements from the Board members in rendering its report.

6. **The FRRPD spent more than $900,000.00 to complete the Skate and Bike Park, but the only revenue allocated for this was $424,500.00. The FRRPD decided to borrow money from outside sources to make up the deficit.**

The respondent disagrees in part with the finding. The actual amount spent to complete the Skate and Bike Park at this present time is approximately $850,000.00.

7. **It appears that the Board of the FRRPD has not been knowledgeable about the allocation or usage of Proposition 12 and Proposition 40 monies (Grant funds).**

The respondent agrees with the finding. The District has worked to remedy this problem as discussed in the recommendations below. Further, the District has hired a new financial manager who has been instructed to keep the current Board advised of the financial status of the District by relaying information to the General Manager who in turn reports the information to the Board.

In the past, management for the District did not apply for Proposition 12 and Proposition 40 grant monies in a timely manner. The current Board and management of the District have addressed this problem. The grants are now timely applied for. In addition, grant monies are currently applied and focused on one project only. In the past the District shifted grant monies from one project to

another, as funds were needed. This made record-keeping difficult and also kept past Boards from understanding what grant monies were actually be used for. The current Board has made it a priority to use grant monies for one allocated project only.

8. **Testimony indicates that only a relatively small number of the FRRPD residents benefit from the more than $900,000.00 Skate and Bike Park.**

The respondent disagrees in whole with the finding. In addition to those members of the community who use the Skate and Bike Park, there are a vast number of community members who benefit as well. Lessons are currently available to those who wish to learn how to ride a skateboard. The downtown businesses benefit from the Park given the fact that it removes bikers and skateboarders from the downtown area. Shoppers and other community frequenters to the downtown area are benefited because the bikers and skateboarders no longer use the sidewalks downtown for recreation on a regular basis. The City of Oroville will benefit from the tournaments scheduled at the Park in the way of revenue from out of town guests to our town. The City has also benefited given the exposure it has received due to the uniqueness of the Park. The District itself has witnessed the numerous benefits that have occurred because of the Skate and Bike Park. Please see the accompanying letter from the District's General Manager, Bob Sharkey, attached hereto as **Exhibit 5**.

The Park will also bring in revenue to the District by the sale of advertisement to businesses. Currently, the Park has for sale to businesses, signage, which will be posted, for a price, which will help bring in additional revenue to the District.

On August 15, 2006 the Skate/Bike Park will host a professional bike/skating event. Etnie Shoes is the event's sponsor. A copy of a flyer for this event is attached hereto as **Exhibit 6**. This event will bring out-of-town business to the City of Oroville and will provide a source of entertainment and fun to the Oroville community. This event will also bring exposure to the City of Oroville to those outside the community, based on the media presence scheduled to cover the event.

The City of Oroville has also recognized the importance of the Skate and Bike Park in a resolution passed on January 21, 2003, a copy of which is attached hereto as **Exhibit 7**. This resolution stated, "Bedrock Skate/Bike Park is an important recreational facility which will contribute to the elimination of blight within the Redevelopment Project Area, and will implement the goals of the Redevelopment Plan. Bedrock Skate/Bike Park serves the residents within the Redevelopment Project Area. Bedrock Skate/Bike Park requires further development to be a positive impact on existing businesses, households, and the local area youth. . ."

Lastly, this park has given to the City of Oroville a place where grandparents can take their grandchildren to play. It is a place where parents can work with their children on learning new skills of riding bicycles and skateboards. It is a place

where community members can rest and watch children who are enjoying recreational activities. There are many ways that this community benefits from the Skate and Bike Park other than the Grand Jury's very limited and narrow opinion that only those using the park benefit from it. This park benefits the community of Oroville, and Oroville should be proud of it.

9. **The turnover of employees in the FRRPD office suggests a pattern of a stressful work environment.**

The respondent disagrees in part with the finding. The District believes the stressful work environment was caused by harmful employees; employees who did not believe in working as a team to better the District and its activities. The turnover of employees was a result of the District attempting to remedy the stressful work environment problem.

10. **There is no organized filing system. Important documents are scattered between the main office and the maintenance office and stored documents are in boxes in the attic unlabeled. Personnel and financial documents are not always secured.**

The respondent agrees with the finding. The employees and staff of the District are diligently working towards creation of a functional and organized filing system. The District believes once this system is accomplished it will have a secure and usable system in which to keep, store, and access important documents of the District.

11. **Divided loyalties appeared to exist when Mr. Sharkey was on the Oroville City Council and voted on joint park projects with the FRRPD while working as Project Manager for the skate and bike park.**

The respondent disagrees in whole with the finding. Only a very short period of time elapsed in which Mr. Sharkey served on the Oroville City Council while working as Project Manager on the Skate and Bike Park. Mr. Sharkey resigned from the Oroville City Council prior to accepting the Interim General Manager position for the District. In addition, Mr. Sharkey would not participate in any voting on the Skate and Bike Park during this time in which he served on the Oroville City Council, in order to ensure no conflict was present.

12. **The FRRPD should ensure that the conditions of its joint-powers liability insurance for the Skate and Bike Park have been met. The City of Oroville, per State Code Section 115800 as required by the insurance carrier, should pass an ordinance requiring users of the Skate and Bike Park to wear helmets, knee and elbow pads.**

The respondent agrees with the finding.

13. **The current Capri Joint Powers insurance policy prohibits the FRRPD staff from supervising activities at the Skate and Bike Park.**

The respondent agrees with the finding.

Recommendations

1. **The General Manager should have a working knowledge of financial and administrative issues. The General Manager of FRRPD should be the only employee reporting to the Board. His/her authorization to sign for any purchase in excess of $1,000 would require Board approval.**

The recommendation has been implemented as to the first and second sentences. The General Manager of the District has and will continue to diligently learn about financial and administrative issues pertaining specifically to the District. The newly amended Policy and Procedures Manual for the District will reflect that the General Manager should be the only employee reporting to the Board. Further, all employees have been informed of the fact that all reports to the Board must be made by and through the General Manager.

The recommendation will not be implemented as to the third sentence because it is not reasonable. The District has been in contact with other special districts located in Paradise and in Chico. Both Districts in these areas require Board approval for purchases in excess of $5,000.00-$10,000.00. Any less than $5,000.00 would make it almost impossible for the District to function on a daily basis.

Based on the fact that other Districts have a higher dollar amount in which Board approval is required and that $1,000.00 would not allow the District to carry on daily activity, this recommendation will not be implemented. The Board instead will require Board approval for all expenditures over $10,000.00. This will be reflected in the new Policy and Procedures Manual for the District.

2. **The Board needs to further develop a comprehensive and clear Personnel Policy and Procedure Manual.**

The recommendation has been implemented. The Board has initiated a complete review and update of the District's Policy and Procedures Manual. It is anticipated that this process will be completed by September 30, 2006 and submitted for approval at the Board's regularly scheduled meeting in October 2006. Once the update is final, the District will conduct training with all employees of the District in order to properly implement the new procedures for the District.

3. **The Board needs to develop comprehensive Purchasing policy to include the required levels of signature authority.**

The recommendation has been implemented. Please refer to the Board's answer to Number 2, above. The comprehensive purchasing policy will be part of the new and updated Policy and Procedures Manual. Employees of the District will receive training as to how the purchasing policy will work.

4. **The FRRPD should have its own attorney present at any discussions of financial impact or contractual obligation.**

The recommendation has been implemented. The District's attorney is currently notified of any pending discussion of financial impact or contractual obligation and her presence is requested at such meetings.

5. **Follow the California State laws regarding "Force Accounting."**

The recommendation has been implemented. The Board and the General Manager have received information from the District's attorney as to force accounting procedures. These procedures will be followed if and when the appropriate circumstances call for such action.

6. **All contracts and expenditures in excess of $1,000 should be approved by the Board and recorded in detail in the Board's minutes.**

The recommendation will not be implemented because it is unreasonable. Please refer to the Board's answer to Number 1 above. The District will instead require that any expenditure in excess of $10,000 shall require Board approval and recorded in detail in the Board's minutes.

7. **The FRRPD should not borrow money for projects in excess of its ability to repay the loan within its fiscal year. For example, notes signed before July 1, 2006, must be repaid with moneys received in the fiscal year 2005-06. (California Government Code Section 53852, 53854). Projects with inadequate funding should not be undertaken.**

The recommendation requires further analysis. The District's attorney is currently conducting research as to applicability of the above referenced Government Code Sections to both current loan obligations of the District as well as those loan obligations the District may enter into in the future. Further, repayment within the same fiscal year is required by the Government Code in specific situations and the District's attorney is currently researching and preparing information for the Board to use in its decision to borrow. It is anticipated that the District will have more definitive answers as to the applicability of the above-referenced code sections by September 30, 2006.

8. **The General Manager should regularly update the Board on the allocation of grant monies and how they are being spent.**

The recommendation has been implemented. The General Manager currently makes regular updates to the Board at their monthly meetings as to the allocation of Grant monies and how they are being spent.

9. **In making plans for new recreation facilities, the Board should attempt to provide services that will meet the needs of children, adults, and seniors in the FRRPD.**

The recommendation has been implemented. The District has in the past and will continue to provide services to meet the needs of all members of the community regardless of their age. This is currently reflected in the wide range of programming, facilities, and activities the District provides. In addition, the District strives to make all of their facilities accessible and enjoyable to all members of the community whether they are 6 years old or 60 years old. One of the District's main priorities is to ensure that all members of the community are benefited by the services and programming offered by the District.

10. **The General Manager should ensure that a harmonious work environment exists in the FRRPD office.**

This recommendation has been implemented. In the past the District has been plagued with numerous employees who did not work to better the District. The disharmony found within the office of the District stemmed from these employees and their refusal to work with the rest of the staff to make necessary changes. The District has worked hard in recent months to rid itself of non-productive employees and/or staff members. The District believes its current staff works together harmoniously in the office and, perhaps more importantly, works together toward bettering the District and its programming.

11. **The board should contract for a Performance Audit.**

The recommendation will not be implemented because it is unreasonable. The District believes that the Grand Jury provided it with more than enough information regarding areas of improvements in regards to its performance. Further the District believes that it is not in the best interest of the District to expend the monies required to have this kind of audit performed. Accordingly, the District will not implement this recommendation.

12. **No employee of the FRRPD should be an elected official for any other public agency where divided loyalties may exist because of joint participation in mutual projects.**

This recommendation will be implemented in part. The District, through its updated Policy and Procedures Manual, will require that any employee in an administrative position cannot serve as an elected official for any other public agency if a conflict of interest is present. This means that an administrative employee of the District

may serve as an elected official so long as no divided loyalties occur. Should such a conflict arise, the administrative employee will be required either to resign from the public office or resign as an employee of the District. This requirement will not apply to general staff of the District as they are given no broad decision-making authority as to the direction of District projects.

13. **The City of Oroville needs to pass an ordinance consistent with the Joint Power Insurance requirement to comply with the California Health and Safety Code Section 115800 requiring users of the Skate and Bike Park to wear helmets, knee, and elbow pads.**

    The recommendation is outside the scope of the District's authority. The City of Oroville will need to act on this recommendation, not the District.

14. **As required by its liability insurance, the FRRPD should ensure that none of its staff give directives regarding safety procedures and requirements to users of the Skate and Bike Park.**

    The recommendation has been implemented. The District's staff have been directed not to give directions regarding safety procedures and requirements to users of the Skate and Bike Park.

Sincerely,

The Board of Feather River
Recreation and Park District

Monique Gurr

Monique Gurr, Chairman

Response approved by the Board of the Feather River Recreation and Park District on August 9, 2006 by the following vote:

Ayes:	Directors Allen, Gill, Hill, Thompson and Chairman Gurr
Noes:	None
Abstain:	None
Absent:	None

Exhibit 1

FEATHER RIVER RECREATION & PARK DISTRICT

OROVILLE, CALIFORNIA 95965

MUNICIPAL AUDITORIUM, 1200 MYERS STREET
PHONE: (530) 533-2011 • FAX: (530) 533-2724

February 15, 2006

Altman General Engineering
1557 Eugene Court
Yuba City, CA 95993

RE: Bedrock Skate/Bike Park

Dear Mr. Altman:

The Feather River Recreation and Park District (FRRPD) are excited to have you onboard as the General Contractor for the Bedrock Skate/Bike Park.

As you are aware the District has obtained a loan from Tri Countries Bank to assist us with the completion of this project. Mr. Sharkey has informed me that you ordered the TrueRide equipment for the park. It is the District's intent to cover those expenses.

Also, I am currently completing your amended contract for Phase II for the Skate/Bike Park; it should be in the mail by the end of this week. The District would like to thank you for delinquent effort in assisting us with the completion of this facility. It will be a welcome addition to this community.

If you have any questions regarding this matter, please contact me at 533-2011.

Sincerely,

Ruthie Heuton
Interim General Manager

Exhibit 2

FEATHER RIVER RECREATION AND PARK DISTRICT

BUSINESS OFFICE: 1200 MYERS STREET, OROVILLE, CA 95965
OFFICE: (530) 533-2011 FAX: (530) 533-2724

VENDOR NO. TRUERIDE1

PURCHASE ORDER NO. 14961

V. NO.

I. NO.

SUPPLIER True Ride

SHIP TO

ADDRESS

DATE 2/10/06 20

PHONE 218/525-2625
fx 218/525-2850

NOTICE TO SUPPLIER
No purchase order shall be accepted by the supplier except from a district authorized person. All claims against the district must be made on or before the 1st day of each month by invoice. Claims can then be paid following the regular district board meeting held on the 2nd Wednesday of the month.

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
	5' qtr pipe w/ corner bowl & hips		
	4' bank w/ piano bank, hip & bowl bank		
	2.5' fun box w/ half-pyramid, rail & hubba		
	6' qtr pipe w/ hip & 5' spine		
	6' half pipe, 24' wide		
	4' qtr/bank, 28' wide w/ hip		
	1.5' fun box w/ half pyramid, rail & hubba		
	4' bank w/ hip		
	not to exceed Grand Total Cost of 168,669.08	SUB TOTAL	
		SHIPPING	
		TAX	
		TOTAL	

RECEIVED BY

AUTHORIZED BY

	LOCATION	DEPARTMENT	ACCOUNT	SUB ACCOUNT	INVOICE NO.	GROSS AMOUNT	EXPLANATION
1	B	902	6360	222	14961		Bedrock Skate & Bike Park
2							
3							
4							
5							
6							
7							
8							
9							
10							

Exhibit 3

FEATHER RIVER RECREATION & PARK DISTRICT

OROVILLE, CALIFORNIA 95965

MUNICIPAL AUDITORIUM, 1200 MYERS STREET
PHONE: (530) 533-2011 • FAX: (530) 533-2724

To Whom It May Concern: July 31, 2006

Upon request of the Board of Directors of Feather River Recreation and Park District, I am hereby submitting a summary of items I have found to be in error regarding the work done by the previous Accounting Supervisor at FRRPD.

1) I discovered several errors made in calculating the total amounts for SUI taxes and Worker's Comp. insurance on the preliminary budget completed by the prior Accounting Supervisor.

   The SUI rate was incorrect, listed as 6.2%. It is in fact 6% for 2006 and, as such, was overstated by $12,802. The Worker's Comp. amounts listed were understated by $46,046.

2) Retirement contributions were overstated by $5,876.

3) Line items for expenses included some line items with Benefit Assessment District amounts in them and some not. This meant that all figures had to be verified and corrected as necessary to show accurate totals.

4) Rows and columns in documents were not formatted correctly, leaving words cut off, lines hard to read, etc.

5) Page numbers were not shown on most documents. The pages that did have numbers had page numbers at the top of the page, not the bottom as is customary.

6) While the documents were assembled in one packet, the individual pages did not contain the District's name which is not helpful if the packet is disassembled.

   In addition, the formatting of last year's budget was poorly done and hard to read.

Other issues that have surfaced since I was hired in May, 2006 include not being able to find critical documents as they were not filed in appropriate folders. They were just stacked in piles of papers all over the office.

I have found documents dating back to 1987 in the Finance Office. These documents should have been archived long ago.

Trying to find files on the Accounting Supervisor's computer was an exercise in frustration. For instance, the budget worksheets and accompanying documents were scattered in various folders, rather than being contained in one, easy-to-find "budget" folder. Some of the folders that contained pertinent information were: County Budget, Budget 2006 -2007, Salaries, Budget Salary Benefits Preliminary, Budget Changes, etc. You can see that this would be not only time-consuming to find all the pertinent documents, but inefficient as well.

I record these items, and there are other issues as well, in an attempt to inform anyone who is interested that unless you have worked in this office and seen first-hand what a mess it is, left over from the prior administration, it is impossible to understand how dysfunctional things were. The current administration is focused on correcting and streamlining the old system and is making progress in this regard.

Susan Martin; Finance Manager

Exhibit 4

FEATHER RIVER RECREATION AND PARK DISTRICT
1200 MYERS STREET, OROVILLE CA 95965 (530) 533-2011

REGULAR BOARD MEETING
MINUTES
DECEMBER 8, 2004

Vice Chairman Jennings called the meeting to order at 6:00 p.m

CERTIFICATION OF ELECTION AND OATH OF OFFICE FOR NEWLY ELECTED BOARD DIRECTORS – A representative from Butte County Elections administered the oath of office to newly elected and re-elected Board Members.

Directors Allen, Jennings, and Sousa were sworn in by Cheri Edwards, Butte County Clerk with the Elections Office. Mr. Lawrence took pictures of the swearing in ceremonies.

PRESENT

Directors Allen, Carter, Jennings, Sousa, and Thompson

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT:

Anyone wishing to speak on items on this agenda may do so at the time the item is called and the chairman opens discussion to the public. When you wish to speak you must come to the podium, wait to be recognized by the chairman, and prior to addressing the issue, give your name and address for the record. **YOU MAY BE LIMITED TO FIVE MINUTES.**

ELECTION OF CHAIR AND VICE-CHAIR OF THE BOARD OF DIRECTORS – The Board considered nomination and election of the Chair and Vice-Chair of the Feather River Recreation and Park District for the coming year.

Vice Chairman Jennings opened the nominations for Chair. Director Allen nominated Director Thompson. There were no other nominations. Director Sousa made a motion to close the nomination, Director Carter seconded the motion and the nomination passed by the following vote:

AYES: Directors Allen, Carter, Jennings, and Sousa, Thompson
NOES:
ABSTAIN:

Chairman Thompson opened the nominations for Vice Chair. Director Jennings nominated Director Sousa. Director Sousa nominated Director Allen. Chairman Thompson made a motion to close the nominations, and Director Carter seconded the motion. A paper ballot was then taken among the Board members with two votes for Director Allen and three votes for Director Sousa.

I. RECOGNITION AND AWARDS

A. **RESOLUTION NO. 871-04 ACKNOWLEDGING THE CONTRIBUTIONS OF GERALD PHILLIPS DURING HIS TENURE ON THE BOARD OF DIRECTORS.** The Board considered adoption of a resolution acknowledging Gerald Phillips for his many contributions while serving on the Board of Directors for the Feather River Recreation and Park District.

Director Jennings made a motion to approve Resolution No. 871-04. Director Carter seconded the motion and it passed by the following vote:

AYES: Directors Allen, Carter, Jennings, Sousa, and Chairman Thompson
NOES:
ABSTAIN:

Mr. Lawrence presented a plaque to Director Phillips for his many years of dedicated service on the Board. He also received his Board name plate and his picture was taken by Mr. Sharkey.

Director Phillips thanked the Board members and staff individually.

B. **RESOLUTION NO. 872-04 ACKNOWLEDGING THE CONTRIBUTIONS OF SONNY BRANDT DURING HIS TENURE ON THE BOARD OF DIRECTORS.** The Board considered adoption of a resolution acknowledging Sonny Brandt for his many contributions while serving on the Board of Directors for the Feather River Recreation and Park District.

Director Carter made a motion to approve Resolution No. 872-04. Director Jennings seconded the motion and it passed by the following vote:

AYES: Directors Allen, Carter, Jennings, Sousa, and Chairman Thompson
NOES:
ABSTAIN:

Mr. Lawrence presented a plaque to Chairman Brandt for his many years of dedicated service on the Board. He also received his Board name plate and his picture was taken by Mr. Sharkey.

Chairman Brandt thanked the Board and staff for all their work, and the citizens of Oroville who gave him the responsibility to work on their behalf for the last eight years.

II. CONSENT AGENDA

A. **RATIFICATION OF WARRANTS** A/P checks dated November 17, 2004; A/P checks dated November 24, 2004; P/R checks dated November 24, 2004; A/P checks dated November 23, 2004; P/R checks dated November 24, 2004; P/R check ACH dated November 24, 2004; and A/P checks dated December 8, 2004.

B. **APPROVAL OF MINUTES**

Special Meeting	November 10, 2004
Regular Meeting	November 10, 2004
Special Meeting	November 22, 2004

C. **PLANNING COMMISSION**

1.) **Tentative Subdivision Map – TSM-04-04** **APN: 030-020-039, 040 & 065**
Golden Calla Vista Phase 2 **030-490-071**

Tentative Subdivision Map to divide a 25-acre site into 91 lots for single-family homes. The proposed project includes a 2.24 acre lot for open space, a .5 acre lot for storm water detention and a 4.4 acre lot for an additional single-family building. The site borders on 18th and 20th streets in Thermalito and is located in the City of Oroville.

2.) **Tentative Subdivision Map – TSM-04-09** **APN: 031-030-031**

Tentative Subdivision Map to divide a 70.8-acre site into 238 lots for single-family homes. The project site abuts Table Mountain Boulevard at a location north of the Power Canal and east of Garden Drive. The project includes dedication of a 2.4-acre riparian corridor, a 2.8-acre park, and several widely dispersed lots for storm water retention.

Mr. Lawrence reported that both subdivisions are within Oroville city limits. He sent a letter to the City Manager on another development regarding the impact the developments will have on FRRPD programs and recreation facilities, and will continue to send these letters to the City making them aware of these impacts as they work with these developers and establish impact fees in the future.

Director Carter made a motion to approve the Consent Agenda. Director Jennings seconded the motion and it passed by the following vote:

AYES: Directors Allen, Carter, Jennings, Sousa, and Chairman Thompson
NOES:
ABSTAIN:

III. REGULAR AGENDA:

A. ITEMS REMOVED FROM THE CONSENT AGENDA - NONE

B. REQUEST FOR APPROVAL TO AUTHORIZE FRRPD TO PAY THE FINAL INVOICE TO LAND IMAGE FOR THE BEDROCK SKATE AND BIKE PARK.

The District entered into an Agreement with Land Image for design of the proposed Bedrock Skate and Bike Park. The total amount of the contract was $35,300. FRRPD agreed to pay $25,000 of the amount from Benefit Assessment District proceeds with the other $10,000 to come from community donations and other sources. The District has paid $2,950 so far from F-2690 – Skate/Bike Park Account from community donations. The current balance in that account is $2,742.87. The Board considered authorizing staff to pay the balance of the Land Image contract for an amount not to exceed $7,350. The remaining $4,607.13 will come from other sources not currently identified in the budget. **(Chairman Thompson)**

Director Sousa made a motion to approve paying the final invoice to Land Image for the Bedrock Skate and Bike Park. Director Allen seconded the motion.

Director Carter had concerns on where the money would come from, and when the Board had voted on this earlier, the remaining $10,000 was to have come from community donations and other fundraising. He felt the matter should be sent back to the Skate/Bike Park Committee for payment.

Mr. Lawrence stated that the money in Special Fund 2690 was made up entirely of community donations, so it was appropriate to pay this expense out of F-2690.

Director Jennings questioned where the money would come from, and what projects would be impacted. Mr. Lawrence stated that the projects are not budgeted to that degree. The General Fund budget has $2,500 remaining for capital outlay and the rest would have to come from other sources, possibly tapping into operating funds. He explained that at the end of the fiscal year, if there is enough savings between revenue and expense, these unbudgeted items can be covered. If another source cannot be found either from the Benefit Assessment District or from the General Fund, then the Contingency Reserves would have to be used.

Mr. Lawrence reported that there is a shortfall of approximately $4,000 from the F2690 fund, which was set up for community donations for the Bedrock Skate and Bike Park.

Director Jennings asked Chairman Thompson if the District would be fronting the money for this expense and then receive reimbursement for it from the donations. Chairman Thompson felt that the District could afford the expense, and wasn't sure that the expense could be covered by donations as money was being raised for other items in the park.

Director Jennings asked what account would be charged for this expense. Mr. Lawrence stated that the expense would be charged to the fixed asset account and at the end of the year, if there were not enough savings, the money would be taken from either the Benefit Assessment District funds or Contingency Reserves.

Director Carter had concerns that the money needed for the Bedrock Skate and Bike Park was already assigned to other District projects. He felt it was discourteous to the Board and General Manager for any individual Board Member to add agenda items of this magnitude to the agenda one week before the Board meeting without any other preparation, and with new Board members

who do not have any experience sitting on a Board. He felt is was not good protocol and a very poor way to do business.

Speaking to this item:

Jeff Zelsdorf
565 Rustic Way, Paradise, CA

Dave Johnston
1604 Veatch, Oroville, CA

Albert Walthall
32 Dawn Court, Oroville, CA

Sonny Brandt
3 Glen Circle Drive, Oroville, CA

John Stanton
1655 Montgomery, Oroville, CA

Dax Downey

Carol Diffley
123 Cottonwood Circle, Oroville, CA

Erin Hill
3900 Hilldale, Oroville, CA

Sonny Brandt questioned why the entire amount was being requested when it appeared that not all of the work was completed.

Mr. Lawrence responded that there was approximately $3,000 left to be completed on Greg Melton's contract for contract administration and inspections. The District was invoiced for the full amount, however, the District contracted for this project based on the fact that the District did not have the full amount of money for the contract. Land Image agreed to move forward with the contract, complete the project, and receive payment later as money came in. Now that the project has become a reality, the request to pay this invoice was put forth. Mr. Melton has had to wait a long time for payment. He could, however, revise his invoice to not include contract administration and inspections, which would bring the cost to approximately $4,000. The rest could be paid when the balance of the work is completed.

Mr. Melton suggested the Board revise the motion to pay Land Image the amount of funds the District has available at this time.

Director Sousa asked how long the invoice had been outstanding. Mr. Melton stated that it had been outstanding for a year, although he had received two-thirds of it to date in the amount of $25,000. Director Jennings commented that he has been paid as the work has been accomplished, except at this point in time, because funds are not available from donations.

Director Carter commented that he has donated over $1,000 toward this project over the years, but he strongly objected to the way in which the agenda items were presented to the Board on short notice, asking for funds that have been designated for other projects. He had concerns that the District will face bankruptcy within six months to a year, based on the actions of the new Board. He presented a copy of the contract which was addressed to Feather River Recreation and Park District, Bedrock Skate and Bike Park Committee, Attention Vene Thompson, P.O. Box 348. He suggested they pay their bill.

Chairman Thompson called for the roll and it passed by the following vote:

AYES: Directors Allen, Sousa, and Chairman Thompson
NOES: Directors Carter and Jennings
ABSTAIN:

C. **REQUEST FOR AUTHORIZATION TO SPEND $260,000 IN PROPOSITION 40 PASS-THROUGH FUNDS FROM BUTTE COUNTY, PLUS $84,000 IN ADDITIONAL PROPOSITION 40 PER CAPITA FUNDS ALLOCATED TO THE DISTRICT, FOR THE CONSTRUCTION OF THE BEDROCK SKATE AND BIKE PARK. THE REQUEST ALSO INCLUDES AUTHORIZATION TO COMMIT THE BALANCE OF PROPOSITION 40 PER CAPITA FUNDS OF $53,875 TO THE NELSON SOCCER ADDITION.** The Board considered a request by Director Thompson to allocate $350,000 ($260,000 from Butte County Proposition 40 pass-through funds and $84,000 from FPPRD Proposition 40 per capita funds) for the construction of Bedrock Skate and Bike Park. He also requested the balance of Proposition 40 per capita funds, totaling $53,875, to be allocate to the Nelson Complex Soccer Addition. **(Chairman Thompson)**

Director Allen made a motion to approve the request. Director Sousa seconded the motion

Director Jennings questioned why there was a change in priorities based on Chairman Thompson's priority list, which was compiled in January 2004. At that time, the Bedrock Skate and Bike Park was not listed as part of the critically needed projects for Proposition 40 funds.

Chairman Thompson stated that Proposition 40 pass-through funds are related to riverfront-oriented projects, and the Skate Bike Park has been designated as a riverfront-oriented project at the City level. He felt that putting the money toward the project will create a completed project. The additional $84,000 will make up the $350,000 which is needed for the project to go to bid. He explained that the Proposition 40 per capita funding was $220,000, however, because the Proposition 12 pass-through deadlines were not met, the money was ultimately taken from Proposition 40. This left $88,000 for the Veteran's Memorial from Proposition 12 funding, which ultimately came from the Proposition 40 funding. He further stated that priorities change according to the times.

Director Jennings remarked that he had an opportunity to bring this up at the November meeting, but apparently had not done so, awaiting the outcome of the election. Chairman Thompson rejected her remark.

Mr. Lawrence commented on the Proposition 12 deadlines. He stated that once he had received a request to pass the funds through to the City of Oroville, he had attempted to do that, however, the deadline for transferring Proposition 12 funds had already expired. Fortunately, the opportunity to transfer Proposition 40 funds was still open and the Board agreed to transfer the funds from Proposition 40, freeing up the Proposition 12 funds for other uses. Proposition 40 per capita funds in the amount of $88,854 went to the City for the Veteran's Memorial Park. If the Board approves another $84,000 for the Skate/Bike Park, that would leave a balance of $53,875 in Proposition 40 per capita funds. If the Board approves the remaining $53,875 to go to the Nelson Soccer Complex, then no Proposition 40 funds will be available for other critically needed repairs. He reiterated to the Board and the public that the priority list that was established in January will be impacted by the Board's decision tonight. These include the Nelson Recreation Center, which needs major refurbishing and replacement; Palermo Pool, which needs to be ADA retrofitted, including restrooms, change rooms and refiberglassing the pool. These priorities were identified by the Board earlier this year for potential funding from Proposition 40. If the funds are approved for the Skate Bike Park and Nelson Soccer Complex, there will only be about $120,000 left to cover $300,000 in needed repairs to existing facilities. He commented that although the public in attendance was made up of advocates for the Skate Bike Park and Nelson Soccer Complex, a year from now, if Palermo Pool cannot be opened due to lack of funds for repairs, there will likely be a room full of people requesting that funding be put toward that, and the District will not have the money. Mr. Lawrence went on to explain that impact fees can only be used for capital development, not for renovation of existing facilities. Only Benefit Assessment District funds and

Park Bond funds can be used for renovation. Very little of the Benefit Assessment District funds will be available for renovation, as much of it is being used to augment the maintenance operation, including salaries, benefits, and services and supplies. He stated that although he was not opposed to the Skate Bike Park, if the Board approved this proposal, there would not be enough money in the budget to take care of the repairs to other critically needed projects within the next two years.

Director Allen commented that the repairs to the critically needed projects have been put off by the District for a long time. He felt the District will eventually get to those projects over time.

Mr. Sharkey stated that Mr. Melton had created a PowerPoint presentation of the project and suggested the Board view it before voting on the proposal. Greg Melton gave the presentation on the Bedrock Skate and Bike Park project.

Speaking to this item:

Roy Shannon
56 Pinedale Court, Oroville, CA

Dave Johnston
1604 Veatch, Oroville, CA

Jeff Zelsdorf
565 Rustic Way, Paradise, CA

Nicole Nelson

Carol Diffley
123 Cottonwood Circle, Oroville, CA

Mike Glase
25 Castle Creek Drive, Oroville, CA

Sonny Brandt
3 Glen Circle Drive, Oroville, CA

Art Hatley, Vice Mayor, City of Oroville

John Stanton
1655 Montgomery, Oroville

After considerable discussion among Board members, staff and public, Chairman Thompson called for the roll. The motion to approve the request for funding passed by the following vote:

AYES: Directors Allen, Sousa, and Chairman Thompson
NOES: Directors Carter and Jennings
ABSTAIN:

D. **REQUEST FOR AUTHORIZATION TO ADVERTIZE FOR BIDS FOR THE CONSTRUCTION OF THE BEDROCK SKATE AND BIKE PARK.** The Board will consider a request by Director Thompson for approval to go to bid for the construction of the Bedrock Skate and Bike Park. The $350,000 projected cost will come from Butte County Proposition 40 pass-through funds and FRRPD's Proposition 40 per capita allocation. **(Chairman Thompson)**

Director Allen made a motion to approve the request. Director Sousa seconded the motion and it passed by the following vote:

AYES: Directors Allen, Sousa, and Chairman Thompson
NOES: Directors Carter and Jennings
ABSTAIN:

E. **PRESENTATION OF ANNUAL REPORT BY YUBA FEATHER HISTORICAL ASSOCIATION FOR OPERATION OF THE FORBESTOWN MUSEUM.** A representative of the Yuba Feather Historical Association will be present at the meeting to provide the Board with an annual report of the Forbestown Museum operation.

