

Advisory Committee on County Accounting Procedures

Minutes of Monday, September 18, 2023

The following minutes are not official and are subject to change until approved by the Advisory Committee on County Accounting Procedures (Committee) at a subsequent Committee meeting.

I. Call to Order/Roll Call

Chair Harn called the meeting to order at 9:30 a.m. and conducted a roll call of those in attendance as displayed below:

Committee Members present:

None

Committee Members present via Teleconference:

Joe Harn (Chair), Jeffery Burgh, Nathan M. Black, Phyllis Taynton, Graciela Gutierrez, Tracie M. Riggs, Darcie Antle, Monica Nino, and Edward C. Scofield.

Excused Absences:

None

State Controller's Office (SCO) Staff present:

Jia Liu, Gene Hughes, Jason Narayan, Henry Mathews, and Luis Gonzalez.

SCO Staff present via Teleconference:

Sandeep Singh

Members of the Public present:

None

II. Review of Minutes from May 25, 2023

A. Discussion

Chair Harn asked the Committee members if they had any questions or comments concerning the meeting minutes from May 25, 2023, prior to them being considered for approval. There were no comments or questions from the Committee or the public.

B. Motion and Vote to Approve to Minutes from May 25, 2023

Chair Harn noted that he would entertain a motion to adopt/approve the meeting minutes from May 25, 2023. Ms. Gutierrez made a motion to adopt/approve the meeting minutes. Mr. Burgh seconded the motion.

The motion passed unanimously 7-0 on a roll call vote without any abstentions.

NOTE: Ms. Riggs joined the meeting at approximately 9:32 a.m. This was after the vote to approve the minutes from May 25, 2023, had taken place.

III. Review Proposed Publication Plan for *Accounting Standards and Procedures for Counties (ASP) Manual – 2024 Edition*

Mr. Hughes provided a high-level overview of the 2024 ASP Publication Plan, which was provided to Committee members and the public prior to the meeting. The overview included a tentative target publication date of May 2024.

Mr. Hughes noted that a highlight of the proposed changes to be incorporated into the 2024 ASP manual is the addition of a subsection to the *Exceptions and Special Circumstances* section of Chapter 26, *Leases*. The new subsection will provide guidance that is specific to California counties for the treatment of leases when they are reported for the SCO Financial Transactions Reports and making departmental claims. He added that this change is in response to a discussion that occurred during the previous meeting held on May 25, 2023.

NOTE: Ms. Nino joined the meeting at approximately 9:35 a.m., bringing the total number of Committee members attending to nine.

IV. Public Comments

There were no comments or questions from the public.

V. Approval of ASP Publication Plan – 2024 Edition

A. Discussion

Chair Harn asked Committee members if they had any questions or comments concerning the proposed 2024 ASP Publication Plan. There were no comments or questions from the Committee.

B. Motion and Vote to Approve ASP Publication Plan – 2024 Edition

Chair Harn asked if any Committee member would like to make a motion to approve the proposed 2024 ASP Publication Plan. Mr. Black made a motion to approve the proposed 2024 ASP Publication Plan. Ms. Gutierrez seconded the motion.

The motion passed unanimously 9-0 on a roll call vote without any abstentions.

VI. Action Item(s) from Meeting on May 25, 2023

A. Creation of a procedural document that condenses/summarizes specific Governmental Accounting Standards Board pronouncements (e.g., quick reference guide).

Chair Harn turned this agenda item over to SCO staff. Mr. Hughes provided a recap that at the previous Committee meeting held on May 25, 2023, SCO was given an action item to create “quick reference guides” for specific Governmental Accounting Standards Board (GASB) pronouncements. He added that subsequent to that meeting, the State Association of County Auditors (SACA), Accounting Standards Committee (ASC), held a meeting on July 28, 2023, and invited SCO to attend.

Mr. Singh then gave an overview of the steps SCO took prior to the SACA ASC meeting and what was ultimately decided at that meeting. He stated that SACA ASC concluded that it would be more efficient if they developed white papers/technical bulletins concerning guidance for accounting treatments specific to California counties that is outside the scope of the material covered in the ASP manual (i.e., grey areas).

Mr. Singh noted that the white papers/tech bulletins would be shared via the secure portion of SACA's website. He also added that SCO would review the documents, and if applicable, incorporate the information into the ASP manual where appropriate.

Mr. Black asked if this proposed process will afford enough interaction with SCO to confirm that the guidance developed by SACA ASC is appropriate to be added to the ASP manual. As an example, he mentioned the guidance from the State for the intergovernmental transfers for Medi-Cal billing and the new way in which the money is required to be moved. He added that the current guidance is not clear-cut and was somewhat last minute. Mr. Singh stated that there should be sufficient interaction concerning any guidance from SCO, but could not speak for requirements from other state agencies. He noted that any concerns from the counties could be brought by SCO to the appropriate contacts at the state level on their behalf.

Ms. Gutierrez raised a concern that the counties may have two different levels of guidance to follow if the white papers/tech bulletins from SACA ASC are routed into the ASP manual via the Committee, in addition to guidance provided to counties from other state agencies. Mr. Singh responded that any documentation from SACA ASC would be considered for incorporation into the ASP manual on an annual basis. He noted that during the review of the proposed documentation, SCO would work with SACA ASC and address any needs/concerns from specific counties.

Mr. Black summarized the matter by stating the SACA ASC white papers/tech bulletins allow the counties to respond more quickly to accounting issues specific to California counties, while SCO does a thorough review of the material to determine if it will be incorporated into the next edition(s) of the ASP manual. Ms. Gutierrez added that the issues the counties have at the state level are "silos" and that counties have to be consistent in the application of their accounting treatments. She expressed that her concern is that by having another source of guidance (e.g., SACA ASC white papers/tech bulletins) for accounting treatments, it may dilute the decisions of the Committee. She stated that the issues discussed should be "held" at the level of the Committee.

Mr. Black made a motion to accept the SCO procedural document that was developed collaboratively with SACA ASC be accepted as presented at the previous meeting. The motion died for lack of a second. Mr. Singh explained that there will not be a "quick reference guide" for the 2024 edition of the ASP manual. He reiterated that SACA ASC will address any procedural accounting needs for the "grey areas" that are specific to California counties and will work with SCO for possible incorporation of that guidance into the ASP manual. Mr. Singh added that the chairs of SACA ASC and their subcommittees could be invited to attend future meetings, as appropriate, so they can provide Committee members with information directly as opposed to coming through SCO.

VII. Other Discussion Items/New Business

Chair Harn asked if any Committee member had another subject matter or new business for discussion. Mr. Scofield and Chair Harn both commented that they agree in principle with the points raised by Mr. Black and Ms. Gutierrez during discussion for the previous agenda item.

Ms. Taynton stated that the ASP manual is about reporting financials in accordance with GAAP and the that new GASB pronouncements require counties to report financial statements in a certain way. She noted that the instructions for State/Federal claiming, Cost Plans, etc., do not necessarily change how they want counties to report things. She added that the idea for the “quick reference guides” (i.e., white papers, tech bulletins) is that they will be GAAP compliant and include a special section at the end that summarizes any unique requirements for State reporting/claiming, Cost Plans, etc., to eliminate any confusion.

VIII. Plan for Next Meeting

Mr. Singh stated he was open to meeting again in December or in early 2024 as needed.

IX. Adjournment

Chair Harn moved to adjourn the meeting at 10:13 a.m., all in favor with zero opposing to adjourn.

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