There was no representative from the Yuba Feather Historical Association and the Board accepted the written report that was included in their Board packets.

F. **RESOLUTION NO. 873-04 ENCOURAGING ALL STAKEHOLDERS INVOLVED IN THE OROVILLE PROJECT 2100 FERC RE-LICENSING PROCESS TO CONTINUE PRODUCTIVE NEGOTIATIONS IN ORDER TO PROVIDE RECREATIONAL, ENVIRONMENTAL, CULTURAL, AND ECONOMIC DEVELOPMENT PROJECTS TO THE REGION.** The Board considered adoption of a resolution in support of continued productive negotiations for the Lake Oroville, Project 2100 FERC re-licensing process that will ultimately result in recreation, environmental, cultural, and economic benefits to the Oroville region. **(Chairman Thompson)**

Director Allen made a motion to accept the Resolution. Director Sousa seconded the motion

Speaking to this item:

Bill Connelly
5490 Debbie Avenue, Oroville, CA

Chairman Thompson called for the roll and it passed by the following vote:

AYES: Directors Allen, Carter, Jennings, Sousa, and Chairman Thompson
NOES:
ABSTAIN:

G. **REQUEST FOR APPROVAL OF ADDENDUM TO THE ORIGINAL CONTRACTS WITH LAND IMAGE FOR DESIGN SERVICES RELATED TO RIVERBEND PARK AND BOAT RAMP IMPROVEMENTS.** In order to bring the design phase of Riverbend Park to completion and in a format ready to bid, incorporating multiple bid schedules, alternates, and cost estimates, it was necessary to authorize additional design services beyond the scope of the current contracts. Approval of an addendum to the current contracts is required in order to release payment. The Board considered approval of the necessary addendum for a total amount not to exceed $46,235. Funding is available through the DWR Riverbend Park Agreement ($2.5 Million) and the Department of Boating and Waterways Grant ($917,000). **(Lawrence / Sharkey)**

Greg Melton gave a PowerPoint presentation on the project.

Mr. Sharkey reported that the U.S. Fish and Wildlife Service came out again two weeks ago and mentioned that this was the only permit they were having a hard time getting and they finally resolved their issues. The Army Corps of Engineers is the lead agency on the project and NOAA Fisheries has already concurred. The District is very close to getting the final permit. The issues with the elderberries have been resolved.. He commented that what was left to be done was transplanting, extra planting and mitigation. Mr. Sharkey commented during Mr. Melton's presentation that a lot of creativity has gone into the park and used Wildwood Park in Chico as an example.

Director Carter asked where the money would come from. Chairman Thompson stated it would come from DWR. Mr. Sharkey stated that there was a substantial amount in the fund to take care of this expense.

Director Allen made a motion to approve the Addendum. Director Sousa seconded the motion, and it passed by the following vote:

AYES: Directors Allen, Carter, Jennings, Sousa, and Chairman Thompson
NOES:
ABSTAIN:

H. **REQUEST FOR APPROVAL TO PURCHASE CELLULAR / 2-WAY TELEPHONES FOR USE BY DISTRICT STAFF FOR AN AMOUNT NOT TO EXCEED $2,500 THROUGH THE END OF THE FISCAL YEAR.** The Board considered a request from staff to purchase cellular / 2-way telephones and related service contracts to replace the aging 2-way radio system currently in use. The estimated cost of $2,500 is sufficient to purchase up to ten (10) units with monthly service contract through the balance of the fiscal year (6-months). Staff is recommending the newer technology for improved safety and efficiency. Funding is not currently identified in the District Budget. **(Sharkey)**

Director Allen made a motion to approve the purchase. Director Sousa seconded the motion.

Director Jennings asked about the minutes/hours for both cellular phones and walkie-talkies. Mr. Sharkey introduced Henry Hampton from Communication Impact who works with Nextel out of Chico, CA. He explained the phone usage minutes between the ten units. Mr. Sharkey explained that CARD went to Nextel for safety reasons, and presently our staff are using their personal cell phones for work. The Nextel model that was recommended is an I-305 which is water resistant. Mr. Hampton stated that the monthly cost would be $367-$370 per month barring no overages or approximately $4,140 per year. Mr. Hampton stated that the District would get an 18% discount with flat rate pricing on the equipment. Two of the cell phones would be used for Administration staff. Director Jennings didn't feel it was appropriate for District staff to use their own cell phones at their own expense to conduct District business. Mr. Lawrence mentioned that the District's two-way radio systems have died out and to bring them back online would be a substantial cost including relicensing them. The two-way radios have limited range. The cost for the Nextel cell phones will have to come out of the small tools budget and the expense will have to be built into the budget, which will likely have an impact on something else.

Chairman Thompson called for the roll and the motion passed by the following

AYES: Directors Allen, Jennings, Sousa, and Chairman Thompson
NOES: Director Carter
ABSTAIN:

I. **CONSIDERATION OF AN OFFER BY ADVENTURE OUTINGS TO PURCHASE THE SIX (6) SAILBOATS OWNED BY THE DISTRICT FOR USE AT THE NEW AQUATIC CENTER AT THE NORTH FOREBAY.** Adventure Outings, a division of the CSUC Associated Student Body, has entered into an agreement with California State Parks to operate an expanded aquatic facility at the North Forebay. Outdoor Adventure Outings is interested in partnering with FRRPD, and other Recreation Districts in the area, to provide sailing and other programs at the facility. Due to liability concerns, Outdoor Outings must own the boats in order to use them in an expanded program with the District. Outdoor Outings has offered to purchase the boats from the District. They are also willing to return the boats if they are no longer operating the aquatic center at the Forebay. **(Lawrence)**

Director Allen made a motion to approve the offer and direct staff to negotiate a sales agreement. Director Sousa seconded the motion.

Mr. Lawrence reported that Rick Scott of Adventure Outings had emailed him regarding the purchase of the sailboats. At this time, they are in need of the space that the sailboats are occupying and plan to move them out of the building and protect them with tarps. Mr. Lawrence responded to his email and provided a purchase price for the sailboats in the amount of $4,431, and indicated that he would be relaying the information to the Board for its consideration. Rick Scott responded that they were good to go with purchasing the sailboats, but had a concern

whether the gear that came with the boats was accounted for. His counter offer was for a flat $4,000, and they would be responsible for updating everything. If they decide to return the boats, it would be at a cost to the District of $4,000. He felt it was a reasonable offer. Chairman Thompson suggested that the $4,000 be used for the cellular system. Mr. Lawrence added that the District sailing program would be rejuvenated through Adventure Outings.

Chairman Thompson called for the roll and the motion passed by the following

AYES: Directors Allen, Carter, Jennings, Sousa, and Chairman Thompson
NOES:
ABSTAIN:

J. **FERC PROJECT 2100 ALTERNATIVE RE-LICENSING - UPDATE.** Staff provided a continuing update on the status of the Federal Energy Regulatory Commission (FERC) re-licensing process for Department of Water Resources (DWR) Lake Oroville, Project 2100 and the on-going settlement negotiations. The Board considered approval of Tentative Agreements for Appendix "A" items as outlined in Chapter 5 of the Proposed Settlement Agreement and the Supplemental Benefits Fund for Appendix "B" non-jurisdictional items. **(Lawrence)**

Mr. Lawrence reported that draft tentative approval was given for Chapter 5 items and the Supplemental Benefits Fund as proposed. The next meeting is December 16 at which time they will be asking for tentative approval. He explained that what that means is we are going to agree to those items as they have been negotiated to this point, and they will be incorporated into the overall Settlement Agreement that will be brought back for Board approval at a later date. Each time a tentative approval is required, he brings the information before the Board and to get a consensus from the Board that they are in agreement for our representatives when they are sitting at the negotiation table.

Chairman Thompson reported on a rumor that the District was going to be offered the Forebay and Afterbay for operations and maintenance, with funding from the state water contractors through DWR. He talked to Mark Anderson from DWR and a Fresno water contractor regarding this and both of them thought it was a good idea. He also spoke with Rick Ramirez about it, and was told that the District had been approached about two years ago on the subject, but the information had not reached the Board for consideration. He commented that taking over the Forebay, Afterbay, and Wildlife area would bring in funding to raise salaries and upgrade some equipment as needed. He stated that all that would be needed would be a cost analysis and a work program on how it would be done, which Mr. Sharkey could put together. With that information, Chairman Thompson and Mr. Lawrence would speak with someone in Sacramento who is in favor of letting the District manage those areas. He commented that there was interest in local control of those areas. Chairman Thompson felt that this would be a source of income for the District and would allow the District to hire more employees at a higher rate of pay. If the Board chose to pursue it, he suggested that it be brought back before the Board as a future agenda item in either February or March.

Mr. Lawrence stated that the concept of local control of State Parks projects was not new and has been considered for a long time. The position the District has taken with the State is that if adequate funding was provided to offset our costs, we would be open to it, but we wanted information from them on what their costs are and how much is being spent to maintain the Forebay now so that a cost comparison could be made regarding our maintenance costs. That information has not been provided. While DWR is responsible for the entire project, the North Forebay is a State Park. Any agreement to operate the North Forebay would have to be with State Parks. Mr. Lawrence said it was his understanding local management options would be addressed as part of the overall relicensing process and that studies would be done to determine if that would be advantageous to the community. However, Mr. Lawrence said that this seems to have fallen by the wayside in the midst of all the other negotiations.

Mr. Sharkey reported that settlement is being negotiated at this time for the Supplemental Benefits Fund, which will reach upwards of $100 million over the 50 year license. Trailer items such as this can be dealt with in a sidebar negotiation with DWR and the water contractors, however it

should really be looked at now, because after the meetings on December 15th, 16th, and 17th, negotiations will be more or less over. A little after the first of the year, there won't be any further negotiations. The Settlement Agreement will be finalized and negotiated by attorneys.

Director Jennings stated she would be interested in local control over those waterways. There was improvement when the County did its patrols versus State Parks, especially with safety issues, and felt the District could play an excellent role for the community, but she doubted that the District would receive funding for extra things.

Mr. Sharkey reiterated that those discussions need to be accelerated and dates set to meet with the other stakeholders who will actually pay for it, which are the state water contractors and DWR. He commented that the unit costs could be obtained from various sources for labor, material costs, and all other costs associated with managing the areas. He didn't feel it would be difficult to get the information together for a proposal or try to get their historic data. He felt State Parks would be willing to help the District out on this.

Mr. Lawrence stated that although the District would be receptive to managing some of the new and existing State Park facilities downstream of the dam, he has taken a cautious viewpoint to make sure the District does not over-extend itself. State Parks has a huge infrastructure that can take care of unforeseen situations. Even if an agreement was in place from State Parks to maintain those facilities for a set fee, the District needs to be careful that unforeseen situations are covered and our funds don't become depleted. The taxpayers who are paying taxes in support of our own facilities and services should not suffer from situations that are beyond our means.

Director Jennings asked if that issue could be handled in contract negotiations.

Mr. Sharkey reiterated that it could be discussed, but the window of opportunity will disappear in the next few months. He felt that the Forebay and Nelson Complex are related, but are disconnected because there is no access between the two facilities. He commented that there was potential for a regional park encompassing both the Forebay and Nelson Complex. It would enable the community to have an aquatics center built by State Parks, all kinds of water activities, and access to the Nelson Complex with soccer, baseball, recreation center and swimming pool.

Consensus of the Board was to go ahead with tentative approval of the Settlement Agreement items presented in this report.

K. **RIVERBEND PARK CORRIDOR - UPDATE.** District staff provided a continuing update on the status of the Riverbend Park Project.

This item was covered under Item G.

L. **NELSON SOCCER COMPLEX - UPDATE.** District staff provided a continuing update on the status of the Nelson Complex Soccer Addition, including purchase of off-site mitigation credits, and related matters. **(Lawrence)**

Mr. Lawrence reported that he had a received a Bill of Sale from U.S. Fish and Wildlife Service for the .78 acres of preservation credits and the District's check will be released tomorrow. He reported that Dove Ridge had not yet achieved creation status for the .38 acres of creation credits. He spoke with Dave Nelson from Dove Ridge who indicated Army Corps of Engineers is getting close to a decision. He also spoke with Christy from Gallaway Consulting who indicated that in her conversations with the Army Corps of Engineers, they are not getting close to a decision. She is trying another approach. She has written a letter to the Army Corps of Engineers requesting 12.5 acres of undisturbed wetlands in the Nelson Complex be used for the creation credits after basic improvements are implemented, such as removing the road that runs through the wetlands area and fencing the area off. Christy sent a letter to Army Corps of Engineers regarding this, but has not received a response yet. If this approach is not approved, the District will have to pay into the Species Fund at a cost of $40,000. In her conversation with Mr Lawrence, Christy stated that DWR has pulled back as conservation easement holder. The 404 permit has been rewritten, barring DWR from becoming a conservation easement holder because they own the land. They

can deed the property to FRRPD, at which time they can become the conservation easement holder, but the land cannot be deeded until the settlement negotiations are completed which could take as long as 2007. Gallaway Consulting has recommended that a third party holder be found, possibly a non-profit corporation, which relieves DWR of the liability. Gallway Consulting does not feel that this is a project stopper. The District would pay into an endowment, which would be used to hold the conservation easement. Mr. Lawrence stated he will report further on this matter to the Board when he finds out more about the third party agreement.

Mr. Sharkey added that the 12.5 acres of wetlands that DWR owns does not fit into their state-wide plan. He stated that the conservation easement is for perpetuity and paying into an endowment can be sizeable.

Speaking to this item:

Roy Shannon
56 Pinedale Court, Oroville, CA

Jeff Zelsdorf
565 Rustic Way, Paradise, CA

Mr. Lawrence responded to Dr. Shannon's question of using the approved funds from Item C. for payment into the Species Fund to satisfy the creation credits. Mr. Lawrence responded that funds from Proposition 12 and Proposition 40 cannot be used for any part of the development of the project unless it results in a completed project. The funds that can be used are Benefit Assessment District funds, which have been used to date.

Mr. Sharkey added that it is vital that the District get an affirmation that the conservation easement is do-able and what the timetable will be as soon as possible.

Mr. Lawrence added that the $54,600 in preservation credits must be paid now due to the Butte County critical habitat status for vernal pools, and he would check on whether the critical habitat status would take place on January 1, 2005. He had not received a cost from Gallaway Consulting at this time on the conservation easement endowment.

M. **PROPOSITION 12 / 40 - UPDATE.** District staff provided a continuing update on the status of Proposition 12 and Proposition 40. **(Lawrence)**

Mr. Lawrence had nothing new to report

Chairman Thompson recessed the meeting at 9:12pm and resumed the meeting at 9:20pm.

IV. CORRESPONDENCE - None

V. COMMITTEE, DIRECTOR'S, MANAGER'S & STAFF REPORTS - Discussion / Information / Update

A. Finance Committee - None
B. Personnel Committee - None
C. Capital Development Committee - None
D. Parks and Recreation Committee
Chairman Thompson will visit Forbestown on Monday, December 12 to look at the park. He reported that the Forbestown Advistory Council had their Christmas party last night. Next Wednesday, the Forbestown Museum will have its Christmas party.
E. Special Districts/ LAFCo/ BC Treasure's Oversight Committee - None
F. Other Committee Reports
a. Oroville Recreation Plan / JPA
Chairman Thompson stated that they are not meeting any more.
b. Nelson Soccer Committee - Covered
c. Bedrock Skate/Bike Park - Covered

d. Benefit Assessment District
Mr. Lawrence had nothing new to report.

e. Other - None

G. Director's Reports
Director Allen asked where future District meetings will be held, as construction in the parking lot of South Feather Water and Power had begun. Chairman Thompson suggested that the meetings be moved to City Council Chambers. Mr. Lawrence to check on availability.

H. Manager's and Staff Reports:

a. Impact Fees
Mr. Lawrence reported that a three-part form was being developed to be shared by all four Recreation Districts. When someone goes to the Building Department to issue a permit, the form will be given to them at which time they will have to have us sign off on the form and pay the impact fee. Work is also being done in setting up special funds for the impact fees beginning the first of the year, and staff is waiting for instructions from the County.

b. Forbestown Restrooms
Mr. Lawrence reported that the restrooms are 90% complete and they hope to have the "Royal Flush" before the first of the year.

c. Purchase of Maintenance Vehicles
The District purchased two pickups for a total of $25,000, which was $5,000 over what was anticipated. The surplus equipment list is being put together at this time.

d. Status of Palomino Ridge Development
Mr. Lawrence reported that it is a 300 unit subdivision between 16th Street and 20th Street in Thermalito that fronts Nelson Avenue. He met with Dave Snow and Carl Durling, Planning Department, regarding the project. They are interested in developing an 11-acre site into a park, which has been designated as a detention basin. The County is requiring that post-development runoff not be greater than pre-development runoff. A pipeline will be put in to carry the water that meanders through the development, which will be dumped into the detention basin. Three acres of the site will be used for drainage. Part of the site is at a higher elevation. Parts of the park would be flooded during the year so park development would have to take that into account. Mr. Lawrence provided the Board with a summary of the meeting and some concerns he had about the proposed park.

Chairman Thompson asked if developing the park was in lieu of having to pay developer fees.

Mr. Lawrence responded that the details had not been worked out yet. The County is looking for direction on how the District would like the development to proceed. If the District chooses not to develop the area into a park, then the County will maintain it as a detention basin. If the property is developed into a neighborhood park, a lighting and landscaping district could be established to cover maintenance and operation costs. However, Mr. Lawrence said he would like to check with Shilts Consulting on how a lighting and landscaping district can overlay the Benefit Assessment District. The developer has asked if a lighting and landscaping district was in place to pay for maintenance and upkeep, would the District be interested in maintaining a park on the site? The lighting and landscaping fee could be as high as $300-$400 per house per year. Once he meets with Shilts Consulting on this matter, he will be able to draft a letter to the County on what the District wants to do.

Director Jennings commented to be careful, because detention ponds over the course of 10-15 years become toxic waste areas because of the runoff. She had concerns about putting a park next to a detention area. Mr. Sharkey commented that wastewater also becomes a water quality issue.

e. Other
Mr. Lawrence received a notice from Butte County regarding how much the tax shift was going to be for ERAF. The estimate was $100,000, however, the State used 2002-2003 tax rolls as the basis, so the actual amount of the shift was $83,094. The District had

originally anticipated a 25% shift, but that was later reduced to 10%. Mr. Lawrence further explained that in the original proposal, local government would lose 25% of their property taxes for two years and at the end of that period, their tax rates would be returned to 2003/04 levels plus growth on future development. However, he recently learned at a CARPD Legislative meeting that the "growth" factor had been dropped from the legislation for Proposition 1A. The estimated loss of revenue from growth for FRRPD is $6,000-$8,000 per year. By contrast, the Hayward Recreation and Park District contributes $12 million to ERAF and will lose $2 million per year in estimated growth.

VI. ITEMS FROM THE FLOOR

HEARING OF CITIZENS

Persons wishing to speak on a topic, which is not listed on this agenda, may do so when the chairman opens the meeting for items from the floor. Please come to the podium and wait to be recognized by the chairman. When recognized, please state your name and address for the record. According to the Brown Act, the Board cannot take any action at this meeting. **YOU MAY BE LIMITED TO FIVE MINUTES.**

Irene Poe, Vice President of Goso

Ms. Poe welcomed the new Board members and congratulated returning members and looked forward to working with the Board this year. She mentioned that GOSO had its annual election and new members that she would have introduced tonight were not present due to the weather.

Bill Connelly
5490 Debbie Avenue, Oroville

Mr. Connelly welcomed the new Board members and commented that he will be sworn in January 3rd at 12:00 p.m. at 25 County Center Drive. As a newly elected Supervisor, he wanted to be a teamplayer and help the District. He looked forward to working together on projects. He hoped that the contention that took place at this meeting can be put behind us and work together in the future.

VII. BOARD ITEMS FOR NEXT AGENDA

FERC Project 2100 Alternative Re-Licensing - Update: Local control of state facilities

Nelson Soccer Complex Update: Third party agreement, critical habitat status, and cost from Gallaway Consulting on the conservation easement endowment.

Director's Reports: Availability of City Council Chambers

Status of Palomino Ridge Development

VIII. EMERGENCY SITUATIONS - NONE

Pursuant to Government Codes 54954.2 and 54956.5 the Board may take action on items not listed on the agenda when emergency situations exist as defined by these codes.

IX. ADJOURN

There being no other business, Chairman Thompson adjourned the meeting at 9:42 p.m.

Vene Thompson, Chair

Attest:

Scott Wm. Lawrence, Board Secretary

Exhibit 5

FEATHER RIVER RECREATION & PARK DISTRICT
OROVILLE, CALIFORNIA 95965

MUNICIPAL AUDITORIUM, 1200 MYERS STREET
PHONE: (530) 533-2011 • FAX: (530) 533-2724

August 9, 2006

Honorable Steven J. Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, CA 95965

Re: Response to the 2005-2006 Grand Jury Report

Honorable Judge Howell:

As the new general manager of Feather River Recreation and Park District, I have been requested by the Grand Jury to respond to their report.

The Grand Jury's report has come at a time when the Feather River Recreation and Park District finds itself at a crossroads. The concerns the Grand Jury has expressed, particularly the management of finances, needs closer and more diligent consideration and do not fall on deaf ears. The District's Board and administrative staff are looking forward to the opportunity to correct any mistakes made in the past. We have every intention to make any and all changes necessary to ensure a vibrant future for the region and community we serve.

It has been the intent of the District Board to complete the Bedrock Skate and Bike Park. To that end, the District Board has approved all project-scoped elements and components of this eleven-year development enhancement project. This project has been a high priority to alleviate a serious liability involving skate and bike enthusiasts' use of the historic downtown business area and the city-owned Municipal Auditorium, as well as to address the recreation needs for at-risk youth and young adults and for the enjoyment of a new generation of recreation participants. The District Board strongly feels it has provided this community and the North State with a unique park that is safe for all users. We understand the Grand Jury's belief that the fiscal impact this park may have had on the District's finances is cause for concern. However, the District Board and administrative staff are confident that the total costs of all elements of the project have been covered by a sound fiscal foundation and, in large part, by grant funding.

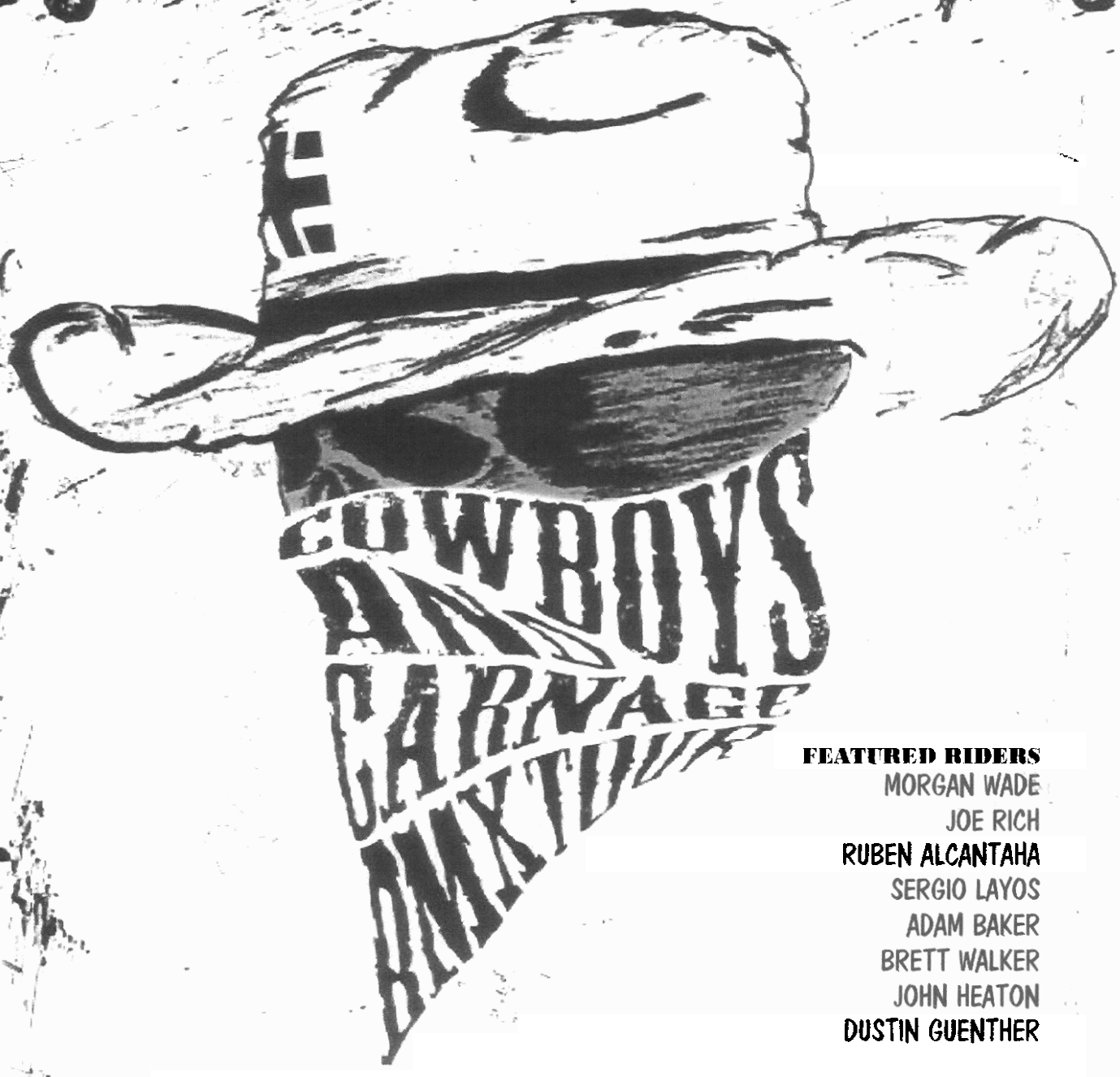
The biggest challenge the District has ahead is to reconcile its revenue generation and invigorate its recreation programs. It was this April that the Butte County Treasurer and Auditor/Controller made the Board of Directors and administrative staff fully aware of the seriousness of the District's financial situation. Already the Board and staff have been working hard to make a list of recreation programs that people in the community truly want but will also provide solid revenue to bolster the District's budget. The District team has given a great deal of thought to how we will accomplish a robust palette of beneficial recreational programs. It is the District Board's intent to create programs that will serve a wide cross-section of the community, meeting the needs of children, adults, and seniors, as well as generating necessary revenue.

The District is in grave need of invigoration and change; the Board of Directors and administrative staff understand this. We in fact, are excited about the opportunity to implement changes and make the Feather River Recreation and Park District an even stronger agency for servicing the community; providing parks, activities, facilities, and services to people of all ages in the greater Oroville area that will enhance and enrich their lives. The District Board and staff intend to work together to create the best possible future for this community.

Sincerely,

Bob Sharkey
General Manager

Exhibit 6



FEATURED RIDERS

MORGAN WADE
JOE RICH
RUBEN ALCANTAHA
SERGIO LAYOS
ADAM BAKER
BRETT WALKER
JOHN HEATON
DUSTIN GUENTHER

TUESDAY, AUGUST 15, 2006

Beginning at 1 pm

BEDROCK SKATE/BIKE PARK

Etnie Shoes presents
Demostrations for your enjoyment by
Eight of the top BMX Riders in the Nation

etnies

Exhibit 7

MAR 2 0 2003

CITY OF OROVILLE
RESOLUTION NO. 5959

A RESOLUTION OF THE OROVILLE CITY COUNCIL MAKING CERTAIN FINDINGS THAT CERTAIN PUBLIC IMPROVEMENTS TO THE BEDROCK SKATE/BIKE PARK ARE OF BENEFIT TO THE OROVILLE REDEVELOPMENT AGENCY PROJECT AREA

WHEREAS, the Oroville Redevelopment Agency, pursuant to the provisions of the Community Redevelopment Law (Division 24, Part 1 of the California Health and Safety Code), has adopted a Redevelopment Plan (the "Redevelopment Plan") for a redevelopment project area situated in the City of Oroville known as the Oroville Redevelopment Project No. 1 (the "Redevelopment Project Area"); and

WHEREAS, the Oroville Redevelopment Agency, pursuant to the provisions of the Community Redevelopment Law and the Redevelopment Plan, is authorized to finance public improvements providing that the legislative body makes findings as to the benefit to the Redevelopment Project Area resulting from the improvements and that the public owner of the proposed public improvements has no other reasonable means of financing the improvements; and

WHEREAS, Bedrock Skate/Bike Park is an important recreational facility that contributes to tourism and serves the needs of citizens within the Redevelopment Project Area;

WHEREAS, the need for further park amenities is necessary to develop the full potential of Bedrock Skate/Bike Park;

WHEREAS, additional public improvements in the form of a skate/bike facility are proposed by Feather River Recreation and Park District within the Redevelopment Project Area;

WHEREAS, Feather River Recreation and Park District adopted a resolution finding that it did not have any funds for the public improvements at Bedrock Skate/Bike Park, such resolution is attached as Exhibit "A";

NOW, THEREFORE the City Council of the City of Oroville does resolve as follows:

SECTION 1. The City Council makes the following findings relating to the Bedrock Skate/Bike Park Project:

a. Bedrock Skate/Bike Park is an important recreational facility which will contribute to the elimination of blight within the Redevelopment Project Area, and will implement the goals of the Redevelopment Plan.

b. Bedrock Skate/Bike Park serves the residents within the Redevelopment Project Area.

c. Bedrock Skate/Bike Park requires further development to be a positive impact on existing businesses, households, and the local area youth, and for the elimination of blight within the Redevelopment Project Area.

PASSED AND ADOPTED by the Council of the City of Oroville at an adjourned regular meeting of January 21, 2003 by the following vote:

AYES: Council Members Berry, Corkin, Jernigan, Simpson, Mayor Andoe

NOES: Vice Mayor Hatley

ABSTAIN: None

ABSENT: Council Member Koslin

Gordon Andoe, Mayor

APPROVED AS TO FORM:

Dwight Moore, City Attorney

ATTEST:

Sharon L. Atteberry, Deputy City Clerk

OROVILLE CITY COUNCIL/OROVILLE REDEVELOPMENT AGENCY

TO: MAYOR AND COUNCIL MEMBERS/CHAIRPERSON AND COMMISSION
RUBEN DURAN, CITY ADMINISTRATOR/EXECUTIVE DIRECTOR

FROM: CHARLES MILLER, DIRECTOR OF PARKS AND TREES

RE: APPROVAL OF FINDINGS FOR USE OF RDA FUNDS FOR IMPROVEMENTS AT BEDROCK SKATE / BIKE PARK

DATE: JANUARY 21, 2003

SUMMARY

The Council will consider adopting a resolution approving the findings necessary in order to use Oroville Redevelopment Agency (RDA) funds for improvements to Bedrock Skate/ Bike Park.

DISCUSSION

The Feather River Recreation and Park District (FRRPD) has proposed to construct a Skate / Bike Park facility at Bedrock Park. This facility will be located south east of the upper parking lot. FRRPD has established a Skate / Bike Park fund for this project. The Department of Parks and Trees had previously proposed constructing a Skate Facility in Hewitt Park. The Department of Parks and Trees has discontinued pursuing the Hewitt Park Skate Facility. Currently, the Hewitt Park Skate Facility account #397-8150-9607 has a balance of $4,250.00. The Council approved the release of these funds to the FRRPD Bedrock Skate / Bike Park at the December 3, 2002 Council meeting.

At the FRRPD's December 11, 2002 regular board meeting Resolution No. 830-02 was passed, making the necessary findings that FRRPD does not have the necessary funds to develop Bedrock Skate / Bike Park. Resolution No. 830-02 is attached for Council's review.

This item is before the Council for approval of the findings, and before the RDA for approval of disbursement to FRRPD of funds upon proof of expenditures.

CC2D-1

FISCAL IMPACT

Funding in the amount of $4,250.00 is available in account #397-8150-9607, Hewitt Park Skate Facility.

RECOMMENDATION

CITY COUNCIL:

1. Adopt Resolution No. 5959, A RESOLUTION OF THE OROVILLE CITY COUNCIL MAKING CERTAIN FINDINGS THAT CERTAIN PUBLIC IMPROVEMENTS TO BEDROCK SKATE/BIKE PARK ARE OF BENEFIT TO THE OROVILLE REDEVELOPMENT AGENCY PROJECT AREA NO. 1...

REDEVELOPMENT AGENCY:

1. Approve the disbursement of $4,250.00 from account no. 397-8150-96067 to the Feather River Recreation and Park District upon receipt of expenditures relating to the Bedrock Skate/Bike Park.

ATTACHMENT(S)

FRRPD Resolution No. 830-02
Resolution No. 5959
December 3, 2002 staff report

BUTTE COUNTY ADMINISTRATION

25 COUNTY CENTER DRIVE
OROVILLE, CALIFORNIA 95965-3380
Telephone: (530) 538-7631 Fax: (530) 538-7120

PAUL MCINTOSH
Chief Administrative Officer

MEMBERS OF THE BOARD

BILL CONNELLY
JANE DOLAN
MARY ANNE HOUX
CURT JOSIASSEN
KIM K. YAMAGUCHI

September 5, 2006

Honorable Steven Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, CA 95965

Re: **Chief Administrative Officer's Response to the 2005-2006 Grand Jury Final Report**

Dear Judge Roberts:

Penal Code Section 933 and 933.05 provides that the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body. The Board of Supervisors, as the governing body of the County of Butte, will provide its response to the 2005-06 Grand Jury Report by the statutory deadline. The past Grand Jury, though, has asked that all departments mentioned within that report provide a direct response to the Presiding Judge. While all legal requirements for a response to the Grand Jury Report have been met by the County of Butte, in the spirit of cooperation, I am providing this direct response to those areas where the Grand Jury sought a response from the Chief Administrative Officer.

One of the roles of the Chief Administrative Officer is to act as the *de facto* chief of staff to the Board of Supervisors. In that role, I directed the preparation of the Board of Supervisors' initial response to the Report. It should not be a surprise, therefore, that my response to the Report, as the Chief Administrative Officer, is very similar to the response provided by the Board of Supervisors.

THE BUTTE COUNTY AUDITOR-CONTROLLER – PART 1
THE OFFICE AND STAFF

Grand Jury Findings

1. *The current Assistant Auditor-Controller was hired without any background in government accounting practices resulting in delays and deferment of decisions and policy setting to a department supervisor. It is not apparent that he has any supervisory or management skills. He consistently relies on a lower level supervisor to make his decisions and set policy and procedure for the office.*

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The respondent neither agrees nor disagrees with this finding. The Chief Administrative Officer and his staff are not involved in the hiring or supervision of any Auditor-Controller staff, and can only become involved at the invitation of the Auditor-Controller.

2. *Lack of management skills of the Auditor-Controller and the Assistant Auditor-Controller has led to an antagonistic work environment where employees are fearful for their safety/well being.*

   The respondent neither agrees nor disagrees with this finding. The Chief Administrative Officer and his staff are not involved in the supervision of Auditor-Controller operations and is not directly involved in Auditor's Office employee investigations.

3. *Treatment of employees in the Auditor-Controller's office is frequently inconsistent with Butte County Personnel Rules and MOUs.*

   The respondent neither agrees nor disagrees with this finding. The Chief Administrative Officer and his staff are not involved in the supervision of Auditor-Controller operations and is not directly involved in investigations of County policy compliance.

4. *The Auditor-Controller is seldom available to employees or other County officials. The Grand Jury believes that when the Auditor-Controller attempts to resolve an issue, his lack of familiarity with his office's processes and policies often exacerbates the problem.*

   The respondent neither agrees nor disagrees with this finding. The Chief Administrative Officer and his staff are not involved in the supervision of Auditor-Controller operations, and elected department heads are not required to record actual time worked into the County's timekeeping system.

5. *The Auditor-Controller sometimes manages employee situations with sarcasm and derogatory comments about his employees. Several of his subordinate managers have adopted his management style as their role model for management by intimidation. Additionally, the hostile behavior is undermining the County's ability to do business on a daily basis as the anger and hostility disseminates into communications with other County departments.*

   The respondent neither agrees nor disagrees with this finding. The Chief Administrative Officer and his staff are not involved in the supervision of Auditor-Controller operations or the management of Auditor-Controller staff. Although the respondent is aware of less than professional communication, he does not know how much is attributed to any hostile behavior.

6. *The Assistant Auditor-Controller and Finance Officer initiated and participated in a juvenile and mean spirited prank on an office supervisor, which clearly was demeaning*

and made the supervisor feel threatened. This type of behavior is unprofessional and unbecoming a member of a management team.

The respondent neither agrees nor disagrees with this finding. Any investigation of this incident was internal to the Auditor's Office or arranged by the Human Resources Department. The Chief Administrative Officer and his staff were not involved. The respondent agrees that such behavior would be unprofessional and inappropriate for any County employee.

7. *Multiple testimonies suggest that the Cost Section Supervisor may have come to work with the odor of alcohol on her person on several occasions. To date no action has been taken regarding this behavior. Ignoring this behavior puts the department's employees in danger and puts the County of Butte at risk.*

   The respondent partially disagrees with this finding. The Human Resources Director has informed the respondent that the Auditor-Controller has addressed the issue.

8. *The Cost Section Supervisor has demonstrated unprofessional and unacceptable behavior towards various county employees.*

   The respondent agrees with this finding.

9. *As a result of the Grand Jury's investigation into alleged behavioral issues within the Auditor-Controller's office, the County initiated a comprehensive investigation of the issues. As a result, the County is considering several additional training programs for their managers and line level staff.*

   The respondent agrees with this finding.

10. *Problems found by the Grand Jury in the Auditor-Controller's office should not have reached the level observed. It is apparent that the Human Resources department has limited authority when dealing with departments of elected officials.*

    The respondent agrees with this finding.

Grand Jury Recommendations

1. *The Board of Supervisors should utilize the Chief Administrative Officer and his Deputy Administrators to organize a public hearing to discuss possible options for a ballot initiative proposing one or more of these potential solutions:*
   a. *Eliminate the Auditor-Controller position completely*
   b. *Separate the positions of Auditor-Controller, where the Controller acts as a Chief Financial Officer (CFO) reporting to the Chief Administrative Officer (CAO)*
   c. *The Auditor-Controller position remains intact with a higher level of accountability to the taxpayers.*

The recommendation has not been implemented but will be implemented in the future. Extensive analysis is needed to explore the practical options possible for a ballot initiative before a public hearing can be facilitated. The next opportunity to combine a ballot measure with a general election is June 3, 2008, so such a ballot measure would need to be prepared, approved by the Board of Supervisors, and submitted to the County Registrar of Voters prior to March 7, 2008. The respondent believes that the recommendation to hold a public hearing will be implemented by April 1, 2007.

IMPORTANT NOTES:

- The office of County Controller was not created by the Butte County Charter nor the Butte County Code. Creating such an office is permissible but not required by State law or county charter. However, the Board of Supervisors, by Resolution adopted on August 22, 1955, pursuant to Government Code sections 26880 and 26885, created the office of County Controller and ordered that the County Auditor shall hold the office ex-officio. The Resolution also held that the order may be repealed at any time by majority vote of the Board of Supervisors.

- If the electorate approves a Charter amendment to eliminate the office of Auditor on June 3, 2008 the amendment would not become effective until filed and accepted by the Secretary of State pursuant to Government Code section 23723. As a practical matter, however, such an amendment could not eliminate the office until after the expiration of the existing term of the incumbent. The next term begins on January 8, 2007, and ends on the first Monday following January 1, 2011. Therefore, a Charter amendment considered by the electorate on June 3, 2008 that eliminates the office of the auditor would become effective January 3, 2011.

- The electorate may be able to approve a Charter amendment creating the position of controller, comptroller, or chief financial officer that is independent from the office of auditor. Further analysis is required to determine what options are available to the electorate. A new office created by a Charter amendment can take effect as soon as the amendment is filed and accepted by the Secretary of State.

- The Board of Supervisors may be able to adopt an ordinance amending the County Code creating the position of controller, comptroller or chief financial officer that is independent from the office of auditor. Further analysis is required to determine what options are available to the Board of Supervisors.

2. *The County needs to take immediate and appropriate action to eliminate the dysfunction of the management staff of the Auditor-Controller's office, to include training and disciplinary action up to and including termination of employment. Should replacement of employees be chosen, the County needs to insure that candidates strictly meet the job qualifications for the job to which they are applying. Solving the problems with management, in this Grand Jury's opinion, would take care of a majority of the personnel problems in the department.*

The recommendation will not be implemented because the respondent is unable to do so. Only the Auditor-Controller is able to hire, take disciplinary action and require such training of his employees.

The Board of Supervisors could authorize the Chief Administrative Officer to investigate and enforce compliance of County administrative policies, require training of employees, and audit the management of other departments, but the Board does not have the statutory authority to authorize the Chief Administrative Officer to make hiring appointments in the office of an elected department head.

3. *Butte County has spent nearly $1,000,000 to implement a time keeping system to insure accurate timekeeping and to control payroll costs. Procedures should be implemented and steps should be taken to not allow an employee to record time worked on any day other than on the day worked, without approval from the department head and the CAO's office.*

   The recommendation will not be implemented because it is not reasonable. Many County employees are not at their regular worksite at the end of the day to enter time worked that day. Fieldwork, training events, and participation in out of the office meetings are examples of such instances. However, the respondent agrees that all employees should be encouraged to enter time worked as soon as practical.

4. *Elected officials should set an example for their employees and make himself available to his employees during working hours. Elected department heads should record their hours worked for public record.*

   The respondent is unable to comment on this recommendation. The recommendation is not enforceable within the authority of the Chief Administrative Officer.

5. *The County should take immediate action to insure that all managers of departments in the County attend and participate in a series of mandatory training sessions as defined by the HR Department. Managers should be required to complete all training within one year and department heads should be held accountable to insure successful completion.*

   The recommendation has not been implemented, but will be partially implemented. By January 2007 the respondent will assist the Human Resources Director in preparing a plan and resource request for Board of Supervisors consideration to create a mandatory supervision and management program affecting all departments.

6. *Each employee of the Auditor-Controller's office should be provided with a copy of the Butte County Personnel Rules in order to fully understand their rights as employees of Butte County.*

   The recommendation has been implemented. On August 3, 2006 the Human Resources Director provided each employee of the Auditor-Controller's office with a copy of the Butte County Personnel Rules.

7. *The Butte County Board of Supervisors and CAO should empower the Human Resources Director to assert the same authority throughout all County departments.*

   The recommendation has not been implemented, but will be partially implemented. By January 2007 the respondent will prepare a plan and resource request for Board of Supervisors consideration to create a policy compliance program affecting all departments.

AUDITOR-CONTROLLER ADDENDUM: BUTTE COUNTY HUMAN RESOURCES

Grand Jury Findings

1. *The HR Director notifies each department when a performance review is due, however no follow up is made to ensure that the review ever gets done. One without the other is not effective.*

   The respondent partially disagrees with this finding. Each department head is responsible for ensuring that their employees receive timely performance reviews. The Human Resources Department does send out regular reports of past due evaluations to all departments. The respondent agrees that timely performance evaluations are very important.

2. *Performance reviews are a measurement of an employee's job performance and a vehicle to groom the employee for advancement or disciplinary action should the job performance decline. Additionally, it suggests ways the employee can stretch and grow to enhance their knowledge and skills. Without performance reviews there is no justification for promotions or disciplinary actions.*

   The respondent agrees with this finding.

3. *The County currently could filter inappropriate email between County employees with current software or additional software. This could slow the forwarding of inappropriate or offensive emails.*

   The respondent agrees with this finding.

4. *Butte County has insufficient policy to control inappropriate or offensive email between county employees.*

   The respondent partially disagrees with this finding. Butte County computer use policies and memoranda of understanding with employee groups both delineate appropriate and inappropriate use of computers. The type of e-mails described by the Grand Jury clearly fall in the inappropriate category. However, the Board has directed that the County's computer use policy be strengthened, as well as new security policies put in place, and expects to take action on those by January 2007.

5. *With the exception of AB1825 training, no other mandatory training exists for County managers.*

   The respondent agrees with this finding.

6. *As a rule, employee reviews are not done in a timely fashion. Many Butte County employees who have reached the top of their salary range do not receive annual performance evaluations.*

   The respondent partially disagrees with this finding. The respondent agrees that performance evaluations should be completed on a timely basis. The Human Resources Director reports that while there is room for improvements, County departments are generally in compliance with timely submittal of performance evaluations.

Grand Jury Recommendations

1. *The County should make the following classes mandatory for all current management employees and require all probationary managers to attend the following training prior to the completion of their probationary period. Management employees should be required to repeat workshops identified by the HR Department no less than every two years to stay current with Federal and State laws and County policy:*
   - *EEO & Hostile Workplace*
   - *Discipline Process*
   - *Grievance & MOU Administration*
   - *Non Discrimination Partnering for Performance (performance evaluation process and policies)*
   - *Managing Absenteeism (how to manage overlapping leaves of absence, various protected leaves, and how all this coordinates with Butte County policy)*
   - *Positive Discipline (coaching, counseling and communicating expectations)*
   - *Progressive Discipline (imposing formal discipline when coaching counseling and communicating expectations has not been successful)*
   - *Non-Discrimination (includes sensitivity training concerning protected characteristics, sexual harassment, and retaliation)*

   The recommendation has not been implemented, but will be partially implemented. By January 2007 the respondent will assist the Human Resources Director in preparing a plan and resource request for Board of Supervisors consideration to create a mandatory supervision and management program affecting all departments.

2. *All employees of the Auditor-Controllers' office should be encouraged and allowed to attend all pertinent and appropriate trainings offered by the Butte County Department of HR.*

   The respondent is unable to comment on this recommendation. The recommendation is not enforceable within the authority of the Chief Administrative Officer. However, the respondent supports this recommendation.

3. *HR Department should track attendance of all trainings given and notify departments when the annual participation of supervisors and managers is required.*

   The recommendation has been partially implemented. The Human Resources Department currently tracks attendance for all mandated trainings it provides to other departments. By January 2007 the respondent will assist the Human Resources Director in preparing a plan and resource request for Board of Supervisors consideration to create a mandatory supervision and management program affecting all departments.

4. *Information Services should install email filtering software on the County email system that automatically filters County employees' email and insure that all employees are aware of a sufficient, adopted email policy.*

   The recommendation has not been implemented, but will be partially implemented. By January 2007 the respondent will prepare an updated e-mail use, retention and inspection policy for Board of Supervisors consideration and request the Information Systems Director to recommend appropriate additional security safeguards and filters.

5. *The HR department should be the de-facto enforcer of County policy and must be empowered by the Board of Supervisors to serve in this capacity. There cannot be special rules for departments of elected officials.*

   The recommendation has not been implemented, but will be partially implemented. By January 2007 the respondent will prepare a plan and resource request for Board of Supervisors consideration to create a policy compliance program affecting all departments.

6. *The HR department should implement procedures for timely notification to managers of upcoming performance reviews of their employees. Department managers must be held accountable for completion of annual performance reviews, and HR needs to provide follow up with the department before reviews are due.*

   The recommendation has not been implemented, but will be partially implemented. By January 2007 the respondent will prepare a plan and resource request for Board of Supervisors consideration to create a policy compliance program affecting all departments.

THE BUTTE COUNTY AUDITOR-CONTROLLER PART II: AUDITING THE AUDITOR AND HIS AUDITORS

Grand Jury Findings

1. *By Generally Accepted Accounting Practice standards, there are currently insufficient separation of duties or internal controls within the Butte County Auditor-Controller's office.*

The respondent neither agrees nor disagrees with this finding. The respondent notes that the Auditor is an independently elected official and, as such, is responsible for the operation of his department, including compliance with Generally Accepted Accounting Practices. If this finding is accurate, though, the respondent would have serious concerns.

2. *In spite of the recent changes in location and management of the Pentamation financial system, there are still many challenges and shortcomings with proper management and security of the financial data.*

   The respondent partially disagrees with this finding. Since the county financial system was relocated to the Information Systems department server room the security of the system hardware and data has greatly improved. System access logs are now kept, regular back-ups are made, and a dedicated firewall appliance system will be installed during fiscal year 2006-2007.

3. *Many Butte County departments do not trust the budget detail contained in the Pentamation Financial Database. At an added expense to Butte County, some departments keep their own set of books to discover errors and unwarranted changes by the Butte County Auditor-Controller's office.*

   The respondent agrees with this finding.

4. *Adjustments to payments and cash receipts have been made by one or more employees of the Auditor-Controller's office after the fiscal year end has been closed and the Financial Statements have been prepared by an independent audit firm. These Financial Statements are required by California law.*

   The respondent neither agrees nor disagrees with this finding. The respondent could not independently verify this finding.

5. *Butte County Administration and Information Systems are currently leading an effort to improve the Pentamation database security and performance, and improve the accuracy of the budget and expenditure details.*

   The respondent agrees with this finding.

6. *Butte County is in the process of moving many of the functions of the Auditor-Controller's office to other County departments, partially to establish better internal controls/separation of duties, and partially to compensate for poor management and training by the current Auditor-Controller and his top managers.*

   The respondent partially disagrees with this finding. The primary reason for the movement of responsibilities is for better internal control, but it is also to shift information technology duties to the experts in the Information Systems Department so that business processes can be further automated and streamlined, as provided for in the

I/T Effectiveness Plan and Network Security Policy accepted by the Board in February 2005. This effort is a key piece of the expansion of the current Pentamation Open Series accounting system to become an enterprise-wide financial and human resources information system managed by Information Systems. The enterprise-wide system would fully integrate existing timekeeping (Kronos), purchasing, human resource, payroll and accounting systems, and automate cash receipting processes throughout the organization. Over the last three years the County has invested in physical infrastructure to provide for a fully integrated network. This next step enables the County to begin to take advantage of that technology and infrastructure to achieve much greater economies of scale in the conduct of routine administrative processes. This effort is consistent with the Information Services Department's three-year strategic plan and the policies of the Board of Supervisors.

7. *Adequate and uniform policies, procedures, and training are not currently developed or available within the Auditor-Controller's office. Consequently, Butte County employees are not prepared to train other County departments to manage their own financial data. The County cannot move forward with a separation of duties, where County departments are responsible for managing their own budget expenditure detail in Pentamation, without policy and training.*

   The respondent agrees with this finding.

8. *The Butte County financial statements, produced by Gilbert and Associates, cannot be relied upon as an accurate reflection of Butte County's financial status. This was due to: unreliable data, lack of adequate management and training in the Auditor-Controller's office, and a rush to provide feedback and data (to assist in the production of a final Audit report by the current Assistant Auditor-Controller and his subordinates).*

   The respondent neither agrees nor disagrees with this finding. The respondent does not have the accounting expertise to verify this finding. The respondent will recommend that this should be researched by an independent accounting firm.

9. *Butte County's Assistant Auditor-Controller rejected a draft management letter from Gilbert and Associates addressed to the Butte County Board of Supervisors. This action prevented the Board of Supervisors, the CAO, and the public from seeing findings and recommendations that the management letter contained.*

   The respondent neither agrees nor disagrees with this finding. However, based on the information provided by the Grand Jury, this finding appears to be accurate.

10. *The 2005 Financial Statements for Butte County, produced by Gilbert and Associates, shows far less long term financing obligations than the long term financings data maintained by the Treasurer's and the Auditor-Controller's offices.*

    The respondent agrees with this finding.

11. *The 2005 Financial Statements, produced by Gilbert and Associates, were not completed in a timely fashion due primarily to unprofessional behavior by the management and staff of the Butte-County Auditor-Controller's office.*

    The respondent neither agrees nor disagrees with this finding. The respondent cannot confirm the reason for the untimely completion. However, the respondent is taking a more active role in managing the contract with the current auditing firm.

12. *Gilbert and Associates, while accepting the normal maximum payment amount required in a government contract, spent an abnormally large amount of extra hours required to finish the 2004 and 2005 audit report and financial statements. These extra hours were required because of poor training, attendance, and unprofessional behavior by David Houser's employees.*

    The respondent neither agrees nor disagrees with this finding. The respondent cannot confirm the actual hours worked or the reason for any extra hours of work. However, the respondent is taking a more active role in managing the contract with the current auditing firm.

13. *Many of the recommendations and findings of the management letters produced by Gilbert and Associates from 2003 and 2004 have not been fully implemented. The Audit Committee, suggested in the 2003 management letter to the Board of Supervisors, has not produced any minutes or policies for review by the Board of Supervisors or the public. In 2005 and 2006, vacation and furlough were still being approved without prior approval or a formal leave request. A formal fraud policy has not been adopted by the Board of Supervisors as suggested in the management letter.*

    The respondent partially disagrees with this finding. The respondent agrees that some of the recommendations have not yet been fully implemented. "Many" is a mischaracterization of proportion.

14. *As of November 11, 2005, Butte County had over $118,000,000.00 in non-voter approved long term financings, of which the principal balance owed was over $110,000,000.00. The Treasurer's Office and the Auditor's Office show $4,317,000.00 of this debt is not collateralized. Should a future Board not appropriate funds for this debt, they would still likely owe a debt in conflict with California Constitution Article 18.*

    The respondent disagrees with this finding. The total financings described by the Grand Jury include short-term cash flow loans secured by annual property tax revenues. Annual property tax revenues also secure the solar project gap loan. The California Energy Commission (CEC) loans are not collaterized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

15. *Butte County Code does not require a review of contracts by the Auditor-Controller, only that all contracts are forwarded to his office.*

The respondent partially disagrees with this finding. A review by the Auditor-Controller is required when a contract requires the exchange of funds. As described in the Grand Jury Report this step often slows the contract administration process significantly. However, the respondent is exploring how the County Financial System may be used to simplify the process with an automatic electronic real-time budget appropriation verification so that a contract does not need to be delivered to the Auditor's Office for appropriation review prior to it being executed.

16. *Contracts, such as the solar contract, have been executed without a properly encumbered source of funds or collateralized long term debt.*

The respondent disagrees with this finding. The Treasurer's inter-fund (GAP) loan for the solar contract is secured by a promissory note and a loan agreement. These documents were drafted by the bond counsel firm of Stradling Yocca, reviewed by County Counsel and executed both by the Board of Supervisors and the County Treasurer. The loan agreement, under Section 5 Security, states:

"In the event the County fails to make payment under Section 2, the moneys otherwise owed to the County General Fund from the collection of secured property taxes shall be paid to the Note Repayment and Interest Fund in an amount sufficient to cure the default."

The current principal balance of the loan is $ 839,480.00 and the estimated fiscal year 2006-2007 General Fund secured property tax receipts are $19,000,000.00.

The California Energy Commission (CEC) loans are not collaterized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

17. *County departments that are connected to the solar panels have had significant increases in utility costs when factoring in ISF transfers to pay for the Treasury "GAP loan."*

The respondent partially disagrees with this finding. Application of the costs of utilities to the departments using the energy is appropriate accounting procedures. Increased utility costs for these departments have primarily been due to increased power usage, particularly by the District Attorney. The County departments that are connected to the solar panels have also had corresponding and equal increases in budget appropriations to fully offset the cost increase so that there is zero fiscal impact to the operations of those departments. Once the loan is paid off in 2009 the departments will see a large decrease in utility costs that should be well below historical levels. The long-term savings of the project will far exceed the total cost.

18. *County departments are frequently not provided final budget detail for review before a final, adopted budget is approved by the Board of Supervisors. A-87 and ISF charges are frequently much higher in the final budget than in the Proposed Budgets.*

The respondent partially disagrees with this finding. The respondent disagrees entirely with the first part of this finding, and mostly agrees with the second part of this finding.

County departments and the public are always provided all details of the proposed budget for review and comment well before the budget is considered and adopted by the Board of Supervisors. The County budget process is very open with ongoing opportunities for department input throughout. The Chief Administrative Officer and his staff are constantly apprising departments of new budget information, legislative dynamics and fiscal forecasts so that the entire organization is kept on the forefront of the budget development process. Much of this communication is primarily by means of department heads with the expectation that they will disseminate to the appropriate employees under their control.

Support service costs (A-87 & ISF) are estimated in the early stages of the budget process so that departments may prepare their budget requests, however, the costs are updated based on more current information prior to consideration of the proposed budget. For some services the cost estimates decrease, but more often it increases due to normal inflationary factors.

19. *Butte County's methods for tracking and justifying indirect charges are inconsistent, poorly documented. The methods and tools for tracking charges by A-87 departments vary greatly from department to department. This inconsistency could jeopardize grant funding eligibility due to A-87 requirements for justification and consistency of indirect charges.*

The respondent disagrees with this finding. The methods and records are independently audited each year by the State Controller's Office and certified by the State of California to be consistent with the federal Office of Management and Budget (OMB) Circular A-87. The methods for allocating costs must vary greatly among the support service departments in order to comply with OMB Circular A-87 because the services are so varied.

However, regular review of the methodology should occur with opportunity for input from all County departments, and that an annual training regarding cost allocation principles and methodologies should be provided to all interested departments. Complete transparency and open dialogue of the cost allocation process would alleviate the concerns among County departments.

The respondent will direct any departments that allocate costs (Administration, Auditor, County Counsel, Human Resources, Information Services, and the Treasurer) to make available all source documents used to allocate costs including time, accounting and facility records, to any department requesting such records.

20. *Butte County's methods for tracking employees' time worked and eligible leave is inconsistent. Butte County policy regarding time card tracking has not been fully updated to reflect the demands of the Kronos Workforce Timekeeping system. Additional controls are needed to ensure consistent implementation of County policy and to verify the integrity of the payroll data, at time of payment through the Pentamation system. Current practices create the opportunity for fraud.*

    The respondent agrees with this finding.

21. *Account codes used for tracking budget detail in the Pentamation database are unique to Butte County, are poorly documented, and are currently frequently changed without notice. This has created, and will continue to create, many obstacles to Butte County's employees managing their own department budget detail and expenditures.*

    The respondent agrees with this finding.

22. *Current Butte County policy does not require or guarantee any consistent allocations of Proposition 172 funding to be distributed to any single Butte County defined public safety agency. Both County contributions and Proposition 172 contributions to the defined public safety agencies has varied significantly from year to year, making it difficult to build, prioritize and maintain quality public safety programs that are not funded by grants.*

    The respondent partially disagrees with this finding. The respondent agrees that appropriation for various County departments may vary from year to year based on Federal and State mandates, service demands, and funding limitations. However, the respondent disagrees that any portion of Proposition 172 revenues should be restricted to specific public safety departments.

    One of the Board of Supervisors' primary legislative roles is to adopt Butte County's annual budget. The process for preparing, adopting, implementing, and auditing a county budget is long and complex. In this process, the Board of Supervisors balances the desires of local taxpayers with State and Federal mandates, policies, and program requirements. Local governments across the State continue an ongoing collective effort to maximize local discretionary spending authority.

    California Government Code Section 30200 requires the State Controller to prescribe uniform accounting procedures for counties. The State Controller's Accounting Standards and Procedures for Counties manual details the uniform charts of accounts, fund structure, functions, and activities. The purpose of this manual is twofold: (1) to ensure conformance to generally accepted accounting principals; and (2) To facilitate comparison and analysis of county financial reports on a statewide basis by minimizing differences between counties' philosophies, methods, and terminologies.

    Section 1.08.a.(1) of the State Controller's manual states that the County's General Fund is to be used to account for all financial resources except those required to be accounted

for in another fund. Section 1.09 states "Only the minimum number of funds consistent with legal operating requirements should be established. Using too many funds causes inflexibility and undue complexity in financial management. It should be avoided in the interest of efficient and economical financial administration."

Proposition 172 revenues are a dedicated state-allocated tax to be used exclusively for eligible public safety services. This revenue is received by the County's General Fund as directed by the State Controller. Government Code Section 30052 defines "public safety services" as including, but not limited to sheriffs, police, fire protection, county district attorneys, county corrections, and lifeguards. Government Code Section 30056 prohibits a city or county from spending less of its own "financial resource' on "all combined public safety services" in any given year when compared to what it spent during the 1992-93 fiscal year. In other words, a city or county may not reduce its own sources of funding for public safety services as a consequence of receiving Proposition 172 sales tax revenues. This is called a Maintenance of Effort (MOE) requirement.

Pursuant to statute, Butte County's public safety sales tax MOE calculation for fiscal year 1992-93 considered specific budget units for the District Attorney, Sheriff, Probation Department, and Fire Department. The fiscal year 2006-07 Proposed Budget appropriates $32 million to these eligible public safety services ***in excess*** of the amount required by the MOE. This demonstrates that public safety services continue to be a high priority of the Board of Supervisors.

Attorney General Opinion Number 02-913 states that a county board of supervisors has the discretion to change the annual allocation of Proposition 172 funds among eligible public safety service agencies. The Board of Supervisors' legislative authority would be compromised if the County were to self-impose an un-mandated restriction on any source of local discretionary funds.

23. *The current practice of transferring Proposition 172 funds from the public safety account to the General Fund masks the final allocations and expenditures. This practice has created mistrust among departments that receive these funds. County departments have previously requested an accounting of Proposition 172 MOE allocations and have been denied that request.*

The respondent disagrees with this finding. Butte County's treatment of Proposition 172 funds is in compliance with Government Code Section 30056 and direction provided by the State Controller. Further, Proposition 172 revenues are clearly identified in the County budget. Section 30056 mandates that total spending for all combined public safety services be maintained from year to year. Nothing in Section 30056 requires that a specific public safety service agency receive a certain amount during each fiscal year. Again, this discretion and authority resides with the Board of Supervisors.

All available information regarding the accounting of Proposition 172 MOE allocation has been provided to County departments.

24. *Policies, procedures, desk manuals, and training have not been adequately kept up to date in all organizational units within the Butte County Auditor-Controller's office. Existing desk manuals inappropriately contain security pass codes for access to financial information. Documentation prepared for a specific employee in the Cost Section could be construed as harassing or discriminatory.*

    The respondent neither agrees nor disagrees with this finding. The Chief Administrative Officer is not involved in managing the offices of elected officials. However, the respondent agrees that all elected and appointed department heads should ensure that policies, procedures, desk manuals, and training should be adequately kept up to date with sufficient security where needed. The respondent also believes all documents should be void any appearance of harassment or discrimination.

25. *Posting of expenditures and receipts in the Pentamation system has been slow, inaccurate, and inconsistent. Journals of financial transactions have not been consistently available to affected departments in a timely fashion. This has caused difficulty for departments in managing their budgets.*

    The respondent agrees with this finding.

26. *Between July 1, 2003 and May 3, 2006, David Houser consumed more than half of the Auditor-Controller's combined budget units 533 (Memberships) and 543201 (Transportation & Travel/ Outside Purchase) for his memberships, car and cell phone allowance, and trips to conferences. These costs have not been a direct benefit to Butte County or County employees.*

    The respondent agrees with this finding. However, respondent notes that there is an indirect benefit if information learned from training and conferences is relayed to other employees.

27. *The majority of the employees of the Auditor-Controller's office have had no professionally standardized training related to government accounting during their employment by Butte County. Consequently, implementation of Generally Accepted Accounting Principles and GASB guidelines have been erratic. Fiscal policies are made by the Auditor's employees in the moment as the need arises without prior communication to affected County departments.*

    The respondent agrees with this finding.

28. *The working conditions found in the Auditor's office appear to be safety, health, and fire hazards.*

    The respondent neither agrees nor disagrees with this finding pending investigations. The respondent has directed the County Safety Officer to investigate. The County Safety Officer has investigated the office with an inspector from California Division of Occupational Safety and Health, an ergonomics specialist, and the Fire Marshall, and will address all concerns.

29. *Many of the responsibilities of the Auditor-Controller are being transferred to other Butte County departments, narrowing the scope of his responsibilities. California Penal Code 927 states, "a grand jury may, and when requested by the Board of Supervisors shall, investigate and report upon the needs for increase or decrease in salaries of the County-elected officials. A copy of such report shall be transmitted to the Board of Supervisors."*

    The respondent disagrees with this finding. Only some of the responsibilities of the Auditor-Controller have been or are currently being transferred. "Many" is a mischaracterization of proportion.

Grand Jury Recommendations

1. *Pursuant to California Penal Code 927, this Grand Jury recommends a decrease in salary for the position of the Butte County Auditor-Controller of 25% of current salary and salary range, at the next legal interval to do so, due to significant portions of departmental responsibility being moved to other County departments. The Butte County Board of Supervisors should, pursuant to California Penal Code 927, request the Grand Jury to reassess this salary decrease in three years by providing data to the Grand Jury related to Butte County audit results, management letters, salaries and compensation of Auditor-Controllers in comparable sized counties, and functional responsibilities of the Auditor-Controller in the comparable sized counties.*

    The recommendation will not be implemented because it is not reasonable. The Board of Supervisors may not lower the salary of an elected official during his or her term of office absent an emergency. Based on initial analysis, the next "legal interval" for a salary decrease is at the start of the term beginning on January 3, 2011. A decrease at the start of that term would negatively impact the size of the candidate pool running for the office. It is a common economic factor in any recruitment for any position, whether elected or appointed, that as the salary for a position is lowered the number of qualified people pursuing the post is decreased, and as the salary is increased so goes the number of qualified candidates.

2. *Upon direction by the Butte County Board of Supervisors, the CAO should contact the audit firm, Gilbert and Associates, and report to the Board what unpaid labor and travel costs may be due so that Butte County employees' unprofessionalism does not undermine the County's ability to attract competitive bids.*

    The recommendation has not been implemented, but will be implemented by the respondent if directed.

3. *The adopted Butte County computer use and ethics policy should be reviewed and updated as needed to ensure that it specifically addresses the Pentamation Financial Database. Documenting pass-codes in non-secure locations should be grounds for disciplinary action. Any employee that uses security credentials not assigned to themselves to access or alter financial data should be placed on administrative leave*

until an investigation is completed and appropriate course of action is decided by recommendation of Butte County's Department of Human Resources.

The recommendation has not been implemented, but will be partially implemented. The County computer use and ethics policy will be reviewed and updated as necessary by January 2007. Any violation of this policy or any other adopted policy is enforceable by department heads, including the imposition of disciplinary action. Department heads can place employees on paid administrative leave during the investigation of a policy infraction. The Human Resources Department is available to departments for consultation and will provide recommendations regarding appropriate course of action.

4. *The outstanding obligations for both the CEC loans for Butte County's solar panel project and the GAP loan owed to the Butte County Treasurer should be appropriately collateralized. There should be no ambiguity to a future Butte County Board of Supervisors as to the impacts of deciding not to appropriate funds to pay for these long term obligations.*

   The recommendation will not be implemented because it is unwarranted. The California Energy Commission (CEC) loans are not collaterized and the CEC does not require any security interest be filed on the equipment. The promissory note between the County and the CEC indicates the debt to the CEC and the loan agreement indicates the source of repayments.

   The GAP loan between the County and the County Treasury is fully collaterized via a loan agreement and a promissory note which provide that, in the event of a default, secured property tax monies otherwise owing to the County General Fund be diverted to cure the default.

5. *The available budget in the Auditor's office for training, travel, and professional memberships should be increased to a level that each employee can attend needed training.*

   The recommendation will be implemented to the extent that resources will reasonably allow. The respondent agrees that employee training and professional development is a very important investment that the County must make. Consideration of other County demands for its limited resources is necessary, and such consideration typically occurs during the annual budget process.

6. *The Audit Committee should review Butte County's implementation of account codes used in the Pentamation Financial system and develop policy to standardize account codes with the State of California standards as much as possible. A policy standardizing account codes, including a method for appropriately adding or deleting account codes, as well as documenting and communicating those changes, should be forwarded to the Board of Supervisors for their review after review by the Audit Committee. The Grand Jury believes that a log of added and deleted account codes should be kept by those responsible and forwarded quarterly to the Audit Committee for their review.*

The recommendation has not been implemented but will be implemented to the extent that the respondent is authorized to do so. The respondent will work with the Auditor-Controller to review the existing chart of accounts, and explore improvements and maintenance of the chart of accounts.

7. *Changes to expenditures and receipts should not be made after closing a fiscal year's books or July 31 of each year. Errors and omissions should be documented and forwarded to the Butte County CAO and Auditor-Controller for appropriate actions.*

   The respondent is unable to comment on this recommendation since it is directed to the Auditor-Controller. However, the Chief Administrative Officer agrees with the recommendation.

8. *Uniform accounting policy should be adopted county-wide and relevant documentation should be forwarded to all affected Butte County Department Heads for their distribution.*

   The recommendation has not been implemented but will be implemented to the extent current resources and Auditor-Controller support will allow. The respondent will make himself available to work with the Auditor-Controller and Treasurer-Tax Collector to develop a plan for developing, maintaining and enforcing a uniform accounting policy adopted by the Board of Supervisors, and report to the Board of Supervisors by January 2007 what additional resources, if any, are required to carry out the plan.

9. *Butte County Code should be updated to require a signature for a legally required review by the Auditor's Office before a contract is executed. Failure to complete such a review in a County policy defined time window by the Auditor's office should be grounds for disciplinary action for the assigned employee.*

   The recommendation will not be implemented because it is unwarranted. Alternately, the respondent will recommend to the Board of Supervisors an update to the Butte County Code that requires the Purchasing Agent to review all contracts before they are executed and to send an original of each executed contract to the Auditor-Controller for proper encumbrance.

10. *Payments, receipts, and journals should be posted accurately within a reasonable number of days defined in Butte County policy. Failure to do so should be grounds for progressive discipline per County policy.*

    The recommendation has not been implemented, but will be partially implemented. The respondent will make himself available to work with the Auditor-Controller and Treasurer-Tax Collector to develop a plan for developing, maintaining and enforcing a uniform accounting policy adopted by the Board of Supervisors, and report to the Board of Supervisors by January 2007 what additional resources, if any, are required to carry out the plan. Any violation of such policy or any other adopted policy is enforceable by department heads, including the imposition of disciplinary action.

11. *A designated member of Butte County Administration should be the primary point of contact for most, or all, facets of the annual Butte County Audit. All relevant communications with the Auditor-Controller or his staff, including email, should include a copy to the designee of Butte County Administration.*

    The recommendation has been implemented to the extent the respondent is authorized.

12. *The Butte County Auditor-Controller should instruct his Internal Auditor, or other qualified employee, to comprehensively audit distributions of Proposition 172 funds and ensure that these funds are allocated and distributed in accordance with relevant California codes and regulations. All public safety agencies that receive Prop. 172 monies should be defined as such in Board adopted policy. A report should be prepared and forwarded to all members of the Audit Committee, the Board of Supervisors, the affected public safety agencies, and the Grand Jury.*

    This recommendation will not be implemented because it is not warranted. Butte County is in compliance with all relevant sections of Government Code. As stated earlier, the fiscal year 2006-07 Proposed Budget appropriates $32 million to eligible public safety services in excess of the amount required by the MOE. This demonstrates that public safety services continue to be a high priority of the Board of Supervisors. Developing new County policy to permanently allocate a percentage of Proposition 172 funds to specific public safety departments would compromise and restrict the Board of Supervisors' legislative authority. In addition, such practice would not be consistent with the intent of Proposition 172 nor the State Controller's established accounting standards and procedures. The intention of Proposition 172 is for counties to maintain an MOE level of funding in return for receiving these revenues in the County's General Fund.

13. *Butte County Administration should spearhead an effort to coordinate with County defined public safety agencies, (defined as required by Proposition 172/ AB2788), to bring forward a recommendation to the Board of Supervisors for an MOU for calculating each public safety agencies' share of this funding source within the Maintenance of Effort calculations as described earlier in this report. The Board of Supervisors should consider including stipulations in the policy that Proposition 172 funds are never transferred to the General Fund so that full transparency and accountability is always maintained.*

    This recommendation will not be implemented because it is not warranted. Butte County is in compliance with Government Code Section 30056 in dealing with Proposition 172 funds. The County maintains full transparency and accountability in using these funds in its budget process. A policy stipulation that Proposition 172 funds are never transferred to the County's General Fund would violate the intentions of Proposition 172 and direction provided by the State Controller.

14. *The Auditor-Controller's department should be inspected on an ongoing basis by the Fire Marshall and other experts for health and safety problems.*

The recommendation has not been implemented but will be mostly implemented. The County Safety Officer has and will continue to inspect the department's offices on an ongoing basis. The County Safety Officer has investigated the office with an inspector from California Division of Occupational Safety and Health, an ergonomics specialist, and the Fire Marshall, and will address all concerns.

15. *An ergonomics assessment should be performed for each staff member and appropriate workstations should be installed in the Auditor-Controller's office.*

    The recommendation has not been implemented but will be implemented by January 2007. The assessment has been completed and the workstations are being procured.

16. *The Butte County Board of Supervisors should consider allocating additional funding for aggressive audit sampling and review of the following items for a minimum of the next three years (these items need not be completed by the November 30th due date or under the same cover as the normal, annual audit):*
    - *A. payroll and timekeeping data including, but not limited to, policies and procedures related to billing for indirect costs, proper crediting of accruals and payments of vacation/sick leave/furlough,*
    - *B. refunds given for Development Services land use or building permits and related impact fees,*
    - *C. refunds and disbursements given for what are referred to, but not necessarily legally defined as, trust accounts held by Butte County,*
    - *D. legally defensible collateralization of all financial obligations owed by Butte County that extend beyond a single fiscal year, and a legally defined debt limit that includes authorizing California Codes or Regulations.*

    This recommendation has not been implemented but will be implemented in the future. An independent accounting firm will be contracted to review the above-noted items by January 2007.

ISSUES IMPACTING GRAND JURY EFFICIENCY

Grand Jury Findings

1. *Current Grand Jury facilities limit and affect the Grand Jury's performance of authorized Penal Code duties.*

   The respondent partially disagrees with this finding. While facility limitations could affect the Grand Jury's performance, the current and past Grand Juries have been able to perform their duties as authorized by the statute. The County has worked with previous Grand Juries to find facilities to better meet their needs. However, past Grand Juries have chosen to continue the current arrangements.

2. *Greater facilitation, coordination, and policy regarding the physical requirements of the Grand Jury are needed between Butte County and the Superior Court.*

   The respondent partially disagrees with this finding. The County has worked with past Grand Juries to deal with physical requirements of the Grand Jury. The County will continue to work directly with current and future Grand Jury to better address facility and other unmet needs within the financial constraints of the County.

3. *Without violating the confidentiality of the Grand Jury, volunteers can provide support to the Grand Jury by offering skill trainings, by donating equipment, supplies, and by performing public outreach.*

   The respondent agrees with this finding.

4. *Current Per Diem does not cover all out of pocket expenses. Waste and inefficiency can be minimized by providing centrally located and secure facilities for office space and record storage.*

   The respondent agrees with this finding.

Grand Jury Recommendations

1. *Allow the Grand Jury to utilize appropriate office space in the old Juvenile Hall complex or the old Carnegie Library, or a similar space, provided it can be appropriately secured and climate controlled for the preservation of records until space becomes available at 25 County Center Drive in approximately 2015.*

   This recommendation requires further analysis. Within the next six months, the General Services Director will discuss records storage needs with the Grand Jury. Existing County facilities will be examined with the Grand Jury. It should be noted that the Carnegie Library is the property of the City of Oroville and the County has no control over its use.

2. *Butte County should coordinate with the Superior Court and two (2) current and/or former Grand Jury volunteers to resolve issues of policy and functional responsibility assignments for supplies and facilities until such time as Grand Jury law appropriately reflects the separation of the Superior Courts from the county. This coordination should include regular meetings to ensure good communications.*

   This recommendation will not be implemented because it is not warranted. While the Grand Jury reports to the Presiding Judge, the County is responsible for funding its operations. Any and all supplies and facilities needs should be addressed with the General Services Director.

3. *In the short term, Grand Jury office facilities need to be large enough, for the entire Grand Jury to meet. Butte County should designate a point of contact within its administration, for volunteers to coordinate a location with sufficient materials and work*

area containing a telephone line, fax machine, Internet access, computer equipment, and furniture for record storage. Most of this equipment could be donated or purchased inexpensively from surplus.

This recommendation has been implemented. The County's General Service Director is the designated contact for the Grand Jury for addressing facility, communication, and supply needs. As addressed in Recommendation #1, the County will discuss facility needs with the Grand Jury within the next six months. Included in this discussion will be other needs such as communication, records storage, and other supplies.

4. *Butte County should coordinate with the Grand Jury to provide access to basic office supplies. It is very likely that the purchasing power of the County could provide supplies at a much lower price than Jurors pay at a retail store. A rationed allotment of supplies for each Grand Jury term could greatly offset out of pocket expenses.*

   This recommendation has not been implemented but will be implemented in the future. Within one month of being contacted by the Grand Jury, the General Service Director will coordinate the implementation of this recommendation. He will ensure that basic office supplies can be purchased in a timely manner at reasonable costs through County suppliers thus reducing or eliminating out-of-pocket expenses for the Grand Jury members.

5. *Butte County should pay Per Diem at an average rate of the same counties used in its compensation study for its employees in the 2005/06 fiscal year.*

   This recommendation has not been implemented but will be implemented in the future. Within the next six months, County staff will draft an ordinance, for Board consideration, increasing Grand Jury mileage reimbursement and per diem rates equivalent to that of County employees. The current mileage reimbursement of twenty-four cents per mile ($.24/mile) and per diem of twenty dollars ($20) was adopted in January 1981. The rate for the new ordinance should be tied to the existing County travel policy, so if the rates increase for County employees, the Grand Jury would see an equivalent increase.

This concludes the response of the Chief Administrative Officer to areas within the Grand Jury Report for fiscal year 2005-06 where they sought comments from the CAO.

Sincerely,

Paul McIntosh
Chief Administrative Officer

AUG 2 8 2006

Dedicated To Quality Education

Gridley Unified School District
429 Magnolia Street Gridley, California 95948-2533
Phone (530)846-4721 Fax (530)846-4595
Clark S. Redfield, Superintendent

FILED Butte County Superior Court FILED
AUG 2 8 2006
Sherol Strickland Clerk
By Deputy

August 23, 2006

Presiding Judge
Re: Butte County Grand Jury Report Response
One Court Street
Oroville, CA 95965

Dear Members of the Grand Jury,

Attached you will find our response and summation with supporting information to the Butte County Grand Jury's report.

If you have any further questions, please feel free to contact me at 846-4721, ext. 28.

Sincerely,

Lloyd Pierce
Gridley Unified School District
Board of Trustees President

ph

enclosures

Response to the Grand Jury report regarding Gridley Unified School District

Thank you for providing the Gridley Unified School District with the 2006 Grand Jury report and the opportunity to respond. I will speak about specific comments made in the report and then conclude with a summary.

1. Page B-3 "The investigation found that no general increase had been granted Gridley teachers in a number of years prior to 2001".

The Gridley Elementary school District and The Gridley Union High School District joined together in 1998/99 forming the now Gridley Unified School District.

Taking a look at the salary schedule for the High School and Unified School District the following chart indicates the general salary increase provided to teachers prior to 2000/2001 school year. (Salary schedules attached)

High School District and Unified District

BA + 45 units Step One

1994/1995	$25,849
1995/1996	$26,262
1996/1997	$26,878
1997/1998	$28,222
1998/1999	$28,823
1999/2000	$29,976
2000/2001	$34,050
2001/2002	$34,253

This represents a 31% increase in salary for the seven years prior to 2001

BA + 60 units Step Five

1994/1995	$28,036
1995/1996	$29,597
1996/1997	$31,159
1997/1998	$32,717
1998/1999	$34,233
1999/2000	$35,603
2000/2001	$36,848
2001/2002	$37,971

This represents a 23% increase in salary for the seven years prior to 2001

Elementary School District and Unified District

BA + 45 units Step One

1994/1995	$24,962
1995/1996	$25,479
1996/1997	$26,902
1997/1998	$27,709
1998/1999	$28,823
1999/2000	$29,976
2000/2001	$34,050
2001/2002	$34,253

This represents a 37% increase in salary for the seven years prior to 2001

BA + 60 units Step Five

1994/1995	$29,648
1995/1996	$30,263
1996/1997	$31,953
1997/1998	$32,911
1998/1999	$34,233
1999/2000	$35,603
2000/2001	$36,848
2001/2002	$37,971

This represents a 28% increase in salary for the seven years prior to 2001

This chart demonstrates the cost of living increases only. As indicated in the report the teachers also received the increases for years of experience and additional college credit.

2. Page B-4 "According to a former GTA representative the District asked the GTA to keep the CTA consultant away during negotiation because it was afraid the CTA might blow the whistle on its financial condition".

The districts financial condition was well known at the time of the bargaining with GTA/CTA. Copies of the Gridley Unified School District budget are provided to the leadership and negotiation chair of the Gridley Teachers association as well as made available to the public. The county had already developed an agreement where the district would use deferred maintenance funds to pay off a loan from the Butte County Office of Education. At no time was there any General Education funds used to contribute to the work at the high school or other facilities construction projects. In conversations with the District representative at that bargaining table at that time it was a mutual agreement to leave the consultants out of the bargaining process. That agreement included both the CTA consultant and the District consultant.

3. Page B-4 "According to a former GTA representative, the Board directed that no minutes be taken in the meetings when the CTA representative was not present."

In collective bargaining sessions either team can take minutes for their side. A Board can not direct the teachers bargaining team to not take minutes. It is the experience of the current superintendent that district teams seldom take minutes, because they rely more on exchanged proposals and signed tentative agreements because they are joint documents not the impressions of one side or the other. In conversations with the District representative at that time there is no recollection of any request to not take notes.

4. Page B-4 and B-5 "The following table sets out the total GUSD teachers salaries, and percentage change of yearly salary increases for 1995 – 2003."

This chart accurately reflects the total dollars paid to all teachers for salary. It does not take into account any increases or decreases in enrollment that would require increases or decreases in the number of teachers needed to serve the students of the Gridley Unified School District. The chart used in the first discussion item reflects actual salary schedule increases.

5. Page B-5 "Salary information from BCOE, however , shows that at least seven fully credentialed teachers in Gridley did not receive the $32,000 minimum salary specified by the State for 1999/2000."

This oversight has been corrected

6. Page B-5 "the superintendent indicated to the Grand Jury that he would never have allowed a meeting to occur without the CTA.

It is not the determination of the superintendent who GTA chooses to have serve on their bargaining team. I would not ask GTA to change their team composition. Notes are a matter of individual team decision, and again the records that are most important to the bargaining process are the exchanged proposals and the signed tentative agreements.

Response to Recommendations

1. "GUSD should honor all commitments to the teachers who retired at step 35 including the cost of the repayment schedules that have been imposed on the retired teachers."

The agreement in 2000/2001 school year that adding the 35th step and the agreement in 2001/2002 removing the 35th step were mutual agreements, by both the Gridley Unified School District and the Gridley Teachers Association. These decisions were not made by the Board in isolation. After the outcome of the STRS audit it would be in the best interest of all parties for GUSD, GTA and the individual teachers affected to meet and discuss options.

2. "GUSD should make prompt payment of the salary underpayment found for at least seven teachers in 1999-2000"

The Board on June 28, 2006 approved the correction to the salary and the individual teachers will receive the compensation by the end of the month.

3. "All of the school district in the County should work with BCOE to improve training of staff in the ins and outs of STRS regulations."

The Gridley Unified School District welcomes the involvement of the BCOE in our desire to provide quality serves and resources to our staff present and former. Our payroll technician has participated in further training from BCOE and STRS directly.

4. "GUSD should ensure important documents, such as labor agreements, signed contracts, and taped Board minutes are protected against loss. Key records should be retained permanently."

All approved Board of Trustee meeting minutes are maintained at the district office. These Board minutes reflect the final decision of the Board on all matters including bargaining with the teachers. Tentative agreements are currently maintained in two location one the office of the Superintendent and the other in the office of the Director of Human Resources.

29-May-91

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1990/ 1991

MINIMUM TEACHER SALARY INCREASED IN 83/84, 84/85 AND 85/86 BY 10% EA YR. BASE STEP IN 83/84 WAS $14,025. BASE STEP IN 85/86 WAS $18,787.

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45 or MA	BA+60 or MA+15	BA+75 or MA+30
1	22196	23310	23426	24245	25094	25972
2	22306	23426	24245	25094	25972	26881
3	22417	24245	25094	25972	26881	27822
4	22528	25094	25972	26881	27822	28797
5	22638	25972	26881	27822	28797	29803
6	22748	26881	27822	28797	29803	30847
7	22858	27822	28797	29803	30847	31927
8		28797	29803	30847	31927	33044
9			30847	31927	33044	34201
10				33044	34201	35397
11					35397	36636
12						38190

LONGEVITY @ 16 YRS	$600
LONGEVITY @ 20 YRS	$1,200
LONGEVITY @ 24 YRS	$1,800
LONGEVITY @ 28 YRS	$2,400

ADOPTED: JUNE 20, 1991
1.3%

24-Apr-92

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1991/1992

MINIMUM TEACHER SALARY INCREASED IN 83/84, 84/85 AND 85/86 BY 10% EA YR. BASE STEP IN 83/84 WAS $14,025. BASE STEP IN 85/86 WAS $18,787.

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45 or MA	BA+60 or MA+15	BA+75 or MA+30
1	22642	23778	23897	24732	25598	26494
2	22754	23897	24732	25598	26494	27422
3	22867	24732	25598	26494	27422	28381
4	22981	25598	26494	27422	28381	29376
5	23093	26494	27422	28381	29376	30402
6	23205	27422	28381	29376	30402	31467
7	23318	28381	29376	30402	31467	32568
8		29376	30402	31467	32568	33708
9			31467	32568	33708	34888
10				33708	34888	36109
11					36109	37372
12						38958

LONGEVITY @ 16 YRS	$600
LONGEVITY @ 20 YRS	$1,200
LONGEVITY @ 24 YRS	$1,800
LONGEVITY @ 28 YRS	$2,400

ADOPTED: APRIL 23, 1992
1%

11-Sep-92

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1992/1993

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	22642	23778	23897	24732	25598	26494
2	22754	23897	24732	25598	26494	27422
3	22867	24732	25598	26494	27422	28381
4	22981	25598	26494	27422	28381	29376
5	23093	26494	27422	28381	29376	30402
6	23205	27422	28381	29376	30402	31467
7	23318	28381	29376	30402	31467	32568
8		29376	30402	31467	32568	33708
9			31467	32568	33708	34888
10				33708	34888	36109
11					36109	37372
12						38958

LONGEVITY @ 16 YRS	$600
LONGEVITY @ 20 YRS	$1,200
LONGEVITY @ 24 YRS	$1,800
LONGEVITY @ 28 YRS	$2,400

MASTERS DEGREE STIPEND

Effective July 1, 1993, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $450.00 for a full-year of service.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: 09/92

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1993/1994

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	22642	23778	23897	24732	25598	26494
2	22754	23897	24732	25598	26494	27422
3	22867	24732	25598	26494	27422	28381
4	22981	25598	26494	27422	28381	29376
5	23093	26494	27422	28381	29376	30402
6	23205	27422	28381	29376	30402	31467
7	23318	28381	29376	30402	31467	32568
8		29376	30402	31467	32568	33708
9			31467	32568	33708	34888
10				33708	34888	36109
11					36109	37372
12						38958

LONGEVITY @ 16 YRS	$650
LONGEVITY @ 20 YRS	$1,300
LONGEVITY @ 24 YRS	$1,950
LONGEVITY @ 28 YRS	$2,600

MASTERS DEGREE STIPEND

Effective July 1, 1993, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $450.00 for a full-year of service.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: MAY 12, 1994
+ 1.5% BONUS

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1994/1995

2% Effective February 1, 1995

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	22853	23998	24118	24962	25836	26741
2	22966	24118	24962	25836	26741	27677
3	23080	24962	25836	26741	27677	28645
4	23195	25836	26741	27677	28645	29648
5	23307	26741	27677	28645	29648	30684
6	23420	27677	28645	29648	30684	31759
7	23534	28645	29648	30684	31759	32871
8		29648	30684	31759	32871	34022
9			31759	32871	34022	35211
10				34022	35211	36445
11					36445	37719
12						39321

LONGEVITY @ 16 YRS	$706.44
LONGEVITY @ 20 YRS	$1,412.88
LONGEVITY @ 24 YRS	$2,119.32
LONGEVITY @ 28 YRS	$2,825.76

MASTERS DEGREE STIPEND

Effective February 1, 1995, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $459.00 for a full-year of service. For the 1994/1995 school year, the stipend will be prorated to equal $454.50.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: FEBRUARY 16, 1995

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1995/1996
1% EFFECTIVE JULY 1, 1995

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	23326	24497	24619	25479	26371	27294
2	23441	24619	25479	26371	27294	28250
3	23558	25479	26371	27294	28250	29238
4	23674	26371	27294	28250	29238	30263
5	23790	27294	28250	29238	30263	31320
6	23906	28250	29238	30263	31320	32417
7	24022	29238	30263	31320	32417	33552
8		30263	31320	32417	33552	34726
9			32417	33552	34726	35942
10				34726	35942	37199
11					37199	38500
12						40134

LONGEVITY @ 16 YRS	$721
LONGEVITY @ 20 YRS	$1,442
LONGEVITY @ 24 YRS	$2,163
LONGEVITY @ 28 YRS	$2,885

MASTERS DEGREE STIPEND
==========

Effective July 1, 1995, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $464.00 for a full-year of service.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: DECEMBER 5, 1995

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1996- -1997
2% EFFECTIVE JULY 1,1996

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	24629	25865	25994	26902	27844	28819
2	24750	25994	26902	27844	28819	29828
3	24874	26902	27844	28819	29828	30872
4	24997	27844	28819	29828	30872	31953
5	25118	28819	29828	30872	31953	33069
6	25241	29828	30872	31953	33069	34228
7	25364	30872	31953	33069	34228	35426
8		31953	33069	34228	35426	36665
9			34228	35426	36665	37949
10				36665	37949	39277
11					39277	40651
12						42376

LONGEVITY @ 16 YRS	$762
LONGEVITY @ 20 YRS	$1,523
LONGEVITY @ 24 YRS	$2,284
LONGEVITY @ 28 YRS	$3,046

MASTERS DEGREE STIPEND

Effective July 1, 1996, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $490.00 for a full-year of service.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: OCTOBER 24, 1996

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1997/1998
3% EFFECTIVE 7/1/97

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	25,368	26,641	26,774	27,709	28,679	29,683
2	25,493	26,774	27,709	28,679	29,683	30,722
3	25,620	27,709	28,679	29,683	30,722	31,798
4	25,747	28,679	29,683	30,722	31,798	32,911
5	25,872	29,683	30,722	31,798	32,911	34,062
6	25,998	30,722	31,798	32,911	34,062	35,254
7	26,124	31,798	32,911	34,062	35,254	36,489
8		32,911	34,062	35,254	36,489	37,765
9			35,254	36,489	37,765	39,088
10				37,765	39,088	40,455
11					40,455	41,870
12						43,647
16 LONGEVITY	26,908	33,695	36,038	38,549	41,239	44,431
20 LONGEVITY	27,693	34,480	36,823	39,334	42,024	45,216
24 LONGEVITY	28,477	35,264	37,607	40,118	42,808	46,000
28 LONGEVITY	29,261	36,048	38,391	40,902	43,592	46,784

LONGEVITY @ 16 YRS 784.5

LONGEVITY @ 20 YRS	**1568.7**
LONGEVITY @ 24 YRS	**2352.5**
LONGEVITY @ 28 YRS	**3137**

MASTERS DEGREE STIPEND

Effective July 1, 1996, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $505.00 for a full-year of service. To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: MARCH 12, 1998

02/24/95

GRIDLEY UNION HIGH SCHOOL DISTRICT
CERTIFICATED
SALARY SCHEDULE

1994-1995

EFFECTIVE 7-1-94

	I	II	III	IV	V
	BA<30	BA+30	BA+45	BA+60	BA+75
1	25,335	25,588	25,849	26,118	26,395
2	25,588	25,849	26,118	26,395	26,680
3	25,849	26,118	26,395	26,680	26,974
4	26,118	26,395	26,680	26,974	28,036
5	26,395	26,680	26,974	28,036	29,142
6	26,680	26,974	28,036	29,142	30,293
7	26,974	28,036	29,142	30,293	31,491
8	28,036	29,142	30,293	31,491	32,738
9	28,036	30,293	31,491	32,738	34,036
10	28,036	30,293	32,738	34,036	35,387
11	28,036	30,293	32,738	35,387	36,794
12	28,036	30,293	32,738	35,387	38,925
13	29,957	31,943	34,089	36,409	39,586
18	30,646	32,642	34,799	37,131	40,320
23	31,612	33,619	35,788	38,132	41,333
28	32,589	34,608	36,789	39,145	42,358

10/18/95

GRIDLEY UNION HIGH SCHOOL DISTRICT
CERTIFICATED
SALARY SCHEDULE

1995-1996

EFFECTIVE 7-1-95

	I	II	III	IV	V
	BA<30	BA+30	BA+45	BA+60	BA+75
1	25,335	25,841	26,363	26,901	27,455
2	25,841	26,363	26,901	27,455	28,025
3	26,363	26,901	27,455	28,025	28,613
4	26,901	27,455	28,025	28,613	29,597
5	27,455	28,025	28,613	29,597	30,618
6	28,025	28,613	29,597	30,618	31,675
7	28,613	29,597	30,618	31,675	32,770
8	29,597	30,618	31,675	32,770	33,904
9	30,221	31,675	32,770	33,904	35,079
10	30,863	32,337	33,904	35,079	36,296
11	31,525	33,017	34,606	36,296	37,558
12	32,205	33,719	35,328	37,040	39,199
13	33,039	34,575	36,206	37,940	40,121
18	33,926	35,482	37,135	38,893	41,098
23	34,967	36,545	38,222	40,004	42,233
28	36,030	37,632	39,333	41,139	43,392

10/18/95

GRIDLEY UNION HIGH SCHOOL DISTRICT
CERTIFICATED
SALARY SCHEDULE

1996-1997

EFFECTIVE 7-1-96

	I	II	III	IV	V
	BA<30	BA+30	BA+45	BA+60	BA+75
1	25,335	26,095	26,878	27,684	28,515
2	26,095	26,878	27,684	28,515	29,370
3	26,878	27,684	28,515	29,370	30,251
4	27,684	28,515	29,370	30,251	31,159
5	28,515	29,370	30,251	31,159	32,094
6	29,370	30,251	31,159	32,094	33,057
7	30,251	31,159	32,094	33,057	34,049
8	31,159	32,094	33,057	34,049	35,070
9	32,094	33,057	34,049	35,070	36,122
10	33,057	34,049	35,070	36,122	37,206
11	34,049	35,070	36,122	37,206	38,322
12	35,070	36,122	37,206	38,322	39,472
13	36,122	37,206	38,322	39,472	40,656
18	37,206	38,322	39,472	40,656	41,876
23	38,322	39,472	40,656	41,876	43,132
28	39,472	40,656	41,876	43,132	44,426

ADOPTED:January 18, 1995

07/06/06

GRIDLEY UNION HIGH SCHOOL DISTRICT
CERTIFICATED
SALARY SCHEDULE

1997-1998

EFFECTIVE 7-1-97

	I	II	III	IV	V
	BA<30	BA+30	BA+45	BA+60	BA+75
1	26,602	27,400	28,222	29,068	29,941
2	27,400	28,222	29,068	29,941	30,839
3	28,222	29,068	29,941	30,839	31,764
4	29,068	29,941	30,839	31,764	32,717
5	29,941	30,839	31,764	32,717	33,698
6	30,839	31,764	32,717	33,698	34,709
7	31,764	32,717	33,698	34,709	35,751
8	32,717	33,698	34,709	35,751	36,823
9	33,698	34,709	35,751	36,823	37,928
10	34,709	35,751	36,823	37,928	39,066
11	35,751	36,823	37,928	39,066	40,238
12	36,823	37,928	39,066	40,238	41,445
13	37,928	39,066	40,238	41,445	42,688
18	39,066	40,238	41,445	42,688	43,969
23	40,238	41,445	42,688	43,969	45,288
28	41,445	42,688	43,969	45,288	46,646

ADOPTED:June 1998 @ 5%

3% Increments

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1998-1999

	I	II	III	IV	V
	BA	BA+30	BA+45	BA+60	BA+75
1	26,907	27,849	28,823	29,832	30,876
2	27,849	28,823	29,832	30,876	31,957
3	28,823	29,832	30,876	31,957	33,076
4	29,832	30,876	31,957	33,076	34,233
5	30,876	31,957	33,076	34,233	35,431
6	31,957	33,076	34,233	35,431	36,671
7	33,076	34,233	35,431	36,671	37,955
8	34,233	35,431	36,671	37,955	39,283
9		36,671	37,955	39,283	40,658
10			39,283	40,658	42,081
11			40,658*	42,081	43,554
12			42,081*	43,554	45,079
13			43,554*	45,079	46,656
14			45,079*	46,656	48,289

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education, shall be paid an annual stipend of $505.00 for a full year of service. To qualify for the stipend during any school year, the employee must have earned th degree by September 1. Only one such stipend will be paid to any one employee.

3.5% INCREMENTS

*** These steps are included on the above salary schedule only to facilitate placement of unit members whose previous salary did not permit placement on this salary schedule. Accordingly, these steps will be eliminated as the affected unit members are able to be placed on the salary schedule or are no longer employed by the District.**

Accordingly, it is agreed and understood that no current or new unit members not currently placed on these salary schedule steps shall advance beyond step 10 of the BA + 45 unit column.

ADOPTED: September 17, 1998

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
EFFECTIVE 7-1-99

YR	Class 1	Class II	Class III	Class IV	Class V
	BA	BA + 30	BA + 45	BA + 60	BA + 75
1	27,983	28,963	29,976	31,026	32,111
2	28,963	29,976	31,026	32,111	33,235
3	29,976	31,026	32,111	33,235	34,399
4	31,026	32,111	33,235	34,399	35,603
5	32,111	33,235	34,399	35,603	36,849
6	33,235	34,399	35,603	36,849	38,138
7	34,399	35,603	36,849	38,138	39,473
8	35,603	36,849	38,138	39,473	40,855
9		38,138	39,473	40,855	42,285
10			40,855	42,285	43,765
11			42,285	43,765	45,296
12			43,765	45,296	46,883
13			45,296	46,883	48,523
14			*46,883	48,523	50,221
20			*48,523	50,221	51,979
25			*50,221	51,979	53,798
30			*51,979	53,798	55,681

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education shall receive an annual stipend of $505 for a full year of service. To qualify for the stipend during any school year, the employee must have earned the degree by Sept. 1. Only (1) such stipend will be paid to any one (1) employee.

3.5% INCREMENTS

Steps 14,20,25, and 30 in column III, (BA + 45) are included on the above salary schedule only to facilitate placement of unit members whose previous salary did not permit placement on this salary schedule. Accordingly these steps will be eliminated from the schedule as the affected unit members are able to be placed on the salary schedule or are no longer employed by the District. Accordingly, it is agreed and understood that current or new unit members not currently placed on these salary schedule steps shall not advance beyond step 10 of the column III, (BA + 45).

Adopted 12/7/99
Effective 7/1/99

ADOPTED 6/28/2001

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
EFFECTIVE JULY 1, 2000

YR	CLASS I BA	CLASS II BA + 30	CLASS III BA + 45	CLASS IV BA + 60	CLASS V BA + 75
2	27,983	34,000	34,050	34,100	34,398
3	28,963	34,050	34,100	34,398	35,602
4	29,976	34,100	34,398	35,602	36,848
5	31,026	34,398	35,602	36,848	38,138
6	32,111	35,602	36,848	38,138	39,472
7	33,235	36,848	38,138	39,472	40,854
8	34,399	38,138	39,472	40,854	42,284
9	35,603	39,472	40,854	42,284	43,764
10		40,854	42,284	43,764	45,296
11			43,764	45,296	46,881
12			45,296	46,881	48,522
13			46,881	48,522	50,220
14			48,522	50,220	51,978
20			50,220	51,978	53,797
25			51,978	53,797	55,680
30			53,797	55,680	57,629
35					64,009

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education shall receive an annual stipend of $505 for a full year of service. To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only (1) such stipend will be paid to any one (1) employee.

3.5% INCREMENTS

Steps 11,12,13,14,20,25 and 30 in Column III, (BA + 45) are included on the above salary schedule only to facilitate placement of unit members whose previous salary did not permit placement on this salary schedule. These steps will be eliminated from the schedule as the effected unit members are able to be placed on the salary schedule or are no longer employed by the District. Accordingly, it is agreed and understood that current or new unit members not currently placed on these salary schedule steps shall not advance beyond step 10 of Column III, (BA + 45).

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
EFFECTIVE JULY 1, 2001

	MODIFIED SCHEDULE 70% of schedule adopted 2/12/02				
YR	CLASS I BA	CLASS II BA + 30	CLASS III BA + 45	CLASS IV BA + 60	CLASS V BA + 75
1	27,983	34,000	34,253	34,491	34,744
2	27,983	34,238	34,491	34,744	35,446
3	28,963	34,491	34,744	35,446	36,687
4	29,976	34,744	35,446	36,687	37,971
5	31,026	35,446	36,687	37,971	39,300
6	32,111	36,687	37,971	39,300	40,675
7	33,235	37,971	39,300	40,675	42,099
8	34,399	39,300	40,675	42,099	43,573
9	35,603	40,675	42,099	43,573	45,098
10	35,603	42,099	43,573	45,098	46,676
11	35,603	42,099	45,098	46,675	48,310
12	35,603	42,099	45,098	48,310	50,000
13	35,603	42,099	45,098	50,000	51,750
14	35,603	42,099	45,098	51,750	53,561
15	35,603	42,099	45,098	51,750	53,561
16	35,603	42,099	45,098	53,034	54,891
17	35,603	42,099	45,098	53,034	54,891
18	35,603	42,099	45,098	53,794	56,266
19	35,603	42,099	45,098	53,794	56,266
20	35,603	42,099	45,098	55,096	57,625
21	35,603	42,099	45,098	55,096	57,625
22	35,603	42,099	45,098	55,885	58,455
23	35,603	42,099	45,098	55,885	58,455
24	35,603	42,099	45,098	55,885	59,301
25	35,603	42,099	45,098	55,885	59,301
26	35,603	42,099	45,098	55,885	60,729
27	35,603	42,099	45,098	55,885	60,729
28	35,603	42,099	45,098	55,885	61,610
29	35,603	42,099	45,098	55,885	61,610
30	35,603	42,099	45,098	55,885	63,093

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education shall receive an annual stipend of $505 for a full year of service. To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only (1) such stipend will be paid to any one (1) employee.

printed: 7/6/2006 **ADOPTED: 12-Feb-02**

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
EFFECTIVE JULY 1, 2002

YR	CLASS I BA	CLASS II BA + 30	CLASS III BA + 45	CLASS IV BA + 60	CLASS V BA + 75
1	27,983	34,000	34,340	34,680	35,020
2	27,983	34,340	34,680	35,020	35,895
3	28,963	34,680	35,020	35,895	37,152
4	29,976	35,020	35,895	37,152	38,452
5	31,026	35,895	37,152	38,452	39,798
6	32,111	37,152	38,452	39,798	41,191
7	33,235	38,452	39,798	41,191	42,632
8	34,399	39,798	41,191	42,632	44,124
9	35,603	41,191	42,632	44,124	45,668
10		42,632	44,124	45,668	47,267
11			45,668	47,267	48,921
12				48,921	50,633
13				50,633	52,406
14				52,406	54,240
16				54,240	56,138
18				55,325	58,103
20				56,431	59,265
22				57,560	60,450
24					61,659
26					62,893
28					64,150
30					65,433

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education shall receive an annual stipend of $505 for a full year of service. To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only (1) such stipend will be paid to any one (1) employee.

Dedicated To Quality Education

Gridley Unified School District
429 Magnolia Street Gridley, California 95948-2533
Phone (530) 846-4721 Fax (530) 846-4595
Clark S. Redfield, Superintendent

FILED
Butte County
Superior Court
AUG 2 3 2006
Sharol Strickland Clerk
By _____ Deputy
FILED

August 23, 2006

Presiding Judge
Re: Butte County Grand Jury Report Response
One Court Street
Oroville, CA 95965

Dear Members of the Grand Jury,

Attached you will find our response and summation with supporting information to the Butte County Grand Jury's report.

If you have any further questions, please feel free to contact me at 846-4721, ext. 28.

Sincerely,

Clark S. Redfield
Superintendent

ph

enclosures

Response to the Grand Jury report regarding Gridley Unified School District

Thank you for providing the Gridley Unified School District with the 2006 Grand Jury report and the opportunity to respond. I will speak about specific comments made in the report and then conclude with a summary.

1. Page B-3 "The investigation found that no general increase had been granted Gridley teachers in a number of years prior to 2001".

The Gridley Elementary school District and The Gridley Union High School District joined together in 1998/99 forming the now Gridley Unified School District.

Taking a look at the salary schedule for the High School and Unified School District the following chart indicates the general salary increase provided to teachers prior to 2000/2001 school year. (Salary schedules attached)

High School District and Unified District

BA + 45 units Step One

1994/1995	$25,849
1995/1996	$26,262
1996/1997	$26,878
1997/1998	$28,222
1998/1999	$28,823
1999/2000	$29,976
2000/2001	$34,050
2001/2002	$34,253

This represents a 31% increase in salary for the seven years prior to 2001

BA + 60 units Step Five

1994/1995	$28,036
1995/1996	$29,597
1996/1997	$31,159
1997/1998	$32,717
1998/1999	$34,233
1999/2000	$35,603
2000/2001	$36,848
2001/2002	$37,971

This represents a 23% increase in salary for the seven years prior to 2001

Elementary School District and Unified District

BA + 45 units Step One

1994/1995	$24,962
1995/1996	$25,479
1996/1997	$26,902
1997/1998	$27,709
1998/1999	$28,823
1999/2000	$29,976
2000/2001	$34,050
2001/2002	$34,253

This represents a 37% increase in salary for the seven years prior to 2001

BA + 60 units Step Five

1994/1995	$29,648
1995/1996	$30,263
1996/1997	$31,953
1997/1998	$32,911
1998/1999	$34,233
1999/2000	$35,603
2000/2001	$36,848
2001/2002	$37,971

This represents a 28% increase in salary for the seven years prior to 2001

This chart demonstrates the cost of living increases only. As indicated in the report the teachers also received the increases for years of experience and additional college credit.

2. Page B-4 "According to a former GTA representative the District asked the GTA to keep the CTA consultant away during negotiation because it was afraid the CTA might blow the whistle on its financial condition".

The districts financial condition was well known at the time of the bargaining with GTA/CTA. Copies of the Gridley Unified School District budget are provided to the leadership and negotiation chair of the Gridley Teachers association as well as made available to the public. The county had already developed an agreement where the district would use deferred maintenance funds to pay off a loan from the Butte County Office of Education. At no time was there any General Education funds used to contribute to the work at the high school or other facilities construction projects. In conversations with the District representative at that bargaining table at that time it was a mutual agreement to leave the consultants out of the bargaining process. That agreement included both the CTA consultant and the District consultant.

3. Page B-4 "According to a former GTA representative, the Board directed that no minutes be taken in the meetings when the CTA representative was not present."

In collective bargaining sessions either team can take minutes for their side. A Board can not direct the teachers bargaining team to not take minutes. It is the experience of the current superintendent that district teams seldom take minutes, because they rely more on exchanged proposals and signed tentative agreements because they are joint documents not the impressions of one side or the other. In conversations with the District representative at that time there is no recollection of any request to not take notes.

4. Page B-4 and B-5 "The following table sets out the total GUSD teachers salaries, and percentage change of yearly salary increases for 1995 – 2003."

This chart accurately reflects the total dollars paid to all teachers for salary. It does not take into account any increases or decreases in enrollment that would require increases or decreases in the number of teachers needed to serve the students of the Gridley Unified School District. The chart used in the first discussion item reflects actual salary schedule increases.

5. Page B-5 "Salary information from BCOE, however , shows that at least seven fully credentialed teachers in Gridley did not receive the $32,000 minimum salary specified by the State for 1999/2000."

This oversight has been corrected

6. Page B-5 "the superintendent indicated to the Grand Jury that he would never have allowed a meeting to occur without the CTA.

It is not the determination of the superintendent who GTA chooses to have serve on their bargaining team. I would not ask GTA to change their team composition. Notes are a matter of individual team decision, and again the records that are most important to the bargaining process are the exchanged proposals and the signed tentative agreements.

Response to Recommendations

1. "GUSD should honor all commitments to the teachers who retired at step 35 including the cost of the repayment schedules that have been imposed on the retired teachers."

The agreement in 2000/2001 school year that adding the 35th step and the agreement in 2001/2002 removing the 35th step were mutual agreements, by both the Gridley Unified School District and the Gridley Teachers Association. These decisions were not made by the Board in isolation. After the outcome of the STRS audit it would be in the best interest of all parties for GUSD, GTA and the individual teachers affected to meet and discuss options.

2. "GUSD should make prompt payment of the salary underpayment found for at least seven teachers in 1999-2000"

The Board on June 28, 2006 approved the correction to the salary and the individual teachers will receive the compensation by the end of the month.

3. "All of the school district in the County should work with BCOE to improve training of staff in the ins and outs of STRS regulations."

The Gridley Unified School District welcomes the involvement of the BCOE in our desire to provide quality serves and resources to our staff present and former. Our payroll technician has participated in further training from BCOE and STRS directly.

4. "GUSD should ensure important documents, such as labor agreements, signed contracts, and taped Board minutes are protected against loss. Key records should be retained permanently."

All approved Board of Trustee meeting minutes are maintained at the district office. These Board minutes reflect the final decision of the Board on all matters including bargaining with the teachers. Tentative agreements are currently maintained in two location one the office of the Superintendent and the other in the office of the Director of Human Resources.

29-May-91

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1990/ 1991

MINIMUM TEACHER SALARY INCREASED IN 83/84, 84/85 AND 85/86 BY 10% EA YR. BASE STEP IN 83/84 WAS $14,025. BASE STEP IN 85/86 WAS $18,787.

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45 or MA	BA+60 or MA+15	BA+75 or MA+30
1	22196	23310	23426	24245	25094	25972
2	22306	23426	24245	25094	25972	26881
3	22417	24245	25094	25972	26881	27822
4	22528	25094	25972	26881	27822	28797
5	22638	25972	26881	27822	28797	29803
6	22748	26881	27822	28797	29803	30847
7	22858	27822	28797	29803	30847	31927
8		28797	29803	30847	31927	33044
9			30847	31927	33044	34201
10				33044	34201	35397
11					35397	36636
12						38190

LONGEVITY @ 16 YRS	$600
LONGEVITY @ 20 YRS	$1,200
LONGEVITY @ 24 YRS	$1,800
LONGEVITY @ 28 YRS	$2,400

ADOPTED: JUNE 20, 1991
1.3%

24-Apr-92

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1991/1992

MINIMUM TEACHER SALARY INCREASED IN 83/84, 84/85 AND 85/86 BY 10% EA YR. BASE STEP IN 83/84 WAS $14,025. BASE STEP IN 85/86 WAS $18,787.

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45 or MA	BA+60 or MA+15	BA+75 or MA+30
1	22642	23778	23897	24732	25598	26494
2	22754	23897	24732	25598	26494	27422
3	22867	24732	25598	26494	27422	28381
4	22981	25598	26494	27422	28381	29376
5	23093	26494	27422	28381	29376	30402
6	23205	27422	28381	29376	30402	31467
7	23318	28381	29376	30402	31467	32568
8		29376	30402	31467	32568	33708
9			31467	32568	33708	34888
10				33708	34888	36109
11					36109	37372
12						38958

LONGEVITY @ 16 YRS	$600
LONGEVITY @ 20 YRS	$1,200
LONGEVITY @ 24 YRS	$1,800
LONGEVITY @ 28 YRS	$2,400

ADOPTED: APRIL 23, 1992
1%

11-Sep-92

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1992/1993

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	22642	23778	23897	24732	25598	26494
2	22754	23897	24732	25598	26494	27422
3	22867	24732	25598	26494	27422	28381
4	22981	25598	26494	27422	28381	29376
5	23093	26494	27422	28381	29376	30402
6	23205	27422	28381	29376	30402	31467
7	23318	28381	29376	30402	31467	32568
8		29376	30402	31467	32568	33708
9			31467	32568	33708	34888
10				33708	34888	36109
11					36109	37372
12						38958

LONGEVITY @ 16 YRS	$600
LONGEVITY @ 20 YRS	$1,200
LONGEVITY @ 24 YRS	$1,800
LONGEVITY @ 28 YRS	$2,400

MASTERS DEGREE STIPEND

Effective July 1, 1993, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $450.00 for a full-year of service.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: 09/92

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1993/1994

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	22642	23778	23897	24732	25598	26494
2	22754	23897	24732	25598	26494	27422
3	22867	24732	25598	26494	27422	28381
4	22981	25598	26494	27422	28381	29376
5	23093	26494	27422	28381	29376	30402
6	23205	27422	28381	29376	30402	31467
7	23318	28381	29376	30402	31467	32568
8		29376	30402	31467	32568	33708
9			31467	32568	33708	34888
10				33708	34888	36109
11					36109	37372
12						38958

LONGEVITY @ 16 YRS	$650
LONGEVITY @ 20 YRS	$1,300
LONGEVITY @ 24 YRS	$1,950
LONGEVITY @ 28 YRS	$2,600

MASTERS DEGREE STIPEND

Effective July 1, 1993, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $450.00 for a full-year of service.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: MAY 12, 1994
+ 1.5% BONUS

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1994/1995

2% Effective February 1, 1995

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	22853	23998	24118	24962	25836	26741
2	22966	24118	24962	25836	26741	27677
3	23080	24962	25836	26741	27677	28645
4	23195	25836	26741	27677	28645	29648
5	23307	26741	27677	28645	29648	30684
6	23420	27677	28645	29648	30684	31759
7	23534	28645	29648	30684	31759	32871
8		29648	30684	31759	32871	34022
9			31759	32871	34022	35211
10				34022	35211	36445
11					36445	37719
12						39321

LONGEVITY @ 16 YRS	$706.44
LONGEVITY @ 20 YRS	$1,412.88
LONGEVITY @ 24 YRS	$2,119.32
LONGEVITY @ 28 YRS	$2,825.76

MASTERS DEGREE STIPEND

Effective February 1, 1995, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $459.00 for a full-year of service. For the 1994/1995 school year, the stipend will be prorated to equal $454.50.

T· qualify for the stipend during any school year, the employee m c have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: FEBRUARY 16, 1995

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1995/1996
1% EFFECTIVE JULY 1, 1995

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	23326	24497	24619	25479	26371	27294
2	23441	24619	25479	26371	27294	28250
3	23558	25479	26371	27294	28250	29238
4	23674	26371	27294	28250	29238	30263
5	23790	27294	28250	29238	30263	31320
6	23906	28250	29238	30263	31320	32417
7	24022	29238	30263	31320	32417	33552
8		30263	31320	32417	33552	34726
9			32417	33552	34726	35942
10				34726	35942	37199
11					37199	38500
12						40134

LONGEVITY @ 16 YRS	$721
LONGEVITY @ 20 YRS	$1,442
LONGEVITY @ 24 YRS	$2,163
LONGEVITY @ 28 YRS	$2,885

MASTERS DEGREE STIPEND

Effective July 1, 1995, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $464.00 for a full-year of service.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: DECEMBER 5, 1995

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1996- -1997
2% EFFECTIVE JULY 1,1996

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	24629	25865	25994	26902	27844	28819
2	24750	25994	26902	27844	28819	29828
3	24874	26902	27844	28819	29828	30872
4	24997	27844	28819	29828	30872	31953
5	25118	28819	29828	30872	31953	33069
6	25241	29828	30872	31953	33069	34228
7	25364	30872	31953	33069	34228	35426
8		31953	33069	34228	35426	36665
9			34228	35426	36665	37949
10				36665	37949	39277
11					39277	40651
12						42376

LONGEVITY @ 16 YRS	$762
LONGEVITY @ 20 YRS	$1,523
LONGEVITY @ 24 YRS	$2,284
LONGEVITY @ 28 YRS	$3,046

MASTERS DEGREE STIPEND

Effective July 1, 1996, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $490.00 for a full-year of service.

To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: OCTOBER 24, 1996

GRIDLEY UNION SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1997/1998
3% EFFECTIVE 7/1/97

	I	II	III	IV	V	VI
	BA	BA<30	BA>30	BA+45	BA+60	BA+75
1	25,368	26,641	26,774	27,709	28,679	29,683
2	25,493	26,774	27,709	28,679	29,683	30,722
3	25,620	27,709	28,679	29,683	30,722	31,798
4	25,747	28,679	29,683	30,722	31,798	32,911
5	25,872	29,683	30,722	31,798	32,911	34,062
6	25,998	30,722	31,798	32,911	34,062	35,254
7	26,124	31,798	32,911	34,062	35,254	36,489
8		32,911	34,062	35,254	36,489	37,765
9			35,254	36,489	37,765	39,088
10				37,765	39,088	40,455
11					40,455	41,870
12						43,647
16 LONGEVITY	26,908	33,695	36,038	38,549	41,239	44,431
20 LONGEVITY	27,693	34,480	36,823	39,334	42,024	45,216
24 LONGEVITY	28,477	35,264	37,607	40,118	42,808	46,000
28 LONGEVITY	29,261	36,048	38,391	40,902	43,592	46,784

LONGEVITY @ 16 YRS 784.5

LONGEVITY @ 20 YRS	**1568.7**
LONGEVITY @ 24 YRS	**2352.5**
LONGEVITY @ 28 YRS	**3137**

MASTERS DEGREE STIPEND

Effective July 1, 1996, unit members who hold a masters degree from an institution accredited by a recognized accrediting organization, in a field related to elementary education, shall be paid an annual stipend of $505.00 for a full-year of service. To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only one such stipend will be paid to any one employee.

ADOPTED: MARCH 12, 1998

02/24/95

GRIDLEY UNION HIGH SCHOOL DISTRICT
CERTIFICATED
SALARY SCHEDULE

1994-1995

EFFECTIVE 7-1-94

	I BA<30	II BA+30	III BA+45	IV BA+60	V BA+75
1	25,335	25,588	25,849	26,118	26,395
2	25,588	25,849	26,118	26,395	26,680
3	25,849	26,118	26,395	26,680	26,974
4	26,118	26,395	26,680	26,974	28,036
5	26,395	26,680	26,974	28,036	29,142
6	26,680	26,974	28,036	29,142	30,293
7	26,974	28,036	29,142	30,293	31,491
8	28,036	29,142	30,293	31,491	32,738
9	28,036	30,293	31,491	32,738	34,036
10	28,036	30,293	32,738	34,036	35,387
11	28,036	30,293	32,738	35,387	36,794
12	28,036	30,293	32,738	35,387	38,925
13	29,957	31,943	34,089	36,409	39,586
18	30,646	32,642	34,799	37,131	40,320
23	31,612	33,619	35,788	38,132	41,333
28	32,589	34,608	36,789	39,145	42,358

10/18/95

GRIDLEY UNION HIGH SCHOOL DISTRICT
CERTIFICATED
SALARY SCHEDULE

1995-1996

EFFECTIVE 7-1-95

	I	II	III	IV	V
	BA<30	BA+30	BA+45	BA+60	BA+75
1	25,335	25,841	26,363	26,901	27,455
2	25,841	26,363	26,901	27,455	28,025
3	26,363	26,901	27,455	28,025	28,613
4	26,901	27,455	28,025	28,613	29,597
5	27,455	28,025	28,613	29,597	30,618
6	28,025	28,613	29,597	30,618	31,675
7	28,613	29,597	30,618	31,675	32,770
8	29,597	30,618	31,675	32,770	33,904
9	30,221	31,675	32,770	33,904	35,079
10	30,863	32,337	33,904	35,079	36,296
11	31,525	33,017	34,606	36,296	37,558
12	32,205	33,719	35,328	37,040	39,199
13	33,039	34,575	36,206	37,940	40,121
18	33,926	35,482	37,135	38,893	41,098
23	34,967	36,545	38,222	40,004	42,233
28	36,030	37,632	39,333	41,139	43,392

10/18/95

GRIDLEY UNION HIGH SCHOOL DISTRICT
CERTIFICATED
SALARY SCHEDULE

1996-1997

EFFECTIVE 7-1-96

	I	II	III	IV	V
	BA<30	BA+30	BA+45	BA+60	BA+75
1	25,335	26,095	26,878	27,684	28,515
2	26,095	26,878	27,684	28,515	29,370
3	26,878	27,684	28,515	29,370	30,251
4	27,684	28,515	29,370	30,251	31,159
5	28,515	29,370	30,251	31,159	32,094
6	29,370	30,251	31,159	32,094	33,057
7	30,251	31,159	32,094	33,057	34,049
8	31,159	32,094	33,057	34,049	35,070
9	32,094	33,057	34,049	35,070	36,122
10	33,057	34,049	35,070	36,122	37,206
11	34,049	35,070	36,122	37,206	38,322
12	35,070	36,122	37,206	38,322	39,472
13	36,122	37,206	38,322	39,472	40,656
18	37,206	38,322	39,472	40,656	41,876
23	38,322	39,472	40,656	41,876	43,132
28	39,472	40,656	41,876	43,132	44,426

ADOPTED:January 18, 1995

07/06/06

GRIDLEY UNION HIGH SCHOOL DISTRICT
CERTIFICATED
SALARY SCHEDULE

1997-1998

EFFECTIVE 7-1-97

	I	II	III	IV	V
	BA<30	BA+30	BA+45	BA+60	BA+75
1	26,602	27,400	28,222	29,068	29,941
2	27,400	28,222	29,068	29,941	30,839
3	28,222	29,068	29,941	30,839	31,764
4	29,068	29,941	30,839	31,764	32,717
5	29,941	30,839	31,764	32,717	33,698
6	30,839	31,764	32,717	33,698	34,709
7	31,764	32,717	33,698	34,709	35,751
8	32,717	33,698	34,709	35,751	36,823
9	33,698	34,709	35,751	36,823	37,928
10	34,709	35,751	36,823	37,928	39,066
11	35,751	36,823	37,928	39,066	40,238
12	36,823	37,928	39,066	40,238	41,445
13	37,928	39,066	40,238	41,445	42,688
18	39,066	40,238	41,445	42,688	43,969
23	40,238	41,445	42,688	43,969	45,288
28	41,445	42,688	43,969	45,288	46,646

ADOPTED:June 1998 @ 5%

3% Increments

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
1998-1999

	I	II	III	IV	V
	BA	BA+30	BA+45	BA+60	BA+75
1	26,907	27,849	28,823	29,832	30,876
2	27,849	28,823	29,832	30,876	31,957
3	28,823	29,832	30,876	31,957	33,076
4	29,832	30,876	31,957	33,076	34,233
5	30,876	31,957	33,076	34,233	35,431
6	31,957	33,076	34,233	35,431	36,671
7	33,076	34,233	35,431	36,671	37,955
8	34,233	35,431	36,671	37,955	39,283
9		36,671	37,955	39,283	40,658
10			39,283	40,658	42,081
11			40,658*	42,081	43,554
12			42,081*	43,554	45,079
13			43,554*	45,079	46,656
14			45,079*	46,656	48,289

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education, shall be paid an annual stipend of $505.00 for a full year of service. To qualify for the stipend during any school year, the employee must have earned th degree by September 1. Only one such stipend will be paid to any one employee.

3.5% INCREMENTS

*** These steps are included on the above salary schedule only to facilitate placement of unit members whose previous salary did not permit placement on this salary schedule. Accordingly, these steps will be eliminated as the affected unit members are able to be placed on the salary schedule or are no longer employed by the District.**

Accordingly, it is agreed and understood that no current or new unit members not currently placed on these salary schedule steps shall advance beyond step 10 of the BA + 45 unit column.

ADOPTED: September 17, 1998

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
EFFECTIVE 7-1-99

YR	Class 1	Class II	Class III	Class IV	Class V
	BA	BA + 30	BA + 45	BA + 60	BA + 75
1	27,983	28,963	29,976	31,026	32,111
2	28,963	29,976	31,026	32,111	33,235
3	29,976	31,026	32,111	33,235	34,399
4	31,026	32,111	33,235	34,399	35,603
5	32,111	33,235	34,399	35,603	36,849
6	33,235	34,399	35,603	36,849	38,138
7	34,399	35,603	36,849	38,138	39,473
8	35,603	36,849	38,138	39,473	40,855
9		38,138	39,473	40,855	42,285
10			40,855	42,285	43,765
11			42,285	43,765	45,296
12			43,765	45,296	46,883
13			45,296	46,883	48,523
14			*46,883	48,523	50,221
20			*48,523	50,221	51,979
25			*50,221	51,979	53,798
30			*51,979	53,798	55,681

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education shall receive an annual stipend of $505 for a full year of service. To qualify for the stipend during any school year, the employee must have earned the degree by Sept. 1. Only (1) such stipend will be paid to any one (1) employee.

3.5% INCREMENTS

Steps 14,20,25, and 30 in column III, (BA + 45) are included on the above salary schedule only to facilitate placement of unit members whose previous salary did not permit placement on this salary schedule. Accordingly these steps will be eliminated from the schedule as the affected unit members are able to be placed on the salary schedule or are no longer employed by the District. Accordingly, it is agreed and understood that current or new unit members not currently placed on these salary schedule steps shall not advance beyond step 10 of the column III, (BA + 45).

Adopted 12/7/99
Effective 7/1/99

ADOPTED 6/28/2001

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
EFFECTIVE JULY 1, 2000

YR	CLASS I BA	CLASS II BA + 30	CLASS III BA + 45	CLASS IV BA + 60	CLASS V BA + 75
2	27,983	34,000	34,050	34,100	34,398
3	28,963	34,050	34,100	34,398	35,602
4	29,976	34,100	34,398	35,602	36,848
5	31,026	34,398	35,602	36,848	38,138
6	32,111	35,602	36,848	38,138	39,472
7	33,235	36,848	38,138	39,472	40,854
8	34,399	38,138	39,472	40,854	42,284
9	35,603	39,472	40,854	42,284	43,764
10		40,854	42,284	43,764	45,296
11			43,764	45,296	46,881
12			45,296	46,881	48,522
13			46,881	48,522	50,220
14			48,522	50,220	51,978
20			50,220	51,978	53,797
25			51,978	53,797	55,680
30			53,797	55,680	57,629
35					64,009

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education shall receive an annual stipend of $505 for a full year of service. To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only (1) such stipend will be paid to any one (1) employee.

3.5% INCREMENTS

Steps 11,12,13,14,20,25 and 30 in Column III, (BA + 45) are included on the above salary schedule only to facilitate placement of unit members whose previous salary did not permit placement on this salary schedule. These steps will be eliminated from the schedule as the effected unit members are able to be placed on the salary schedule or are no longer employed by the District. Accordingly, it is agreed and understood that current or new unit members not currently placed on these salary schedule steps shall not advance beyond step 10 of Column III, (BA + 45).

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
EFFECTIVE JULY 1, 2001

	MODIFIED SCHEDULE 70% of schedule adopted 2/12/02				
YR	CLASS I BA	CLASS II BA + 30	CLASS III BA + 45	CLASS IV BA + 60	CLASS V BA + 75
1	27,983	34,000	34,253	34,491	34,744
2	27,983	34,238	34,491	34,744	35,446
3	28,963	34,491	34,744	35,446	36,687
4	29,976	34,744	35,446	36,687	37,971
5	31,026	35,446	36,687	37,971	39,300
6	32,111	36,687	37,971	39,300	40,675
7	33,235	37,971	39,300	40,675	42,099
8	34,399	39,300	40,675	42,099	43,573
9	35,603	40,675	42,099	43,573	45,098
10	35,603	42,099	43,573	45,098	46,676
11	35,603	42,099	45,098	46,675	48,310
12	35,603	42,099	45,098	48,310	50,000
13	35,603	42,099	45,098	50,000	51,750
14	35,603	42,099	45,098	51,750	53,561
15	35,603	42,099	45,098	51,750	53,561
16	35,603	42,099	45,098	53,034	54,891
17	35,603	42,099	45,098	53,034	54,891
18	35,603	42,099	45,098	53,794	56,266
19	35,603	42,099	45,098	53,794	56,266
20	35,603	42,099	45,098	55,096	57,625
21	35,603	42,099	45,098	55,096	57,625
22	35,603	42,099	45,098	55,885	58,455
23	35,603	42,099	45,098	55,885	58,455
24	35,603	42,099	45,098	55,885	59,301
25	35,603	42,099	45,098	55,885	59,301
26	35,603	42,099	45,098	55,885	60,729
27	35,603	42,099	45,098	55,885	60,729
28	35,603	42,099	45,098	55,885	61,610
29	35,603	42,099	45,098	55,885	61,610
30	35,603	42,099	45,098	55,885	63,093

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education shall receive an annual stipend of $505 for a full year of service. To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only (1) such stipend will be paid to any one (1) employee.

printed: 7/6/2006 **ADOPTED: 12-Feb-02**

GRIDLEY UNIFIED SCHOOL DISTRICT
CERTIFICATED SALARY SCHEDULE
EFFECTIVE JULY 1, 2002

YR	CLASS I BA	CLASS II BA + 30	CLASS III BA + 45	CLASS IV BA + 60	CLASS V BA + 75
1	27,983	34,000	34,340	34,680	35,020
2	27,983	34,340	34,680	35,020	35,895
3	28,963	34,680	35,020	35,895	37,152
4	29,976	35,020	35,895	37,152	38,452
5	31,026	35,895	37,152	38,452	39,798
6	32,111	37,152	38,452	39,798	41,191
7	33,235	38,452	39,798	41,191	42,632
8	34,399	39,798	41,191	42,632	44,124
9	35,603	41,191	42,632	44,124	45,668
10		42,632	44,124	45,668	47,267
11			45,668	47,267	48,921
12				48,921	50,633
13				50,633	52,406
14				52,406	54,240
16				54,240	56,138
18				55,325	58,103
20				56,431	59,265
22				57,560	60,450
24					61,659
26					62,893
28					64,150
30					65,433

MASTERS DEGREE STIPEND

Effective July 1, 1998, unit members who hold a masters degree from an institution accredited by a recognized organization, in a field related to K-12 education shall receive an annual stipend of $505 for a full year of service. To qualify for the stipend during any school year, the employee must have earned the degree by September 1. Only (1) such stipend will be paid to any one (1) employee.

Butte County

LAND OF NATURAL WEALTH AND BEAUTY

HUMAN RESOURCES DEPARTMENT
County Administration Building
25 County Center Drive
Oroville, California 95965-3387
Tel: (530) 538-7651 ⅄ Fax: (530) 538-7790
Recruitment Hotline Tel: (530) 538-7653

August 30, 2006

Honorable Steven Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, CA 95965

Re: **Response to the FY 2005-2006 Grand Jury Final Report**

Dear Judge Howell:

In accordance with Penal Code Sections 933 and 933.5, the Human Resources Director submits the following response to the findings and recommendations of the Grand Jury's Final Report for FY 2005-2006 pertaining to the Department of Human Resources:

THE BUTTE COUNTY AUDITOR-CONTROLLER – PART 1
THE OFFICE AND STAFF

Grand Jury Findings

1. *The current Assistant Auditor-Controller was hired without any background in government accounting practices resulting in delays and deferment of decisions and policy setting to a department supervisor. It is not apparent that he has any supervisory or management skills. He consistently relies on a lower level supervisor to make his decisions and set policy and procedure for the office.*

   The respondent neither agrees nor disagrees with this finding. The statement that the current Assistant Auditor-Controller was hired without any background in government accounting practices may or may not be true, but it needs to be noted that pursuant to the job specification for the position, the Assistant Auditor-Controller did meet the minimum qualifications established for the job at the time of hire.

2. *Lack of management skills of the Auditor-Controller and the Assistant Auditor-Controller has led to an antagonistic work environment where employees are fearful for their safety/well being.*

The respondent neither agrees nor disagrees with this finding. The Human Resources Director and her staff are not involved in the supervision of Auditor-Controller staff; however, if any complaint of workplace safety were brought forward to the Director of Human Resources, it would be investigated and the appointing authority advised so that he could take appropriate action.

3. *Treatment of employees in the Auditor-Controller's office is frequently inconsistent with Butte County Personnel Rules and MOUs.*

   The respondent partially disagrees with this finding. The Director of Human Resources and her staff are not involved in the supervision of Auditor-Controller operations but may become involved in investigations of County policy compliance if a complaint is filed with Human Resources. There have been a few instances brought to the attention of the Human Resources Director over the past few years where employee behavior was alleged to be inconsistent with policy and those instances were addressed with the appointing authority. The respondent is otherwise unable to state with first hand knowledge that treatment of employees in the office is frequently inconsistent with Butte County Personnel Rules and MOUs.

4. *The Auditor-Controller is seldom available to employees or other County officials. The Grand Jury believes that when the Auditor-Controller attempts to resolve an issue, his lack of familiarity with his office's processes and policies often exacerbates the problem.*

   The respondent neither agrees nor disagrees with this finding. The Human Resources Director and her staff are not involved in the daily operations of the Auditor-Controller department.

5. *The Auditor-Controller sometimes manages employee situations with sarcasm and derogatory comments about his employees. Several of his subordinate managers have adopted his management style as their role model for management by intimidation. Additionally, the hostile behavior is undermining the County's ability to do business on a daily basis as the anger and hostility disseminates into communications with other County departments.*

   The respondent neither agrees nor disagrees with this finding. The Human Resources Director and her staff are not involved in the daily operations of Auditor-Controller department.

6. *The Assistant Auditor-Controller and Finance Officer initiated and participated in a juvenile and mean spirited prank on an office supervisor, which clearly was demeaning and made the supervisor feel threatened. This type of behavior is unprofessional and unbecoming a member of a management team.*

   The respondent partially disagrees with this finding. A portion of an investigation conducted by a third party hired by the Human Resources Department concluded that a practical joke did occur and was initiated by one or two of the employee's superiors, although the intent of that joke was not

discussed. The Director of Human Resources agrees, however, that such behavior is highly inappropriate for any County employee.

7. *Multiple testimonies suggest that the Cost Section Supervisor may have come to work with the odor of alcohol on her person on several occasions. To date no action has been taken regarding this behavior. Ignoring this behavior puts the department's employees in danger and puts the County of Butte at risk.*

   The respondent partially disagrees with this finding. The Auditor-Controller has addressed this issue within his department.

   For further clarification, it should be noted that on page E-7 of the 2005/06 Butte County Grand Jury Final Report it is stated that an employee testified that they went to HR the day following an incident wherein the supervisor in question was alleged to have appeared inebriated, and was allegedly told by HR that, "You should have told us about that yesterday." For clarification, this statement was made by the Assistant Director of HR who was explaining to the reporting employee that if an individual is suspected of being under the influence of alcohol, he or she can be tested for the substance to determine if they are in violation of County policy, but a test cannot be made on a subsequent day as the alcohol would have already dissipated from the employee's system. Where alcohol use is suspected, the test must occur on the same day as the person is suspected of being under its influence providing there is sufficient evidence to support a reasonable suspicion test.

8. *The Cost Section Supervisor has demonstrated unprofessional and unacceptable behavior towards various county employees.*

   The respondent neither agrees nor disagrees with this finding.

9. *As a result of the Grand Jury's investigation into alleged behavioral issues within the Auditor-Controller's office, the County initiated a comprehensive investigation of the issues. As a result, the County is considering several additional training programs for their managers and line level staff.*

   The respondent agrees with this finding.

10. *Problems found by the Grand Jury in the Auditor-Controller's office should not have reached the level observed. It is apparent that the Human Resources department has limited authority when dealing with departments of elected officials.*

    The respondent agrees with this finding.

Grand Jury Recommendation

1. *The Board of Supervisors should utilize the Chief Administrative Officer and his Deputy Administrators to organize a public hearing to discuss possible options for a ballot initiative proposing one or more of these potential solutions:*
    a. *Eliminate the Auditor-Controller position completely*
    b. *Separate the positions of Auditor-Controller, where the Controller acts as a Chief Financial Officer (CFO) reporting to the Chief Administrative Officer (CAO)*
    c. *The Auditor-Controller position remains intact with a higher level of accountability to the taxpayers.*

    The respondent is unable to comment on this recommendation. The respondent does not have the authority to implement the recommendation.

2. *The County needs to take immediate and appropriate action to eliminate the dysfunction of the management staff of the Auditor-Controller's office, to include training and disciplinary action up to and including termination of employment. Should replacement of employees be chosen, the County needs to insure that candidates strictly meet the job qualifications for the job to which they are applying. Solving the problems with management, in this Grand Jury's opinion, would take care of a majority of the personnel problems in the department.*

    The recommendation has been partially implemented. The respondent does not have the authority to fully implement this recommendation, as only the Auditor-Controller is able to hire, take disciplinary action, and require recommended training of Auditor-Controller department employees.

    With regard to the process for ensuring candidates meet the minimum qualifications of any County position, the Human Resources Department uses methods of determining whether or not candidates meet this criterion that are consistent with County Personnel Rules, merit system principles, and equal employment opportunity. Minimum qualifications are determined by comparing the candidate's experience and education with those required by the classification's job specification. Only those meeting these requirements are certified as eligible for employment consideration.

3. *Butte County has spent nearly $1,000,000 to implement a time keeping system to insure accurate timekeeping and to control payroll costs. Procedures should be implemented and steps should be taken to not allow an employee to record time worked on any day other than on the day worked, without approval from the department head and the CAO's office.*

    The respondent is unable to comment on this recommendation. The respondent does not have the authority to implement the recommendation.

4. *Elected officials should set an example for their employees and make himself available to his employees during working hours. Elected department heads should record their hours worked for public record.*

The respondent is unable to comment on this recommendation. The respondent does not have the authority to implement the recommendation.

5. *The County should take immediate action to insure that all managers of departments in the County attend and participate in a series of mandatory training sessions as defined by the HR Department. Managers should be required to complete all training within one year and department heads should be held accountable to insure successful completion.*

   The recommendation has not been implemented, but will be partially implemented. By January 2007 the respondent will work with staff of the Chief Administrative Officer in preparing a plan and resource request for Board of Supervisors consideration to create a mandatory supervision and management program.

6. *Each employee of the Auditor-Controller's office should be provided with a copy of the Butte County Personnel Rules in order to fully understand their rights as employees of Butte County.*

   The recommendation has been implemented. On August 3, 2006 the Human Resources Director provided each employee of the Auditor-Controller's office with an electronic copy of the Butte County Personnel Rules.

7. *The Butte County Board of Supervisors and CAO should empower the Human Resources Director to assert the same authority throughout all County departments.*

   The respondent is unable to comment on this recommendation. The respondent does not have the authority to implement the recommendation; however the Human Resources Director will work with staff of the Chief Administrative Officer to develop a recommendation for the Board of Supervisors concerning this issue.

AUDITOR-CONTROLLER ADDENDUM: BUTTE COUNTY HUMAN RESOURCES

Grand Jury Findings

1. *The HR Director notifies each department when a performance review is due, however no follow up is made to ensure that the review ever gets done. One without the other is not effective.*

   The respondent disagrees with this finding. The Human Resources Department sends notification to all department payroll sections each biweekly pay period that includes a list of all current and overdue evaluation dates. If an evaluation has not been completed, the employee name and due date remains on the biweekly list until such time as the signed evaluation is submitted to Human Resources for filing.

2. *Performance reviews are a measurement of an employee's job performance and a vehicle to groom the employee for advancement or disciplinary action should the job performance decline. Additionally, it suggests ways the employee can stretch and grow to enhance their knowledge and skills. Without performance reviews there is no justification for promotions or disciplinary actions.*

   The respondent agrees with this finding.

3. *The County currently could filter inappropriate email between County employees with current software or additional software. This could slow the forwarding of inappropriate or offensive emails.*

   The respondent neither agrees nor disagrees with this finding. The respondent does not have the authority to implement the recommendation although it should be noted that the County Information Systems Department currently utilizes both hardware and software to filter network and Internet traffic.

4. *Butte County has insufficient policy to control inappropriate or offensive email between county employees.*

   The respondent agrees with this finding. The respondent is working with staff of the Chief Administrative Officer with regard to an updated e-mail use, retention, and inspection policy for Board of Supervisors consideration by January 2007.

5. *With the exception of AB1825 training, no other mandatory training exists for County managers.*

   The respondent agrees with this finding. It should be noted, however, that all newly hired employees are required to attend the mandatory new hire orientation program wherein a 1½ to 2 hour training is provided on County policies.

6. *As a rule, employee reviews are not done in a timely fashion. Many Butte County employees who have reached the top of their salary range do not receive annual performance evaluations.*

   The respondent partially disagrees with this finding. A review of performance evaluation timeliness indicates that 75% of evaluations are submitted timely; therefore, in this respondent's opinion, it is not accurate to say that evaluations are late as a rule Countywide. The respondent agrees, however, that 75% timeliness is not acceptable and that evaluations should be timely 100% of the time. The respondent further agrees that employees who have reached the top step of their salary range are more likely to receive late evaluations, or not evaluations at all, than those who have not reached the top step of the salary range.

Grand Jury Recommendation

1. *The County should make the following classes mandatory for all current management employees and require all probationary managers to attend the following training prior to the completion of their probationary period. Management employees should be required to repeat workshops identified by the HR Department no less than every two years to stay current with Federal and State laws and County policy:*
   - *EEO & Hostile Workplace*
   - *Discipline Process*
   - *Grievance & MOU Administration*
   - *Non Discrimination Partnering for Performance (performance evaluation process and policies)*
   - *Managing Absenteeism (how to manage overlapping leaves of absence, various protected leaves, and how all this coordinates with Butte County policy)*
   - *Positive Discipline (coaching, counseling and communicating expectations)*
   - *Progressive Discipline (imposing formal discipline when coaching counseling and communicating expectations has not been successful)*
   - *Non-Discrimination (includes sensitivity training concerning protected characteristics, sexual harassment, and retaliation)*

   The recommendation has not been implemented, but will be partially implemented. By January 2007 the respondent, in coordination with the Chief Administrative Officer, will prepare a plan and resource request for Board of Supervisors consideration to create a mandatory supervision and management program.

2. *All employees of the Auditor-Controllers' office should be encouraged and allowed to attend all pertinent and appropriate trainings offered by the Butte County Department of HR.*

   This recommendation has been partially implemented. The Human Resources Director consistently encourages employees of the County to attend all offered trainings through articles in the "Voice," direct communications to department heads, assistant department heads and program managers, and by word-of-mouth. The Human Resources Director, however, is unable to authorize an employee of a department other than her own to attend these trainings. The respondent will encourage the Auditor-Controller to make the offered trainings available to his staff.

3. *HR Department should track attendance of all trainings given and notify departments when the annual participation of supervisors and managers is required.*

   The recommendation has been partially implemented. The Human Resources Department currently tracks attendance for all non-mandated as well as mandated training it provides and works directly with departments to schedule employees for the mandated training. By January 2007 the respondent, in coordination with the Chief Administrative Officer, will prepare a plan and

resource request for Board of Supervisors consideration to create an expanded mandatory supervision and management training program.

4. *Information Services should install email filtering software on the County email system that automatically filters County employees' email and insure that all employees are aware of a sufficient, adopted email policy.*

   The recommendation has not been implemented, but will be partially implemented. The Human Resources Director does not have the authority to install software or direct that it be installed, however, once the Board of Supervisors adopts an updated email policy, the respondent will facilitate its promulgation and awareness.

5. *The HR department should be the de-facto enforcer of County policy and must be empowered by the Board of Supervisors to serve in this capacity. There cannot be special rules for departments of elected officials.*

   The respondent is unable to comment on this recommendation. The respondent does not have the authority to implement the recommendation; however, the respondent supports the recommendation.

6. *The HR department should implement procedures for timely notification to managers of upcoming performance reviews of their employees. Department managers must be held accountable for completion of annual performance reviews, and HR needs to provide follow up with the department before reviews are due.*

   The recommendation has been partially implemented. As stated before, the Human Resources Department provides biweekly notification to the payroll section of each department that includes the employee's name, employee number, class code and evaluation due date. The names of employees who have not yet received an evaluation stay on this list until such time as the Human Resources Department receives a copy of the signed evaluation. The respondent is receptive to enhancing this procedure, however, in order to assist department managers in achieving full compliance. By January 2007 the respondent, in coordination with the Chief Administrative Officer, will prepare a plan and resource request for Board of Supervisors consideration to create a policy compliance program.

This concludes the response of the Human Resources Director to areas within the Grand Jury Report for fiscal year 2004-05 where they sought comments from the Director.

Sincerely,

Jeanne Gravette

Jeanne Gravette
Director-Human Resources

cc: Paul McIntosh, CAO

BUTTE COUNTY
INFORMATION SYSTEMS

308 NELSON AVENUE
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Robert Barnes
Director of Information Systems
Director of Communications
Chief Security Officer

MEMBERS OF THE BOARD

BILL CONNELLY
JANE DOLAN
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CURT JOSIASSEN
KIM K. YAMAGUCHI

August 26, 2006

Honorable Steven Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, CA 95965

Re: **Director of Information System's Response to the FY 2005-2006 Grand Jury Final Report**

Dear Judge Howell,

As a named respondent in the 2005-06 Butte County Grand Jury Final Report, I am submitting my responses to the findings and recommendations as noted below.

The role of the Director of Information Systems is to oversee, develop, manage, secure and coordinate the technological infrastructures within Butte County. This infrastructure encompasses high speed data, telecommunications, and radio networks and related their related technologies.

THE BUTTE COUNTY AUDITOR-CONTROLLER PART II: AUDITING THE AUDITOR AND HIS AUDITORS

Grand Jury Findings

1. *By Generally Accepted Accounting Practice standards, there are currently insufficient separation of duties or internal controls within the Butte County Auditor-Controller's office.*

   The respondent agrees with this finding.

2. *In spite of the recent changes in location and management of the Pentamation financial system, there are still many challenges and shortcomings with proper management and security of the financial data.*

   The respondent partially agrees with this finding. The Pentamation financial system is now managed by the Information Systems department. It is located in a restricted access facility with dedicated conditioned power and air conditioning and is monitored 24/7 by Information Systems staff. Physical and logical controls have been incorporated to increase security and reliability. Additional dedicated firewalls will be installed during the 2006/2007 fiscal year. A redundant operating system

has been added as well as incorporating data and operating system backups on daily and quarterly schedules.

3. *Many Butte County departments do not trust the budget detail contained in the Pentamation Financial Database. At an added expense to Butte County, some departments keep their own set of books to discover errors and unwarranted changes by the Butte County Auditor-Controller's office.*

   The respondent agrees with this finding.

4. *Adjustments to payments and cash receipts have been made by one or more employees of the Auditor-Controller's office after the fiscal year end has been closed and the Financial Statements have been prepared by an independent audit firm. These Financial Statements are required by California law.*

   The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

5. *Butte County Administration and Information Systems are currently leading an effort to improve the Pentamation database security and performance, and improve the accuracy of the budget and expenditure details.*

   The respondent agrees with this finding. The Information Systems Department, in conjunction with Administration, the Auditor-Controller, and Human Resources, is coordinating efforts within the County and with outside vendors with the conversion of the existing Pentamation Open Series financial system to the modern Pentamation Finance Plus financial system. This process includes examination of the organizational structure, including the chart of accounts, and mapping/conversion of the existing data to a modern operating platform.

6. *Butte County is in the process of moving many of the functions of the Auditor-Controller's office to other County departments, partially to establish better internal controls/separation of duties, and partially to compensate for poor management and training by the current Auditor-Controller and his top managers.*

   The respondent partially agrees with this finding. The Information Systems department now houses the Pentamation financial operating system, data and related hardware. As part of this process a Separation of Duties MOU outlining responsibilities of Information Systems, Human Resources and the Auditor-Controllers office as it related to the financial system, was adopted.

7. *Adequate and uniform policies, procedures, and training are not currently developed or available within the Auditor-Controller's office. Consequently, Butte County employees are not prepared to train other County departments to manage their own financial data. The County cannot move forward with a separation of duties, where County departments are responsible for managing their own budget expenditure detail in Pentamation, without policy and training.*

   The respondent partially agrees with this finding. Uniform policies and procedures, made available to departments as they relate to the financial system, are not adequate. The respondent is not able to comment on training issues within the Auditor-Controller's office.

8. *The Butte County financial statements, produced by Gilbert and Associates, cannot be relied upon as an accurate reflection of Butte County's financial status. This was due to: unreliable data, lack of adequate management and training in the Auditor-Controller's office, and a rush to provide feedback*

and data (to assist in the production of a final Audit report by the current Assistant Auditor-Controller and his subordinates).

The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not able to comment of the validity of County financial statements prepared by Gilbert and Associates.

9. *Butte County's Assistant Auditor-Controller rejected a draft management letter from Gilbert and Associates addressed to the Butte County Board of Supervisors. This action prevented the Board of Supervisors, the CAO, and the public from seeing findings and recommendations that the management letter contained.*

   The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

10. *The 2005 Financial Statements for Butte County, produced by Gilbert and Associates, shows far less long term financing obligations than the long term financings data maintained by the Treasurer's and the Auditor-Controller's offices.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not able to comment of the validity of County financial statements prepared by Gilbert and Associates.

11. *The 2005 Financial Statements, produced by Gilbert and Associates, were not completed in a timely fashion due primarily to unprofessional behavior by the management and staff of the Butte-County Auditor-Controller's office.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

12. *Gilbert and Associates, while accepting the normal maximum payment amount required in a government contract, spent an abnormally large amount of extra hours required to finish the 2004 and 2005 audit report and financial statements. These extra hours were required because of poor training, attendance, and unprofessional behavior by David Houser's employees.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

13. *Many of the recommendations and findings of the management letters produced by Gilbert and Associates from 2003 and 2004 have not been fully implemented. The Audit Committee, suggested in the 2003 management letter to the Board of Supervisors, has not produced any minutes or policies for review by the Board of Supervisors or the public. In 2005 and 2006, vacation and furlough were still being approved without prior approval or a formal leave request. A formal fraud policy has not been adopted by the Board of Supervisors as suggested in the management letter.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not a member of the Audit Committee.

14. *As of November 11, 2005, Butte County had over $118,000,000.00 in non-voter approved long term financings, of which the principal balance owed was over $110,000,000.00. The Treasurer's Office*

and the Auditor's Office show $4,317,000.00 of this debt is not collateralized. Should a future Board not appropriate funds for this debt, they would still likely owe a debt in conflict with California Constitution Article 18.

The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved the decisions of County's debt management.

15. *Butte County Code does not require a review of contracts by the Auditor-Controller, only that all contracts are forwarded to his office.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the contract review process.

16. *Contracts, such as the solar contract, have been executed without a properly encumbered source of funds or collateralized long term debt.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

17. *County departments that are connected to the solar panels have had significant increases in utility costs when factoring in ISF transfers to pay for the Treasury "GAP loan."*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the ISF calculations of utility costs.

18. *County departments are frequently not provided final budget detail for review before a final, adopted budget is approved by the Board of Supervisors. A-87 and ISF charges are frequently much higher in the final budget than in the Proposed Budgets.*

    The respondent partially disagrees with this finding. Budget details are provided to departments during the budgeting process as well as details to an overall proposed budget before adoption by the Butte County Board of Supervisors.

    ISF department budgets are developed early in the budgeting process to help with planning by other County departments' budget preparation.

19. *Butte County's methods for tracking and justifying indirect charges are inconsistent, poorly documented. The methods and tools for tracking charges by A-87 departments vary greatly from department to department. This inconsistency could jeopardize grant funding eligibility due to A-87 requirements for justification and consistency of indirect charges.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the A-87 cost allocation calculations.

20. *Butte County's methods for tracking employees' time worked and eligible leave is inconsistent. Butte County policy regarding time card tracking has not been fully updated to reflect the demands of the Kronos Workforce Timekeeping system. Additional controls are needed to ensure consistent implementation of County policy and to verify the integrity of the payroll data, at time of payment through the Pentamation system. Current practices create the opportunity for fraud.*

The respondent agrees with this finding. The Kronos Timekeeping System has brought to light the inconsistencies with employee tracking of time worked/eligible leave that existed within Butte County prior to Kronos being incorporated. The implementation of Kronos has reduced the opportunity for fraud.

21. *Account codes used for tracking budget detail in the Pentamation database are unique to Butte County, are poorly documented, and are currently frequently changed without notice. This has created, and will continue to create, many obstacles to Butte County's employees managing their own department budget detail and expenditures.*

    The respondent agrees with this finding. A coordinated project is currently underway, as part of the Pentamation conversion project, to examine the organizational structure, including the chart of accounts, to align the system with the existing Butte County structure.

22. *Current Butte County policy does not require or guarantee any consistent allocations of Proposition 172 funding to be distributed to any single Butte County defined public safety agency. Both County contributions and Proposition 172 contributions to the defined public safety agencies has varied significantly from year to year, making it difficult to build, prioritize and maintain quality public safety programs that are not funded by grants.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Proposition 172 funds.

23. *The current practice of transferring Proposition 172 funds from the public safety account to the General Fund masks the final allocations and expenditures. This practice has created mistrust among departments that receive these funds. County departments have previously requested an accounting of Proposition 172 MOE allocations and have been denied that request.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Proposition 172 funds.

24. *Policies, procedures, desk manuals, and training have not been adequately kept up to date in all organizational units within the Butte County Auditor-Controller's office. Existing desk manuals inappropriately contain security pass codes for access to financial information. Documentation prepared for a specific employee in the Cost Section could be construed as harassing or discriminatory.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

25. *Posting of expenditures and receipts in the Pentamation system has been slow, inaccurate, and inconsistent. Journals of financial transactions have not been consistently available to affected departments in a timely fashion. This has caused difficulty for departments in managing their budgets.*

    The respondent agrees with this finding.

26. *Between July 1, 2003 and May 3, 2006, David Houser consumed more than half of the Auditor-Controller's combined budget units 533 (Memberships) and 543201 (Transportation & Travel/*

Outside Purchase) for his memberships, car and cell phone allowance, and trips to conferences. These costs have not been a direct benefit to Butte County or County employees.

The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

27. *The majority of the employees of the Auditor-Controller's office have had no professionally standardized training related to government accounting during their employment by Butte County. Consequently, implementation of Generally Accepted Accounting Principles and GASB guidelines have been erratic. Fiscal policies are made by the Auditor's employees in the moment as the need arises without prior communication to affected County departments.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

28. *The working conditions found in the Auditor's office appear to be safety, health, and fire hazards.*

    The respondent neither agrees nor disagrees with this finding. The Director of Information Systems is not involved in the management of Auditor-Controller operations.

29. *Many of the responsibilities of the Auditor-Controller are being transferred to other Butte County departments, narrowing the scope of his responsibilities. California Penal Code 927 states, "a grand jury may, and when requested by the Board of Supervisors shall, investigate and report upon the needs for increase or decrease in salaries of the County-elected officials. A copy of such report shall be transmitted to the Board of Supervisors."*

    The respondent partially agrees with this finding. A more accurate statement would be that some of the responsibilities of the Auditor-Controller have been transferred to other Butte County departments.

Grand Jury Recommendation

1. *Pursuant to California Penal Code 927, this Grand Jury recommends a decrease in salary for the position of the Butte County Auditor-Controller of 25% of current salary and salary range, at the next legal interval to do so, due to significant portions of departmental responsibility being moved to other County departments. The Butte County Board of Supervisors should, pursuant to California Penal Code 927, request the Grand Jury to reassess this salary decrease in three years by providing data to the Grand Jury related to Butte County audit results, management letters, salaries and compensation of Auditor-Controllers in comparable sized counties, and functional responsibilities of the Auditor-Controller in the comparable sized counties.*

    The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

2. *Upon direction by the Butte County Board of Supervisors, the CAO should contact the audit firm, Gilbert and Associates, and report to the Board what unpaid labor and travel costs may be due so that Butte County employees' unprofessionalism does not undermine the County's ability to attract competitive bids.*

The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

3. *The adopted Butte County computer use and ethics policy should be reviewed and updated as needed to ensure that it specifically addresses the Pentamation Financial Database. Documenting pass-codes in non-secure locations should be grounds for disciplinary action. Any employee that uses security credentials not assigned to themselves to access or alter financial data should be placed on administrative leave until an investigation is completed and appropriate course of action is decided by recommendation of Butte County's Department of Human Resources.*

   The recommendation has not been implemented, but will be partially implemented. The Butte County computer use and ethics policy is a living document and is in process of being updated and incorporated into the Information Technology (IT) Security Policies. This policy will be presented to the Board of Supervisors for possible adoption by January 2007.

4. *The outstanding obligations for both the CEC loans for Butte County's solar panel project and the GAP loan owed to the Butte County Treasurer should be appropriately collateralized. There should be no ambiguity to a future Butte County Board of Supervisors as to the impacts of deciding not to appropriate funds to pay for these long term obligations.*

   The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

5. *The available budget in the Auditor's office for training, travel, and professional memberships should be increased to a level that each employee can attend needed training.*

   The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

6. *The Audit Committee should review Butte County's implementation of account codes used in the Pentamation Financial system and develop policy to standardize account codes with the State of California standards as much as possible. A policy standardizing account codes, including a method for appropriately adding or deleting account codes, as well as documenting and communicating those changes, should be forwarded to the Board of Supervisors for their review after review by the Audit Committee. The Grand Jury believes that a log of added and deleted account codes should be kept by those responsible and forwarded quarterly to the Audit Committee for their review.*

   The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

7. *Changes to expenditures and receipts should not be made after closing a fiscal year's books or July 31 of each year. Errors and omissions should be documented and forwarded to the Butte County CAO and Auditor-Controller for appropriate actions.*

   The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation. However, the respondent agrees that the recommendation should be implemented.

8. *Uniform accounting policy should be adopted county-wide and relevant documentation should be forwarded to all affected Butte County Department Heads for their distribution.*

The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation. However, the respondent agrees that the recommendation should be implemented.

9. *Butte County Code should be updated to require a signature for a legally required review by the Auditor's Office before a contract is executed. Failure to complete such a review in a County policy defined time window by the Auditor's office should be grounds for disciplinary action for the assigned employee.*

   The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

10. *Payments, receipts, and journals should be posted accurately within a reasonable number of days defined in Butte County policy. Failure to do so should be grounds for progressive discipline per County policy.*

    The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

11. *A designated member of Butte County Administration should be the primary point of contact for most, or all, facets of the annual Butte County Audit. All relevant communications with the Auditor-Controller or his staff, including email, should include a copy to the designee of Butte County Administration.*

    The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation. However, the respondent agrees that the recommendation should be implemented.

12. *The Butte County Auditor-Controller should instruct his Internal Auditor, or other qualified employee, to comprehensively audit distributions of Proposition 172 funds and ensure that these funds are allocated and distributed in accordance with relevant California codes and regulations. All public safety agencies that receive Prop. 172 monies should be defined as such in Board adopted policy. A report should be prepared and forwarded to all members of the Audit Committee, the Board of Supervisors, the affected public safety agencies, and the Grand Jury.*

    The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

13. *Butte County Administration should spearhead an effort to coordinate with County defined public safety agencies, (defined as required by Proposition 172/ AB2788), to bring forward a recommendation to the Board of Supervisors for an MOU for calculating each public safety agencies' share of this funding source within the Maintenance of Effort calculations as described earlier in this report. The Board of Supervisors should consider including stipulations in the policy that Proposition 172 funds are never transferred to the General Fund so that full transparency and accountability is always maintained.*

    The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

14. *The Auditor-Controller's department should be inspected on an ongoing basis by the Fire Marshall and other experts for health and safety problems.*

    The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

15. *An ergonomics assessment should be performed for each staff member and appropriate workstations should be installed in the Auditor-Controller's office.*

    The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

16. *The Butte County Board of Supervisors should consider allocating additional funding for aggressive audit sampling and review of the following items for a minimum of the next three years (these items need not be completed by the November 30th due date or under the same cover as the normal, annual audit):*
    A. *payroll and timekeeping data including, but not limited to, policies and procedures related to billing for indirect costs, proper crediting of accruals and payments of vacation/sick leave/furlough,*
    B. *refunds given for Development Services land use or building permits and related impact fees,*
    C. *refunds and disbursements given for what are referred to, but not necessarily legally defined as, trust accounts held by Butte County,*
    D. *legally defensible collateralization of all financial obligations owed by Butte County that extend beyond a single fiscal year, and a legally defined debt limit that includes authorizing California Codes or Regulations.*

    The respondent is unable to respond to this recommendation. The respondent does not have the authority to implement this recommendation.

This concludes the response from the Director of Information Systems to areas within the Grand Jury Report for fiscal year 2005-2006 where the Grand Jury sought comments from the Director of Information Systems.

Sincerely,

Robert Barnes
Director of Information Systems
Director of Communications
Chief Security Officer

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OFFICE OF THE
MAYOR
(916) 538-2401

September 22, 2006

FILED
Butte County
Superior Court
2006
Sharol Strickland Clerk
By _____ Deputy
FILED

The Honorable Judge Steven Howell, Presiding Judge
Butte County Consolidated Courts
No. One Court Street
Oroville, CA 95965

Re: 2005-2006 Grand Jury Report

Dear Judge Howell:

Pursuant to Penal Code subsection 933(c), the City Council has reviewed the 2005-2006 Grand Jury Final Report in respect to the operations of the City of Oroville. Based upon Penal Code subsection 933(c), the City Council is the appropriate entity to comment on the findings and recommendations of the Grand Jury.

FINDINGS OF GRAND JURY RELATING TO CITY OF OROVILLE PERSONNEL ISSUES/HIRING PRACTICES AND CITY RESPONSES

1. **Finding:** The current City Administrator, in apparent violation of the City's nepotism clause, has a son employed by the City of Oroville for whom she is indirectly responsible for and can directly affect his employment. While a niece also works for the City of Oroville, such a relationship is not specifically prohibited by the nepotism clause.

   Response: **DISAGREE.** The City Administrator did not violate the City's nepotism policy concerning her son's employment with the City.

   On September 3, 2002, the City of Oroville adopted Rule 4.8e of the City of Oroville Personnel Rules and Regulations relating to nepotism. In addressing how the nepotism rule applies to existing employees, Rule 4.8e states in pertinent part:

   "Anyone employed as a full-time or part-time City of Oroville employee prior to the effective date of this Policy may continue in their position if their department head, in consultation with the City Administrator, has determined that continued employment would not create a conflict of interest or have a potentially adverse impact on supervision,

safety, security, morale, or productivity. However, under no circumstances will an employee directly or indirectly supervise or be supervised by an immediate family member. Any future promotion or appointment within the City of Oroville will be subject to this policy as stated above (Amended 09/03/02 by Resolution No. 5896)".

Sharon Atteberry's son, Wade Atteberry, was hired by the City of Oroville on March 6, 2000, more than three years before Ms. Atteberry became the City Administrator. In fact, Mrs. Atteberry had no involvement in the hiring of her son since she was still a Community Development Analyst for the Business Assistance and Housing Development Department when her son was hired. Mrs. Atteberry was appointed as the Interim City Administrator on September 18, 2003.

On March 14, 2005, Wade Atteberry did receive a promotion to Park Maintenance Technician III. The promotion was based on an in-house recruitment. Three candidates applied and were interviewed by an independent interview panel consisting of three members. At the conclusion of the interviews, Mr. Atteberry was ranked number one on the eligibility list for the promotion. The Department Head, Charles Miller, recommended the promotion and Mayor Gordon Andoe signed the promotional documentation. Mrs. Atteberry intentionally removed her self from any portion of the promotional process to avoid any perception of a conflict of interest. At no time did Mrs. Atteberry use her City Administrator position to aid her son with his employment.

The City's nepotism policy applies only to immediate family members. A niece is not identified as an immediate family member in the nepotism rule.

2. **Finding:** In reviewing prior Butte County Grand Jury Final Reports, letters from City employee unions and State mediators, and City Council meeting minutes, documents instances where job descriptions, duties and other job requirements were repeatedly changed and approved by the City Council without consulting the unions, thus possibly violating the, "Meet and Confer" process.

   Response: <u>DISAGREE.</u> The City of Oroville has always been diligent in meeting and conferring with all appropriate bargaining units regarding changes to job description duties. In fact, the City completed a comprehensive classification update in 2004, where all City employees were provided an opportunity to participate in the process to make certain that their job descriptions accurately reflect the duties they perform.

3. **Finding:** The current Oroville City Administrator and Fire Chief do not meet the minimum educational requirements specified in their job descriptions.

   Response: <u>DISAGREE.</u> Fire Chief David Pittman has an Associates Degree as required by his job description. He received his degree from Butte College on June 22, 1978. Chief Pittman also has over 30 years of experience in fire service. Since September 18, 2003, Sharon Atteberry has served as the City

Administrator. As a general rule, work experience may be substituted for the educational requirements associated with a City position. Although Mrs. Atteberry does not have a Bachelor Degree, she has 27 years of experience as an employee who has worked in most of the City's departments. Mrs. Atteberry has also taken numerous courses relating to City government.

4. **Finding:** There is evidence of eliminating staffed positions to create new ones.
   Response: **AGREE.** Over the past three years, the City has re-organized its departments to streamline positions to improve its services to the public. In some instances, those goals required the elimination of positions and the creation of others. The City will continue to analyze and reorganize its departments and adjust employee positions as deemed necessary to accomplish its goal of providing effective and efficient services.

5. **Finding:** Employees have to use their union representatives, or obtain outside legal counsel, to protect their right to "bump" an employee in a position they were removed from and qualify for as specified in Rule 13, Section 13.5 of the City of Oroville Personnel Rules and Regulations.

   Response: **DISAGREE.** The current City administration has never denied any employee his or her bumping rights as outlined in Rule 13, Section 13.5 of the City of Oroville Personnel Rules and Regulations. An issue over the re-employment list was resolved by the City immediately upon notice of the problem. Once the City received the letter from Employee Representation Services, Inc. dated November 18, 2005, the employee was immediately given the opportunity to select the position, as requested.

6. **Finding:** The City does not have a Problem Solving Committee in place as required by the Oroville Fire Department MOU.

   Response: **DISAGREE.** At this time, the City does have a Problem Solving Committee. The City has been working with the Oroville Fire Fighters' Association (OFFA) to implement the Problem Solving Committee since early 2006. Both the City and the OFFA experienced delays in this process.

7. **Finding:** The City of Oroville has a strong City Council/weak City Administrator type of government.

   Response: **DISAGREE.** The City of Oroville has a progressive City Council and a strong City Administrator who has high standards. The citizens of Oroville adopted the City Charter which established the City's type of government.

8. **Finding:** Many members of the City Council appear to be unfamiliar with the routine duties and functions of city departments.

Response: **AGREE.** Oroville City Code Section 2-12 prohibits individual City Council members from issuing orders to City Officers concerning operations of the City. As such, the purpose of the City Council is to set City policy rather than become involved in the daily activities of each department.

9. **Finding:** The City of Oroville has incurred excessive expenses, including outside council fees, for "fighting and defending" wrongful termination lawsuits, arbitration hearings and medically fit to return to work accommodation hearings.

   Response: **DISAGREE.** There are no pending lawsuits regarding employee wrongful termination. The City has employed outside legal counsel to assist with complex investigations and disciplinary matters. The City is now requiring its employees to adhere to specific standards for their performance. As a result, there has been an increase in the number of personnel actions requiring legal representation.

10. **Finding:** Progressive discipline does not appear to be defined or enforced by responsible persons in City management.

    Response: **DISAGREE.** The City does have a progressive discipline policy that has been enforced by the current City administration. The City is continuously revising and updating its policies and procedures and personnel rules and regulations to reflect current law relating to progressive discipline.

11. **Finding:** On at least one occasion, the City of Oroville did not take the recommendation of the Skelly hearing officer when used as part of the grievance process.

    Response: **DISAGREE.** The City has followed all Skelly hearing officer recommendations. In one instance, the Skelly hearing officer recommended that an employee be offered a last chance agreement in lieu of termination. The City offered a last chance agreement to the employee, but he refused to agree to it. It was the employee's right to reject the last chance agreement and the City's right to terminate the employee.

12. **Finding:** There is evidence of a stressful work environment in several departments within the City.

    Response: **AGREE.** The City agrees that there are normal amounts of stress in the workplace relating to growth in the City. Most City employees are capable of handling the stress with grace and enthusiasm and are moving forward with the new City administration.

13. **Finding:** The City is not effectively using the probationary period to terminate employees who are demonstrating poor performance due to lack of skills, attitude, work ethic, or compatibility with the position employed in.

Response: **DISAGREE.** The current City administration has been using the probationary period to properly discern whether or not a new employee should become a permanent employee.

14. **Finding:** There are employees in key positions close to retirement who are antagonistic and disruptive to the workplace and are unqualified for the positions they hold.

Response: **DISAGREE.** The City does not have any knowledge of or information relating to this finding.

RECOMMENDATIONS OF GRAND JURY RELATING TO PERSONNEL ISSUES/HIRING PRACTICES AND CITY RESPONSES

1. **Recommendations:** The City of Oroville needs to adhere to the City policy regarding nepotism.

   Response: The City does and will continue to adhere to the City's policy regarding nepotism.

2. **Recommendations:** The nepotism clause should be expanded to include aunt, uncle, niece, nephew, brother in-law, sister in-law and cousin.

   Response: The City Council does not wish to amend the nepotism policy at this time.

3. **Recommendations:** The City Council, City Administrator and Human Resource department should refrain from changing job descriptions, requirements, duties and qualifications without engaging in the "meet and confer" process.

   Response: The City has always engaged in the "meet and confer" process before a change to a job description is implemented.

4. **Recommendations:** Hire qualified persons for key positions within the City, such as the City Administrator and Fire Chief who meet job requirements.

   Response: The City has always strived to hire the most qualified persons to key positions.

5. **Recommendation:** The City of Oroville should curtail the common practice of eliminating a position or changing the job title, description, education requirements and qualifications to fit a position to a person.

   Response: The City amends its job descriptions whenever needed to obtain the most qualified and capable persons for positions.

6. **Recommendations:** Bumping rights should be applied without the need of union intervention or the need for outside council.

   Response: The City has always attempted in good faith to comply with the requirements of its personnel rules and regulations relating to employee bumping rights.

7. **Recommendations:** Establish and staff the Problem Solving Committee led by an independent neutral third party.

   Response: The City has established a Problem Solving Committee. It will be led by Paul Walters, an independent neutral third party.

8. **Recommendations:** Consider proposing an amendment to the City Charter, subject to a vote of the people, to change from a City Administrator type of government to a City Manager type of government.

   Response: The City Council does not wish to request the voters to amend the City Charter to change to a City Manager type of government.

9. **Recommendations:** The City should make every effort to accommodate an employee once the determination of; "fit to return to work" has been made by both the city and employee's medical consultants.

   Response: Based on California Fair Employment and Housing Act and the Americans with Disability Act, the City has always made every effort to accommodate all its employees when the City and the appropriate medical consultants determine the employee is "fit to return to work".

10. **Recommendations:** Use in-house counsel and/or Personnel staff more effectively to prevent the need to resort to outside counsel.

    Response: The City Attorney and City administration are able to resolve most personnel issues without using outside counsel. However, the time consuming nature of a disciplinary hearing requires the use of outside counsel.

11. **Recommendation:** Rotate professional medical consultants to evaluate personnel suitability to "return to work issues."

    Response: The City does currently rotate medical consultants to evaluate whether or not employees are suitable to return-to-work.

12. **Recommendation:** Subject to observing the "Meet and Confer" requirement with the unions consider revisions to the MOU and Personnel Policy and Procedure Manuals to clarify the progressive discipline process.

    Response: Subject to the "meet and confer" requirements the City Council will consider amending the City's personnel rules and regulations to clarify the progressive discipline process.

13. **Recommendation:** The City should institute comprehensive training for employees and managers in progressive discipline, unlawful workplace harassment, and workplace violence preventions, to avoid unnecessary litigation and related expenses. This training should include the new "City of Oroville Unlawful Workplace Harassment Police and Complaint Procedure" and the Workplace Violence Prevention Policy" adopted by the City Council on 02/21/2006.

    Response: For the past five and one-half years, the City has been an active participant in the Liebert, Cassidy and Whitmore training programs, which include Managing the Marginal Employee, Preventing workplace Harassment, Discrimination and Retaliation, Ethics in Public Service, 12 Steps to Avoiding Liability, The Disability Interactive Process, Finding the Facts: Disciplinary & Harassment Investigations, etc. See attached Master Workshop Topics List from Liebert, Cassidy, and Whitmore.

14. **Recommendation:** Probationary employees should be closely monitored and evaluated to avoid later employment issues.

    Response: For the past three years, the City has closely monitored and evaluated probationary employees to avoid later employment issues.

FINDINGS OF THE GRAND JURY RELATING TO THE CITY OF OROVILLE PUBLIC WORKS, PARKS AND TREES DEPARTMENT AND CITY RESPONSES:

1. **Finding:** The shortage of staff in the Public Works crew has reduced its ability to provide major maintenance to streets.

   Response: **DISAGREE.** The shortage of staff in the Public Works crew has not reduced the department's ability to provide major maintenance to City streets.

   When major tasks and projects (including major maintenance to City streets) need to be accomplished, the Public Works field crew and the Parks and Trees field crew are combined to provide the personnel necessary for the completion of these tasks.

2. **Finding:** There aren't enough workers within the department to replace rotted and damaged street light and electrical poles.

   Response: **DISAGREE.** There are enough workers within the combined field crews of Public Works and Parks and Trees to replace the rotted and damaged poles.

   City staff is currently working with the Engineering Department for the specifications required for the new poles. After the specifications are determined, the City will purchase new poles, and the combined field crews will begin installing them.

3. **Finding:** Testimony revealed that sweepers should be replaced after four to five years of use.

   Response: **AGREE.** Department and administrative staff recognized this as a high priority equipment need. City staff recommended the purchase of a street sweeper during the June budget hearings. The City Council approved the lease purchase of the street sweeper on July 5, 2006.

4. **Finding:** One fire engine is routinely sent to Sacramento for maintenance; the new engine must be sent to the Bay Area and another fire engine has difficulty climbing hills. Considerable effort is required to keep these fire engines operational.

   Response: **DISAGREE.** To ensure the safety of the firefighters and the public, one fire engine is sent to Sacramento for an annual maintenance check. On one occasion, the new fire engine was sent to the Bay Area for repairs and maintenance covered under its warranty. The fire engine that had difficulty climbing hills had a problem with its turbo, which has since been repaired.

5. **Finding:** The amount of paperwork required for the department to function has multiplied through the years. There appears to be a need for an Administrative Assistant to assume these responsibilities.

   Response: **AGREE.** Department and administrative staff recognized the need for a staff secretary to work directly under the Director of Parks and Trees. City staff recommended hiring a part-time (three days a week) Staff Assistant during the June budget hearings. The City Council approved the position on July 5, 2006.

6. **Finding:** Staff suggested that lube and tire services should be performed under contract.

   Response: **DISAGREE.** If a vehicle is taken to a lube shop there is travel time and at least a fifteen (15) to twenty (20) minute wait that must be considered. The City mechanics can complete an oil change and lube in the same amount of time required to take the equipment to a contract shop. The mechanic also checks for any leaks and checks the brakes, shocks, tires and the entire under carriage of the vehicle and either schedules repairs or completes them at the time of service. There would be no cost savings if the City had the work performed under contract.

   Presently, the City is purchasing tires through a State of California bid process, which is much less expensive than contracting with a tire shop to buy and mount the tires. Having the tires mounted by the City mechanics is much more cost effective than contracting with a tire shop.

RECOMMENDATIONS OF THE GRAND JURY RELATING TO THE PUBLIC WORKS, PARKS AND TREES DEPARTMENT AND THE CITY OF OROVILLE'S RESPONSE.

1. **Recommendation:** The City should take steps to fill the vacant positions that currently exist in the department. In addition to the vacant positions, the Public Works needs one additional worker on the street crew and one additional worker on the Parks crew.

   Response: Presently the City is in the process of recruiting for the position of Public Works Operator I. A temporary employee is filling this position. A permanent employee should be hired for the position by mid -October.

   The Public Works Department is down a crewmember due to the fact that the Engineering Department has been using one of the Public Works employees as an inspector for new development and other projects.

   The City Council has developed an Engineering Inspector position and has authorized the hiring for that position in the City's 2006/2007 Budget. The City is currently recruiting for the Engineering Inspector position. When the position is filled, the Public Works staff will be back to full strength.

   The Department of Parks and Trees did request an additional Park Maintenance Technician I position, but due to insufficient funds within this year's budget, the position was not approved. This request will be re-evaluated again for next year's budget.

2. **Recommendation:** The City should consider leasing operable street sweepers as an alternative to maintaining the old ones.

   Response: City staff recommended the purchase of a street sweeper during the June budget hearings. The City Council approved the lease purchase of the street sweeper on July 5, 2006.

3. **Recommendation:** In order to have operable and reliable fire engines, the City should consider hiring an additional mechanic to handle the needs of the Fire Department.

   Response: Once the City takes possession of the new street sweeper, the mechanics will have more time to do routine maintenance. The City Council has determined that an additional mechanic is not needed at this time.

4. **Recommendation:** The Grand Jury suggests a cost benefit analysis be performed for an outside contract for tire and lube service.

Response: The City Council has determined that a cost benefit analysis is not necessary at this time.

5. **Recommendation:** The City should give a very high priority to replacing rotting utility poles. This could prevent potential injury to the public and expensive lawsuits.

   Response: City staff has made a prioritized list of light poles that need to be replaced and considers the replacement of the rotten poles a top priority. The City Council has authorized funding in the amount $40,000.00 for light pole replacement. These funds are sufficient to alleviate the hazardous poles identified on the list. City staff has informed the Council that it will take a total of four (4) years to replace all the poles identified and additional funding will be requested to be budgeted for each year.

6. **Recommendation:** Hire a competent Administrative Assistant for the Public Works Department.

   Response: City staff recommended hiring a part-time (three days a week) Staff Assistant during the June budget hearings. The City Council approved the position on July 5, 2006.

FINDINGS OF GRAND JURY RELATING TO THE CITY OF OROVILLE FIRE DEPARTMENT AND CITY RESPONSES

1. Finding: The Fire Chief, Battalion Chiefs and Fire Captains appear to have insufficient training in effective leadership techniques.

Response: **DISAGREE.** The Fire Chief, Battalion Chiefs and Captains have sufficient training and have earned numerous fire service certifications. The Fire Department is presently implementing the leadership techniques of the National Fire Professional Standards.

2. Finding: The Fire Chief has not completed the Executive Fire Officer Program Curriculum entitled, "Leadership Development for a New Century: of the National Fire Academy as required by the City council in his initial contract and subsequent renewals.

Response: **AGREE IN PART.** The Fire Chief has completed 50 percent of the program and has not been able to attend the twice a year scheduled courses due to vacancies in the Fire Department's administrative staff.

3. Finding: The Battalion Chief, responsible for training, has not effectively trained new firefighters so they can pass probation within the 18 month specified time period as stated in the City of Oroville Personnel Policies and Procedures manual.

Response: **DISAGREE.** The Battalion Chief has effectively managed the training program. The Training Manager and the shift Captains serve as training officers. The Fire Department training program is a combination of in-house specific training and the State of California Fire Marshal Training Program which offers a two week or 80 hour certification program. The 18 month probation training program is based on the National Professional Fire Engineer Certification (FEC) program. In addition to its comprehensive curriculum content, the training program has a self-instruction component that allows the candidate to proceed at his or her own pace.

4. Finding: The current Battalion Chief assigned, as the Training Officer is unfamiliar with the International Fire Service Training Association (IFSTA) material, therefore is unable to properly train and answer the probationer's questions regarding this manual.

Response: **DISAGREE.** The Training Officer is well versed in the information of the National Professional IFSTA.

In order to meet Oroville's growth, Fire Department personnel training is one of the City's top priorities.

The Training Officer's duties have been delegated to the Fire Captains who are the direct supervisors of probationary firefighters. The Training Manager oversees the training program and maintains the integrity of the examination process.

5. Finding: Oroville has been removed from membership in the Butte Interagency Rescue Group (BIRG) for non-attendance and failure to participate in the required trainings.

Response: DISAGREE. The Oroville Fire Department has not been removed from membership and is a participant in BIRG. In order to participate beyond one's jurisdiction members must attend specified training. The Oroville Fire Department does respond to special rescues within the City of Oroville and is equipped for swiftwater rescue, confined space and technical rescue incidents. The Oroville Fire Department staff will meet the new BIRG attendance requirements so that they can more fully participate in outside jurisdictions.

6. Finding: Discipline within the Fire Department is inconsistent.

Response: DISAGREE. Discipline has been consistent within the Fire Department. Discipline has been fairly imposed. Since employee discipline is confidential, persons who are not involved in the discipline are prone to incorrectly speculate on the circumstances surrounding specific disciplinary matters.

7. Finding: There is a lack of communication between the Fire Chief and his staff.

Response: DISAGREE. The Fire Chief has numerous mini-conferences with Fire Department personnel. He also maintains an open door policy for subordinate employees. All Fire Department personnel have the Fire Chief's contact information for his cell phone, text pager, and electronic mail.

8. Finding: The Oroville City Council has not held the Fire Chief to the letter of his contract resulting in shared responsibility for the service that the Fire Department gives to the citizens of Oroville.

Response: DISAGREE. This finding does not provide enough information to allow for a response.

RECOMMENDATIONS OF GRAND JURY RELATING TO FIRE DEPARTMENT AND CITY RESPONSES

1. Recommendation: Hire qualified persons for administrative and supervisory positions and adhere to the position requirements regarding experience, education and other stated required qualifications.

Response: The City and the Fire Department have always strived to hire and promote the most qualified persons to positions and will continue to do so.

2. Recommendation: Management and supervisors within the department should be required to have leadership and management training.

Response: The Fire Department has and will continue to provide management training to its managers and supervisors on a wide range of topics.

3. Recommendation: Failure to successfully complete advanced training assignments in a timely manner should not be condoned.

Response: The completion of all training is a City top priority. Sometimes delayed because of other duties.

4. Recommendation: Oroville Fire Department should have a training officer capable of assisting the firefighters through the 18 month probationary period in an appropriate and timely manner.

Response: The Oroville Fire Department does have a Training Manager and three Fire Captains who also provide training and assistance to new firefighters.

5. Recommendation: Oroville Fire Department should identify those firefighters who want to participate in BIRG and allow time for training and pay for required expenses.

Response: The Fire Department has always encouraged firefighters to participate in BIRG and has always authorized requests for overtime and expenses based on the City's training budget.

6. Recommendation: Discipline should be appropriate to the offense. It should be prompt and be proven after a thorough review with the offender and other involved parties.

Response: The City carefully investigates allegations of employee misconduct, which is a time-consuming process.

7. Recommendation: Progressive Discipline needs to be addressed in the Firefighters MOU and Oroville Fire Department needs to become educated with the Progressive Discipline process.

Response: The City provides progressive discipline as required by court cases. The City has conducted numerous workshops on implementing progressive discipline procedures.

8. Recommendation: The training officer needs to be knowledgable regarding the training material and be able to pass all of the examinations required of probationary employee. The training officer should work on developing a new training program/modify the IFSTA program to reflect the training needed for this area (i.e. remove glacial and skyscraper training etc.)

Response: The three Fire Captains and the Battalion Chief who provide training are knowledgeable of the new training material. As part of the implementation of the new IFSTA program, Fire Department staff has participated in examinations. The Fire Department attained a 72 percent average score. To remove or modify any part of the IFSTA program would prevent achieving a higher level of firefighting skills.

9. Recommendation: Require the Deputy Fire Chief to answer directly to the City Council. This will make that position more effective while working under the present Fire Chief.

Response: The City of Oroville adopted a Deputy Fire Chief job classification that clearly states the position reports and receives direction from the Fire Chief. Consequently, the chain of command is well defined under current modern management practices.

10. Recommendation: Efforts should be made to improve communication between the Fire Chief and his staff. A process should be established to facilitate communication.

Response: The Fire Chief has instituted programs to facilitate communication with his staff, including weekly staff briefings.

11. Recommendation: The Oroville City Council should review all Department Head contracts before renewing them to make sure that all prior requirements have been met.

Response: The Oroville City Council does review all Department Head contracts during the contract term and upon renewal, which is usually every two years.

Respectfully submitted,

Gordon Andoe
Mayor

MASTER WORKSHOP TOPICS LIST

Supervision and Management

#	Title	Audience	Workshop Length
1	Handling Grievances This interactive workshop equips supervisors with the knowledge to manage grievance situations in a way that provides maximum protection for their agency.	Supervisors and Managers	Half Day
2	Supervisory Skills for the First Line Supervisor/Manager This program is designed to provide first-line supervisors an opportunity for refining their supervisory skills, with emphasis on the supervision of personnel at the work location.	Supervisors and Managers	Full Day
3	Exercising Your Management Rights This introductory overview workshop identifies your rights as supervisors and managers and shows how to exercise them in a way that can improve your management skills.	Supervisors and Managers	Half Day
4	Managing the Marginal Employee This workshop is designed to train supervisors and managers how to manage the employee who does the "bare minimum" and/or "pushes the envelope."	Supervisors and Managers	Half Day
5	12 Steps to Avoiding Liability This session will provide managers with the tools they need to take preventative steps before a lawsuit is filed and invest necessary time and resources to defend a lawsuit.	Supervisors through Executive Management	Half Day

Evaluation and Discipline

#	Title	Audience	Workshop Length
6	Discipline: Putting It into Practice This practical "how to" workshop is designed to maximize the involvement of participants and give them a "hands-on" sense of how to apply the necessary principles and procedures when disciplining employees.	Supervisors and Managers	Full Day
7	Managing Overlapping Leave Laws and the Discipline Process This workshop focuses on the various leave laws and how they affect the discipline process.	Upper Level Management and Human Resources	Full Day
8	Maximizing Performance Through Evaluations This highly interactive and practical workshop is designed to help supervisors strike the delicate balance between their responsibility to uphold employment standards on the one hand and the employee's rights to fair warning and due process on the other.	Supervisors and Managers	Half Day

9	Prevention and Control of Absenteeism and Abuse of Leave This workshop provides effective solutions to the most persistent and vexing problems of employee absenteeism and/or abuse of leave privileges.	Supervisors and Managers	Half Day

Discrimination and Retaliation

#	Title	Audience	Workshop Length
10	Recognizing and Preventing Discrimination This workshop will cover the broad and growing range of protections against discrimination provided to public sector employees and applicants by state and federal laws.	Supervisors, Managers, Human Resources Staff	Full Day
11	Preventing Workplace Harassment, Discrimination and Retaliation This practical workshop, designed for all levels of agency employees, provides guidance on managing day-to-day interactions to prevent unlawful discriminatory harassment. Fully meets requirements of AB 1825.	All Staff	Half Day
	Disability Discrimination: State Law (FEHA) vs. Federal Law (ADA) This workshop will discuss both the similarities and the differences between the FEHA and the ADA and will provide the participants with the necessary tools and information to reduce and/or minimize disability discrimination claims against your organization.	Management, Human Resources/ Employment Relations Staff, Agency Counsel	Half Day
	Finding the Facts: Disciplinary and Harassment Investigations This workshop will prepare you to conduct thoroughly effective investigations of disciplinary incidents and alleged harassment. It includes how to organize the investigation, how to interview witnesses, and how to reach conclusions.	Upper Management, Human Resources/ Employment Relations Staff, Agency Counsel	Half Day
14	Advanced Investigations of Harassment Complaints This is an advanced investigation workshop which focuses on interview techniques, the general background on the laws of harassment and discrimination, how to focus the investigation to prevent a "run away" interview, dealing with a difficult or evasive witness, responding to union representatives or attorneys who insist on controlling the investigation and making factual findings.	Upper Level Management, Human Resources Staff and Agency Counsel	Half Day
15	Embracing Diversity This workshop was developed to address some of the issues surrounding diversity and its impact on the workplace. This session will cover subjects including: creating a culture of respect; confronting prejudice; managing differences; and understanding the power of diversity.	Supervisors and Managers	Half Day

22	Public Meeting Law and Public Records Act: Review and Update This program provides a focus on these important laws, including a review of the fundamentals and an update on recent developments related to these laws. This workshop is particularly designed for those most responsible for complying with the legal stipulations outlined in the laws.	Members of Legislative Bodies, Administrative Boards, Top Managers, Human Resources/ Employment Relations Staff, Agency Counsel & Risk Managers	Half Day
23	A Supervisor's Employment Relations Primer This workshop provides agency managers with an overview of employment relations issues including: meeting and conferring, union organizing, union representation, past practice, and grievances. This is an excellent workshop for first time managers or as a refresher to seasoned managers	Supervisors and Managers	Full Day
24	The Meaning of At-Will, Part-Time and Contract Employment This workshop addresses the meaning of at-will employment including determining which employees are at-will, their rights, preserving at-will status, and disciplining and evaluating at-will employees. Will also include definitions of all types of part-time and contract employment as well as how to manage these employees.	Upper Management, Human Resources/ Employment Relations Staff, Agency Counsel	Half Day
25	Annual Audit of Your Personnel Rules This workshop presents optimum approaches to personnel rules and employer-employee relations issues from a policy and legal standpoint.	Human Resources/ Employment Relations Staff	Half Day
26	Family and Medical Care Leave Acts This workshop will discuss both the California Family Rights Act and the Federal Family and Medical Care Leave Act. Because the Acts overlap in many areas, there are numerous conflicts which are addressed during the workshop.	Supervisors and Managers	Half Day
27	Legal Aspects of Preventing/Dealing with Violence in the Workplace This workshop can provide important protection for you, your co-workers and your agency by showing how you can minimize the potential for violent episodes in your place of work - and how to respond to violence when it does occur.	Upper Management, Human Resources/ Employment Relations Staff, Agency Counsel	Half Day
28	Introduction to the FLSA This workshop will provide a basic introduction to the Fair Labor Standards Act including your responsibilities as managers. This overview of the act will address such issues as compensability of breaks, mealtimes and how 9/80 work schedules are supposed to work.	Supervisors	Half Day
29	FLSA: New Developments and Hot Topics This workshop will instruct your agency on two ways to stay current on Fair Labor Standards Act (FLSA) issues. First, the presenter will explain how the most recent wage and hour decisions impact how your agency compensates both overtime-eligible and overtime exempt employees. Second, the session will include a discussion on practical advice for avoiding the FLSA danger zones.	Agency Counsel, Personnel, Human Resources, Finance, Risk Management and Department Heads in this area.	Half Day

30	Limits on An Employer's Right to Medical Records This workshop provides an overview of the acquisition and use of employee medical information. A discussion of HIPAA is also included.	Human Resources, Risk Managers and Command levels of Police and Fire	Half Day
31	Labor Code 101 for Public Agencies This workshop will explain which parts of the California Labor Code impact public agencies on a daily basis.	Human Resources Staff, Managers	Half Day
32	Human Resources Round Table This workshop gives human resources managers and staff a chance to bring to the table their specific questions on employment law.	Department Heads, Executive Management, Human Resources Staff	Half Day
33	Principles for Peace Officer Employment This session will inform you of new developments regarding peace officer personnel records as well as update you on the important and up to the minute issues that affect how you manage your public safety employees. Topics include: Public Safety Officer's Procedural Bill of Rights Act (POBR), Labor Code § 4850, Pitchess motions, *Brady v. Maryland, Otto v. Los Angeles Unified School District,* and Whistle blower liability.	Public Safety Management, Human Resources, Staff, Agency Counsel	Half Day
34	Issues and Challenges Regarding Drugs and Alcohol in the Workplace This workshop is geared toward helping public agency managers deal with the challenges relating to the impact of drugs and alcohol on the workplace environment with an emphasis on the following topics: when and whom may an employer test for drugs and alcohol; establishing a drug and alcohol policy; and legal and practical considerations in implementing a drug and alcohol policy.	Upper Management, Human Resources/ Employment Relations Staff	Half Day
35	Conflicts of Interest Conflict of interest laws are meant to insure that the public's interests never take a backseat to private considerations. Increasingly, governing board members and district employees have become entangled in decisions and transactions that violate one or more of these complex rules. This workshop will explain the most significant parts of these laws, and will provide practical, concrete examples of pitfalls to avoid.	Upper Level Management, Counsels/Boards	Half Day
36	Rightsizing With budgets getting tighter, this workshop focuses on the options available including layoffs & how to implement them.	Human Resources Staff	Half Day
37	Leaves, Leaves and More Leaves Participants in this workshop will leave with a better understanding of the various paid and unpaid leaves (FMLA/CFRA/ADA/FEHA/sick leave etc.) including when employees are eligible for leaves and your responsibilities as an employer.	Supervisors, Managers and above	Half Day
38	Public Service 101 This workshop covers the unique aspects of being a public sector employee, including the discoverability of email, off duty conduct, conflict of interest, ethics, personal liability, Brown Act, and the Public Records Act.	Supervisors, Managers and Above	Half Day

Labor Relations

#	Title	Audience	Workshop Length
39	Labor Relations Primer This workshop introduces Labor Relations vocabulary and concepts to those new to the area.	Supervisors and Managers	Half Day
40	A Guide to Labor Negotiations This workshop is designed for upper-level managers and legal personnel or employee relations staff who are directly (or indirectly) involved in the negotiating process and will illustrate a "hands-on" approach to the various aspects of the process.	Upper Management, Human Resources/ Employment Relations Staff, Agency Counsel	Full Day
41	Understanding PERB and Unfair Practices This workshop examines the impact of SB 739 on agency shops; PERB adjudication of representation; and unfair practice disputes.	Upper Management, Human Resources/ Employment Relations Staff, Agency Counsel	Half Day
42	Advanced Labor Negotiations Roundtable Join us as one of LCW's seasoned negotiators answers your tough negotiation questions as well as provides insight into some of the more sensitive aspects of the process	Anyone involved with negotiations	Half Day

Disability and Occupational Safety

#	Title	Audience	Workshop Length
43	The Disability Interactive Process This workshop will cover the interactive process from start to finish. Included in the discussion will be starting the interactive discussion, reasonable accommodation and light duty assignments.	Human Resources Staff, Managers and above	Half Day
44	Disability Discrimination/Family and Medical Care Leave/Disability Retirement: Administering Overlapping Laws This workshop focuses on how these laws interrelate and how you can intelligently and economically comply with each of them.	Upper Management, Human Resources/ Employment Relations Staff, Agency Counsel	Full Day
45	Advanced Disability Discrimination/ Family and Medical Care Leave/Disability Retirement This advanced workshop deals with the coordination of the laws when a specific situation arises.	Upper Management, Human Resources/ Employment Relations Staff, Agency Counsel	Full Day

New Workshops

#	Title	Audience	Workshop Length
46	Ethics in Public Service AB 1234 requires that certain local agency officials receive ethics training on a regular basis. This session covers all required topics including ethics codes, gift limitations, honoraria prohibitions, and conduct upon leaving office. Come for an entertaining and informative session that will not only put you in compliance but limit your liability.	Members of the Legislative Body	Half Day

TOWN OF PARADISE
POLICE DEPARTMENT

5595 Black Olive Drive, Paradise, CA 95969 (530) 872-6241 FAX (530) 872-4950

Gerald W. Carrigan, Chief of Police

FILED Butte County Superior Court JUL 17 2006 Sharol Strickland Clerk By Deputy FILED

July 11, 2006

The Honorable Steven Howell
1 Court Street
Oroville, CA 95965

Re.: Butte County Grand Jury Final Report 2005/2006

Dear Judge Howell;

The purpose of this letter is to respond to the findings of the Grand Jury's Final Report 2005/2006, regarding the Officer Involved Shooting/Critical Incident Protocol, pursuant to California Penal Code 933 & 933.05. The Paradise Police Department is in agreement with the Grand Jury's finding that "*Human dignity was compromised at a crime scene when a deceased suspect was examined while visible to members of the public.*"

I am aware of the changes currently being made to the Officer Involved Shooting/Critical Incident Protocol that will assist in eliminating the examination of the deceased in view of the public. Our department is in the process of purchasing a tarp system to prevent future incidents from occurring in our jurisdiction.

I want to thank the members of the Grand Jury for their investigation and subsequent recommendations in this area. I am looking forward to working with them again.

Sincerely,

Gerald W. Carrigan

Gerald W. Carrigan
Chief of Police

TOWN OF PARADISE
POLICE DEPARTMENT

5595 Black Olive Drive, Paradise, CA 95969 (530) 872-6241 FAX (530) 872-4950

Gerald W. Carrigan, Chief of Police

FILED Butte County Superior Court JUL 24 2006 Sharol Strickland Clerk By _____ Deputy FILED

July 17, 2006

The Honorable Steven Howell
1 Court Street
Oroville, CA 95965

Re: Response to the FY 2005-2006 Grand Jury Final Report

Dear Judge Howell;

The purpose of this letter is to respond to the findings of the Grand Jury's Final Report 2005/2006, pertaining to this department's Animal Control Operations.

The Paradise Police Department agrees with the findings listed on page A-9 relating to Animal Control Operations, in those areas Paradise has jurisdiction and influence.

As noted in the Grand Jury's Final Report, the police department is very proud of the job and dedication the employees and volunteers put forth in achieving the overall mission of the Paradise Animal Control. We are fortunate that the Town's Animal Control continues to receive tremendous support for our community. In recent months we have seen improved staffing which has resulted in increased shelter hours of operation, increased pet adoptions and more effective enforcement.

The Paradise Police Department agrees and recognizes the recommendations by the Grand Jury presented on page A-8 and, A-9; in those areas Paradise has jurisdiction and influence.

The Police department is currently researching expanding kennel space of the Paradise Animal Shelter in order to address and improve quarantined dog isolation with other sheltered animals. This issue is an expressed goal and priority of the Town and police department and will be reviewed as feasibility and economics allow.

The Paradise Police Department supports the Grand Jury's Recommendation of improved county-wide communications between animal control operations. We agree that enhanced communications could lead to more standardized some shelter practices and oversight among the various jurisdictions, yet still maintain animal control services best suited for Town of Paradise citizens.

I would like to express my appreciation to the grand jurors for their commitment of time and effort to thoroughly understand the Paradise Police Department's Animal Control operation. Thank you for the opportunity to present you with this response to the Grand Jury Final Report FY 2005-2006.

Sincerely,

Gerald W. Carrigan

Gerald W. Carrigan
Chief of Police

TOWN OF PARADISE

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FILED Butte County Superior Court FILED
SEP 25 2006
Sharol Strickland Clerk
By _____ Deputy

September 22, 2006

The Honorable Steven Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, CA 95965

RE: THE TOWN OF PARADISE RESPONSE TO THE 2005/06 GRAND JURY REPORT

Dear Judge Howell:

First and foremost, the Town of Paradise wishes to extend its appreciation to the Grand Jury for its first overall, comprehensive review of the Town of Paradise.

The Grand Jury accurately represented that the Town of Paradise has historically suffered from financial constraints as a result of being a predominately bedroom community with a limited tax base that is heavily dependent on property tax, with this situation further aggravated by the combination of ERAF property tax shifts and state cutbacks of recent years

The Grand Jury also appropriately identified the impact that these revenue losses have had on staffing, salary compensation, maintenance, public safety, and improvements to the Town's infrastructure.

We are further grateful for the Grand Jury's commendation to our employees for their dedication during very difficult times during the state budget cutbacks. We are pleased to report that the Town has thus far signed contracts with six of our seven employee units providing them with long overdue cost-of-living increases that improves their comparability with other agencies.

There were various findings and recommendations by the Grand Jury that we would like to respond to, and they are:

1. There is a lack of being able to track or identify transactions/payments received from other departments that collect fees/funds.

   In July, 2006 the Town implemented a new cash receipting and accounting system as part of its finance and accounting software upgrade. With the new

system, collections are being done with a decentralized approach by department counter collections married to a centralized review/deposit system by Finance. This process gives better control and tracking of the Town's fee collections as it is now automated using the new cash receipting system.

Finally, we believe the central cashier recommendation makes more sense in our future new civic center.

2. The Town of Paradise appears to be overly dependent on property tax for revenue.

   True. However, the revenue sources for local governments that do not have their own utilities, etc., are limited to begin with. Despite this built-in handicap, the Town of Paradise is aggressively attempting though redevelopment and revitalization, as well as our support for the recent proposed shopping center to significantly improve it's sales tax base so that we are not primarily dependent on the property tax.

2. The Town does not have a sufficient procedure for tracking development projects to compare the fees with actual work performed. A refund, therefore, is not automatically made to the developer of a project. It is necessary for the developer/applicant to petition the Town Council for a refund.

   The Town acknowledges and concurs with the reported findings of the Grand Jury. A formal Request for Proposal has been recently issued by the Town to purchase software of a permits processing/tracking system. This new software shall include an appropriate method for "flagging" development projects having a variable application service fee as recommended by the Grand Jury. Moreover, it is anticipated that this task will be completed before the end of this calendar year.

Again, we wish to thank the Grand Jury form their very constructive and helpful review of our Town and its various operations.

Sincerely,

Charles L. Rough, Jr.
Town Manager

cc: Town Council

BUTTE COUNTY
PROBATION DEPARTMENT

42 County Center Drive
Oroville, California 95965-3377
(530) 538-7661
Fax: (530) 538-6826

JOHN M. WARDELL
Chief Probation Officer
E-Mail:
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STEVE ELLEN
Asst. Chief Probation Officer
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July 31, 2006

Honorable Steven J. Howell, Presiding Judge
Butte County Superior Court
1 Court Street
Oroville, CA 95965

Dear Judge Howell,

The following is in response to a Grand Jury Final Report, dated 2005-2006, pages C-22 to C-24.

"OFFICER INVOLVED SHOOTINGS/CRITICAL INCIDENTS PROTOCOL."

Findings:

1. Human dignity was compromised at a crime scene when a deceased suspect was examined while visible to members of the public.

Pursuant to:
Section 933(c)(2)

This Respondent disagrees partially with the findings. As an agency that belongs to, and adheres to, the Officer Involved Shootings/Critical Incidents Protocol Policy and Procedures, the specific incident referred to would be under the control of the local venue agency. Having made that clarification, I would strongly agree that all agencies involved in the Officer Involved Shootings/Critical Incidents Protocol Policy and Procedures, could be involved in formulating language to be included in such policy to prevent any further incident that occurred within the Grand Jury Findings.

Pursuant to:
Section 933.05(b)

The recommendation has not yet been implemented, but will be implemented in the future as each agency has time to review the purposed language changes to the Protocol, Policy, and Procedures. The time frame not to exceed six month from the submittal of this response.

Comment:

Those agencies that are members of The Officer Involved Shootings/Critical Incident Protocol Policy and Procedures agree upon language to be included within the Policy and Procedures to prevent any such incident that was outlined in the Grand Jury Findings from occurring in the future.

Respectfully submitted,

_____

John M. Wardell
Chief Probation Officer

BOARD OF SUPERVISORS
AUG 29 2006
OROVILLE CALIFORNIA

Butte County
LAND OF NATURAL WEALTH AND BEAUTY

Phyllis L. Murdock
Director of Public Health

Mark A. Lundberg, M.D., M.P.H.
Health Officer

DEPARTMENT OF PUBLIC HEALTH
202 Mira Loma Drive, Oroville CA 95965-3500
Telephone: 530/538-7581 – FAX: 530/538-2164

August 2, 2006

Honorable Steven Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, Ca 95965

Re: Public Health Director Response to the FY 2005-06 Grand Jury Final Report

Dear Judge Howell:

This response is with regard to the Grand Jury finding regarding Animal Control, which is a division within the Butte County Public Health Department.

Grand Jury Findings

1. *The County of Butte and Town of Paradise have a parcel fee on property owners to assist animal control.*

The respondent agrees with this finding.

2. *All animal control agencies have concerns for low-cost spay and neuter clinics.*

The respondent agrees with this finding.

3. *Animal welfare is top priority by all animal control agency staff.*

The respondent agrees with this finding.

4. *All facilities are in need of updating or replacement for animal needs and staffing needs (excluding NWSPCA)*

The respondent agrees with this finding.

5. *All animal control agencies have been operating in inadequate facilities.*

The respondent agrees with this finding.

6. *Community support enhances the success of all animal shelters. PASH is an excellent example of this.*

The respondent agrees with this finding.

7. *Butte County residents need to assume more responsibility for their pets to help curtail the overpopulation.*

The respondent agrees with this finding.

8. *Hours of operation between shelters lack standardizing for public access.*

The respondent agrees with this finding.

9. *ADA accessibility is limited (excluding NWSPCA)*

The respondent agrees with this finding.

10. *There appears to be a variety of microchips which can cause a problem in compatibility and identification of pets.*

The respondent agrees with this finding.

11. *There is no single agency that oversees or inspects the shelters.*

The respondent agrees with this finding.

12. *The communication system for Butte County animal control officers needs improvement.*

The respondent disagrees with this finding. The problems with communications in Butte County are not limited to the Animal Control Division. Due to our mountainous terrain, cellular phone and radio coverage are problematic in all departments that need broad communications capability. Animal Control staff have radios and Nextel cell phones with a walkie-talkie capability, and currently this technology is the most current we can find to assist them in their need for communications in the county. As we find new technology, we will upgrade to the most efficient systems we can afford to ensure safety and improved communication.

13. *The City of Chico has no dedicated per parcel fee for animal control.*

The respondent neither agrees nor disagrees with this finding. The policy of the City of Chico regarding parcel fees is outside the scope of this departments response.

Recommendations

1. *Butte County animal control needs to evaluate their current communication system and resolve their communication needs in remote county areas.*

This recommendation can be partially implemented. The communications system can be evaluated and the areas that have difficult or no communications capability can be documented, however, in remote areas there is not currently technology available that would resolve the problems, as mountains and deep canyons preclude radio and cellular reception in some instances despite the latest technology.

2. *All Butte County animal shelters should try to standardize the microchip process.*

This recommendation is currently being discussed. The Butte County Animal Control staff have requested a meeting for August 7, 2006 with all other shelter and animal control staff to address this issue and others raised by the Grand Jury in the current report. It is our intent to discuss the process and issues surrounding standardizing at this time.

3. *Local animal control agencies need to establish an oversight committee to aid in maintaining healthy and disease free facilties.*

This recommendation is currently being discussed. See the above comment on a planning meeting hosted by Butte County Animal Control to address this and other issues at the August 7, 2006 meeting.

4. *We recommend that City of Chico investigate the possibility of a parcel fee or a measure as approved by the voters to assist in animal control needs.*

This recommendation is outside the scope of responsibility of the respondent.

5. *Have all shelter work together to establish consistent hours and days of operation.*

This recommendation is currently being discussed. At the meeting of all interested parties to be held on August 7, 2006 this item is agendized for discussion.

6. *All shelters need to evaluate compliance with ADA standards for accessibility and parking.*

This recommendation is currently being discussed. Progress and requirements necessary to make all facilities ADA compliant is agendized for discussion at the meeting to be held August 7, 2006.

This document concludes the Public Health Department reply to the Grand Jury Final Report of 2005-06. If you have any questions, or if I can clarify further, I am happy to do so.

Sincerely,

Phyllis Murdock
Director

BUTTE COUNTY
SHERIFF

PERRY L. RENIFF
SHERIFF-CORONER

July 27, 2006

The Honorable Steven J. Howell, Presiding Judge
Butte County Superior Court
One Court Street
Oroville CA 95965

Re: Response to the 2004-2005 Grand Jury Findings

Dear Judge Howell:

We appreciate the opportunity to address the finding of the 2005-2006 Grand Jury. We recognize the time constraints under which they have operated, and the huge amount of material they have attempted to address within the short time frame allotted to them. They are to be congratulated for their effort; however, this does not suggest that we are in total agreement with their observations regarding the operating practices and procedures of the Sheriff's Office.

We will address each Finding and Recommendation in the order in which they appear in the Grand Jury's Report.

LAW ENFORCEMENT IN BUTTE COUNTY

FINDING # 1

The County Jail dental office does not appear to consistently (our emphasis added) maintain a clean, hygienic environment.

RESPONSE:

This finding, by definition, requires a response of partial disagreement on our part.
We cannot state with certainty that there is never a lapse in the effort to maintain a hygienic environment in the dental office; however, we can clearly state that any such lapse is inadvertent, infrequent and absolutely contrary to our stated policies and operating protocols.

FINDING # 2

The County Jail does not maintain a history log that documents jail problems such as fights, suicide attempts, inmate grievances or complaints of inmates against jail staff. Records are kept in individual inmate files. The County Jail could not demonstrate a method of tracking incidents.

33 County Center Drive • Oroville, CA 95965 • (530) 538-6759 • Fax (530) 538-6759

RESPONSE:

We agree with the Grand Jury's finding, in that no "history log" exists which contains all of the information listed by the Jury, and that information is maintained in specific inmate's files relative to certain of the information listed. We are unsure of the intent and meaning of the Grand Jury's statement that we could not "track incidents". If this means that we cannot compile a total number or summary of incidents of a given nature in a timely fashion, it is an accurate statement (except for attempted suicides which are maintained, chronologically, by the medical staff, and are fortunately, relatively infrequent). It must be noted however, that any specific "incident" can be accurately and readily "tracked" if a date of occurrence or the name of an involved party is known.

FINDING #3:

The Women's area of the County Jail continues to be outdated and crowded as documented in previous Grand Jury reports.

RESPONSE:

We agree with the Grand Jury's finding.

We have contracted for, and are in the process of having a "Needs Assessment" conducted which will clearly demonstrate the type and amount of additional housing this County needs to appropriately meet its obligations.

With the renewed interest developed on the part of the Governor and concerned legislators regarding issues of inmate incarceration and rehabilitation, it is hoped that the pressing need for building and rehabilitating of local detention facilities will receive recognition. The availability of State financing, probably through a bond measure, will be the only way that our needs will likely ever be met.

FINDING # 4

There are a large number of medical needs being met at the County Jail.

RESPONSE:

We agree with the Grand Jury's finding

We also wish to state, for the record, that the highly qualified, dedicated and conscientious staff of the Corrections Division and our contractual partner, the California Forensic Medical Group (CFMG), should be lauded for this significant accomplishment.

FINDING # 5

The recommendations of the ILPP report appear to have been forgotten. Many of the Law Enforcement Agencies within Butte County were unaware of the report or its findings in testimony to the Grand Jury.

RESPONSE:

We respectfully disagree with this finding of the Grand Jury.

While we have no idea who was queried by the Grand Jury on this point, and we certainly cannot speak for any agency but our own, we suggest to the Grand Jury that many of the basic findings of the ILPP directly impact this Office, and remain areas of constant attention and concern. We continue to work with our other partners in the criminal justice community, to create solutions to the problems identified in the findings. Those findings include the following areas deserving of prolonged attention:

- the citation-in-lieu of arrest issues and the impact upon daily inmate population
- the on-going need to shorten the time to pre-trial release
- to increase the numbers of arrestees amenable to pre-trial release
- the increased use of electronic surveillance for probation violators

While some personnel, when asked, may not relate these issues specifically to the Board of Supervisor's commissioned study (the ILPP) they are certainly mindful of our inmate population concerns and the need we have to maintain compliance with our Court Mandated Consent Decree, through the release of inmates prior to the completion of their sentences.
We have a recurring dialogue with the Presiding Judge of the Superior Courts, for example, in an effort to address the above problematic issues, and a number of others endemic to the criminal justice system.

We regret that the Grand Jury's impression in this area was a seemingly negative one, but when you live with the problems on a daily basis, and all the differing permutations of a problem require your ongoing attention, it is quite possible that the significance of an acronym title for one study out of many doesn't stand out with the same clarity it might to a more casual observer.

RECOMMENDATIONS OF THE GRAND JURY

MAINTAIN HYGENIC CONDITIONS IN THE DENTAL OFFICE OF THE COUNTY JAIL

This recommendation has been, and will continue to be, implemented.
It is the statutory charge of the Sheriff, and by extension every one of his employees, to maintain and preserve the safety and security of those in his custody. One obvious aspect of this would be to preserve as hygienic an environment as is possible. This is not as easily accomplished in a custodial environment as one would imagine, but every effort is made to do so.
The housekeeping procedures for the medical offices, including the dental operatory, have been revised to better achieve this end. The contract dentist who utilizes the facility has been made aware of the Grand Jury's criticism as well. He has changed several of his operating practices to preserve a more hygienic work area.

DEVELOP A COMPREHENSIVE FACILITY-WIDE RECORD KEEPING SYSTEM IN THE BUTTE COUNTY JAIL SO THAT MAJOR EVENTS (SUICIDE ATTEMPTS, FIGHTS, INJURIES, GRIEVANCES, INTERNAL AFFAIRS COMPLAINTS, LOCK DOWNS, ETC) ARE LOGGED AND READILY AVAILABLE FOR STATISTICAL ANALYSIS

This recommendation, as written, will not be implemented as it is economically unfeasible at this time, and/or the information is already collected in a systematic and legally correct manner. It will be partially implemented where continued research indicates it will benefit our operations. The information needs of the Corrections/Custody/Jail Division of the Sheriffs Office are voluminous and varied. It has been historically been accepted practice for several categories of exceptional information, i.e. inmate injuries, fights, etc, to be documented in the files of the involved inmates. This has seemed to satisfactorily accomplish our inmate management needs as well as our information management concerns.

Incidents such as those stated may also be filed elsewhere due to their nature; medical treatment files and suicide attempt logs for example.

Grievances filed by inmates are presently maintained in a chronological file in the office of the Administrative Sergeant, regardless of the nature of the grievance. Also, if there is an Internal Affairs investigation generated by an inmate related issue or grievance, those investigations will be filed chronologically in the office of the Sheriff, in accordance with current policy and legal mandate. The Grand Jury may recall that these files are governed by the California Government Code, 3300 et.seq. and they must be maintained in a particular and separate fashion, apart from other files.

We do however; appreciate the Grand Jury's attention to this area, as it has caused us to reevaluate our existing ability to extract currently captured data. At present, our Corrections Division automated systems are, frankly, inadequate for all of our existing needs and other compelling issues are maximizing our present fiscal resources. This report however, has been the impetus for us to assess whether or not our existing Computer Aid Dispatch (CAD) system can be used to generate some of the information needs described by the Grand Jury. We believe we will be able to create a reporting system that will not overburden our dispatch center, and will at the same time, generate a sequential event number for Corrections related events that can be used for direct statistical manipulation. This is a work in progress.

OFFICER INVOLVED SHOOTINGS/CRITICAL INCIDENT PROTOCOL

FINDING #1

Human dignity was compromised at a crime scene when a deceased suspect was examined while visible to members of the public.

RESPONSE

We disagree with the finding of the Grand Jury.

We are, frankly, professionally dismayed by this statement of the Grand Jury. Many law enforcement officers are exposed to extreme emotional and psychological trauma in the course of their careers, often times due to shocking observations and raw sentiments involving human injury and death. We are professionally trained and experientially tested in the most appropriate and proper means and methods of dealing with these situations. We would never, through design, neglect or preventable accident, intentionally or otherwise compromise the integrity of the crime scene, the totality of the investigative effort or the "dignity" of a deceased individual.

Members of this Office, other law enforcement officers who were present at the scene referenced in this finding, and the Medical Doctor, Forensic Pathologist who conducted the physical examination of the deceased, agree that all reasonable efforts were made to shield the required activities from the view of any onlooker. There are crime scene contamination concerns at a shooting incident which, when coupled with the need to conduct a thorough examination for investigative reasons, create the potential for someone to be offended by the necessary movement of the deceased.

The Medical Doctor who conducted the physical examination addresses this best, and he is quoted herein: "I performed a routine, short cursory examination of the decedent's clothing searching for weapons, drugs and hazardous drug paraphernalia such as unsheathed needles and syringes. All the clothing and it's contents were removed from the body and seized in evidence by me with the assistance of a Department of Justice Senior Criminalist who assisted me in mobilizing the body for this examination. Separation of the clothing from the decedent was necessary to avoid contamination of the clothing by blood from the decedents gunshot wounds, while transporting the body in a body bag to the mortuary as well as to secure weapons, hazardous drugs and drug paraphernalia such as needles to minimize the risk of blood-borne pathogen exposure to subsequent funeral home, x-ray, police and autopsy personnel called upon to handle the body. At no time in this physician's opinion was the dignity of the dead male subject compromised given the medical examiner's task that I was called upon to perform."

Thus, while maintaining human "dignity" is always of concern, there will likely be those whose sensitivities might be offended by the process. In the case at hand, the lead investigative agency's Crime Scene Investigators and other available law enforcement officers were used as human shields to prevent direct observation of the activities on-scene. This was a reasonable and practical measure. The fact that such measures are even considered raises the question as to why a person, absent a legitimate and compelling need, would position themselves in a fashion as to allow themselves to be offended by viewing the details of an officer involved shooting.

If indeed, someone tried hard enough to visually invade the privacy of the crime scene, any compromise was unintended, unanticipated and solely in the eyes of the beholder.

RECOMMENDATION OF THE GRAND JURY

A POLICY ON APPROPRIATE PROCEDURES FOR PRESERVING THE DIGNITY OF THE DECEASED AT THE INCIDENT SCENE SHOULD BE WRITTEN AND INCLUDED IN THE OFFICER INVOLVED SHOOTINGS/CRITICAL INCIDENT PROTOCOL POLICY AND PROCEDURES. THIS SHOULD BE FORWARDED TO, AND IMPLEMENTED BY, ALL MEMBER AGENCIES.

It is our belief that such a policy statement would do nothing more than memorialize that which is already evident; that every measure consistent with proper investigative technique and protocol is an integral component of all investigations involving a deceased party, and that every reasonable effort is made not to "compromise the human dignity" involved.The Grand Jury's suggestion as to a proposed policy will be discussed with the other member agencies which follow the Protocol. If consensus directs that a policy is necessary, one will be drafted.

Sincerely,

Perry L. Reniff
Sheriff/Coroner

cc: Board of Supervisors
Bill Connelly
Jane Dolan
Mary Anne Houx
Curt Josiassen
Kim Yamaguchi
Paul McIntosh, Chief Administrative Officer

Butte County
LAND OF NATURAL WEALTH AND BEAUTY
DICK PUELICHER
TREASURER AND TAX COLLECTOR
COUNTY ADMINISTRATION BUILDING
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July 25, 2006

Honorable Steven J Howell
Presiding Judge
Butte County Superior Court
1 Court St
Oroville, CA 95965

BOARD OF SUPERVISORS
JUL 25 2006
OROVILLE CALIFORNIA

RE: Response to Grand Jury Report, Feather River Recreation and Park District

Feather River Recreation and Park District (FRRPD), along with other depositors in the County Treasury, is dependent for a significant portion of their annual funding on property taxes. Property taxes are largely available in two installments, paid in December and April of each fiscal year. The seasonal nature of this revenue creates a pattern of plenty in December and April and a potential shortfall in the months preceding. The California Constitution addresses this problem in Article XVI, Section 6 (attached page 2) which requires the County Treasurer to make temporary transfers of funds to cover the resulting cash deficits. This requirement has been construed by outside counsel (attached) to be conditioned on the Treasurer's determination that any such temporary transfer will be repaid prior to the last Monday in April.

FRRPD has utilized such transfers in the past. We, along with the Auditor Controller, have advised the District of our concerns relating to the frequent need of the District to utilize temporary transfers. Consequently, the Auditor Controller, with District cooperation, has instituted a heightened review of the District's financial condition. In the event of any further cash deficits requiring temporary transfers this office and the Auditor Controller may institute a registered warrant process which would require district payees to accept a warrant which was payable only when district cash was available.

Dick Puelicher

Dick Puelicher

Cc: Board of Supervisors

EXHIBIT 21

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MARTIN McDONOUGH
(1915 - 1967)

*ADMITTED IN NEW YORK ONLY

April 25, 1990

VIA TELECOPIER

Mr. Dick Puelicher
Butte County Tax Treasurer
25 County Center Drive
Oroville, California 95965-3384

Re: Treasurer's Discretion to Disburse Funds and Make Interfund Transfers

Dear Mr. Puelicher:

You have asked us for an opinion regarding your discretion to disburse funds and make transfers between various accounts. Specifically, you have asked us whether you have the authority to refuse to transfer amounts between the funds of various political subdivisions and special districts that are in your custody, notwithstanding Resolution No. 82-50 of the Butte County Board of Supervisors, whether you have authority to invade special purpose accounts established by the Board of Supervisors for the purpose of making temporary interbudget transfers, and whether funds belonging to other local agencies on deposit in the County Treasury would be within the control of the bankruptcy court should the County file for bankruptcy. Our answer to each question is yes. Our reasons are as follows.

The duties of the County Treasurer are prescribed by statute. Government Code section 27007 provides as follows:

> "The treasurer shall keep all money belonging to the State, or any county of the State in his own possession until disbursed according to law. He shall not place the money in the possession of any person to be used for any purpose, nor shall he loan or in any manner use, or permit any person to use it, except as provided by law. This section does not prohibit him from making special deposits for the safe-keeping of public money, but he is liable therefore on his official bond.

Article XVI, section 6 of the California Constitution provides, in relevant part, as follows.

> "[T]he treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the anticipated revenues accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue.

The Butte County Board of Supervisors implemented the provisions of Article XVI, section 6 in Resolution No. 82-50, adopted on March 23, 1982. The operative language of that resolution provides as follows:

> "The Auditor and Treasurer are hereby directed to transfer the amounts as may be necessary between the political subdivisions whose funds are in custody of the County treasury pursuant to the constitutional provisions referred to above."

Your first inquiry questions whether you must ministerially execute the Board of Supervisors' directive as embodied in Resolution 82-50, or whether you have some discretion. We think it is clear that you have discretion.

The Board resolution expressly acknowledges the supremacy of Article XVI, section 6. That section authorizes only "temporary transfers," limits the amount of any such transfers to no more than "85% of the anticipated revenues" accruing to the County, and mandates that the monies transferred "be replaced" before any other County obligation is paid from the revenue.

In order for the resolution and Article XVI, section 6 to be given effect, individual transfers must be scrutinized before they are made to verify that they will be "temporary" and can be repaid as required. As the elected county treasurer, that task falls on you. This obligation is consistent with those imposed by section 27007 to disburse or loan funds only "as provided by law."

In *Day* v. *Callow* (1870) 39 Cal. 593, a decision that coincidentally involved the Butte County treasurer, the Supreme Court upheld the treasurer's refusal to pay certain warrants where the amount of the warrants exceeded the amount of money in the available fund. The Court of Appeal reached the same conclusion on similar facts in *Pacific Gas & Electric Co.* v. *Cole* (1916) 32 Cal.App.266.

There is a difference between refusing to pay a warrant because there are insufficient funds available from which to pay it and refusing to make a temporary transfer because there will be insufficient revenues available to repay it. However, we do not view the difference as substantial. The process of evaluating an individual proposed transfer requires that you exercise your judgment based upon available information. This is basically the same analysis that would precede a decision not to pay a specific warrant because of insufficient funds.

Consequently, we believe you have discretion to refuse to make any transfer if you determine there will be insufficient revenues available to repay it as required. Your judgment must be based upon reasonably available information. We do not believe you may arbitrarily refuse to transfer funds or act contrary to available information.

Your second inquiry asks whether you can invade special purpose accounts established by the Board of Supervisors for the purpose of making interfund transfers. To illustrate the kinds of funds in issue you mentioned the County's insurance reserve account.

The Attorney General discussed funds like this in 16 Op.Atty.Gen. 176, 179:

> "The fact that the resolution adopting the budget recites that the fund is being raised for a particular purpose does not mean, however, that the fund is irrevocably committed to that purpose. [Citation omitted.] To irrevocably commit the fund to the purpose for which it was raised, the fund must be appropriated, i.e., actually marked for expenditure [citation omitted] and actually spent or obligated so that there is no possibility of transfer or revision [citation omitted] or reversion to the general fund [citation omitted]. Until the fund is irrevocably committed, the fact that it is carried on the county books under a particular name indicative of a hope or plan for future expenditure, is but a matter of administrative or bookkeeping convenience. Such a fund is available for the general purposes of the county."

The Attorney General concluded:

> "Apart from . . . statutory or contractual duties to devote funds to a particular purpose . . . a fund raised and even expressly declared by the board of supervisors to be irrevocably committed to a special purpose is nevertheless available for the general purposes of the county." *Ibid.*

The Court of Appeal in *Jarvis* v. *Bloodgood* (1972) 25 Cal.App.3d 694, 698-699 reached the same conclusion.

We have found no authority expressly addressing the treasurer's authority to invade special purpose funds of this type. However, given the treasurer's authority to invade funds belonging to autonomous public agencies for the purpose of making temporary transfers, it stands to reason that these funds, which enjoy substantially less protection, would be similarly available for temporary transfers. We conclude that they are.

Your final question concerns the bankruptcy court's control over the funds of other local agencies on deposit in the County Treasury.

A bankruptcy filed under Chapter 9 is unique in two important respects: First, there is no bankruptcy estate; second, the bankruptcy court may not interfere with the debtor's property or revenue without the debtor's consent. (11 U.S.C. §§ 901(a) and 904.) The debtor continues to function as a municipality in accordance with state law. Therefore, without the County's consent none of the funds on deposit in the County Treasury would come within the control of the bankruptcy court. Since the funds of other public agencies on deposit in the County Treasury are treated as "trust" funds (see discussion regarding Article XVI, section 6 above), the County has limited control over them. We do not believe the County could "consent" to the bankruptcy court's assumption of control over funds belonging to other agencies.

In the event of a Chapter 9 filing, all funds in the County Treasury would be subject to the automatic stay. However, the purpose of the automatic stay is to prevent piecemeal dismemberment of the bankruptcy debtor and to give the debtor a chance to reorganize. Neither of these objectives would be impaired by excluding the funds of other local entities from the stay. Therefore, we would recommend filling a motion to terminate the stay as to the funds of other local agencies on deposit in the County Treasury.

I hope this has adequately answered your questions. If it has not or if you desire to discuss this matter further, please let me know.

Very truly yours,

MAW:bmc
Enclosure

cc: