

Advisory Committee on County Accounting Procedures

Minutes of Thursday, May 25, 2023

The Advisory Committee on County Accounting Procedures (Committee) officially approved the following minutes at the subsequent public Committee meeting held on September 18, 2023.

I. Call to Order/Roll Call

Chair Harn called the meeting to order at 10:00 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, and Monica Nino.

Excused Absences:

Edward C. Scofield

State Controller's Office (SCO) Staff present:

Sandeep Singh, Jia Liu, Gene Hughes, Jason Narayan, Daniel Basso, and Luis Gonzalez.

Members of the Public present:

None

II. Acknowledgement/Introduction of New Committee Member

On behalf of Chair Harn, Ms. Liu formally acknowledged Monica Nino, who was appointed to the Committee on November 10, 2022. Ms. Liu provided a summary of Ms. Nino's qualifications. The members then officially welcomed Ms. Nino to the Committee.

III. Review of Minutes from June 9, 2022

A. Discussion

Chair Harn asked Committee members if they had any questions or comments concerning the meeting minutes from June 9, 2022, 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

Chair Harn noted that he would entertain a motion to adopt/approve the meeting minutes from June 9, 2022. Ms. Gutierrez made a motion to adopt/approve the meeting minutes. Mr. Burgh seconded the motion.

The motion passed 6-0 on a roll call vote with Ms. Nino abstaining as she was not a member of the Committee on June 9, 2022.

IV. Summary of Proposed Changes to Accounting Standards and Procedures for Counties (ASP) Manual – 2023 Edition

A. List of Substantive Changes

Ms. Liu provided a high-level overview of the changes listed in the ASP *Summary of Substantive Changes* document, which was provided to Committee members prior to the meeting to assist in their review of the 2023 Edition of the ASP manual.

NOTE: Ms. Riggs joined the meeting at 10:09 a.m.

Chair Harn asked Ms. Taynton to weigh in on the State Association of Counties (SACA), Accounting Standards Committee (ASC) response to the proposed changes to the ASP manual, as she is also a member of that committee. SACA ASC is comprised of approximately 30 county auditor-controllers representing all geographical regions in California and is a participant in the vetting process for proposed changes to the ASP manual.

Ms. Taynton gave a summary recap of the feedback SACA ASC provided concerning the proposed changes to the ASP manual. She stated that SCO had responded to all SACA ASC comments by either incorporating the suggested changes at this time or deferring them to a future edition as appropriate. She then asked if Ms. Liu had anything to add on behalf of SCO pertaining to the feedback provided by SACA ASC.

Ms. Liu confirmed that SCO had responded to all of the comments provided by Betsy Schaffer (SACA ASC Chair and Santa Barbara County Auditor-Controller) and had received a confirmation email from Ms. Schaffer stating that SACA ASC was in agreement with the SCO responses to their comments.

Chair Harn asked if there was any additional discussion on the proposed changes to the ASP manual. Ms. Gutierrez and Mr. Burgh stated that they had additional comments, but would defer them until Agenda Item VI A and after any public comments (Agenda Item V).

B. ASP Manual — 2023 Edition

There were no comments or questions raised under this agenda item.

V. Public Comments

There were no comments or questions from the public.

VI. Approval of Proposed Changes to ASP Manual – 2023 Edition

A. Discussion

Chair Harn asked Committee members if they had any questions or comments concerning the proposed changes to the 2023 Edition of the ASP manual.

Mr. Burgh stated that SCO had been provided with a draft copy of the “quick reference edition” for the ASP manual and had discussed the potential future use of the document with Mr. Singh and Ms. Liu the previous day. He also added that he had reviewed the document with Ms. Schaffer before submitting it to SCO for consideration.

Ms. Gutierrez started by praising SCO for their work on the ASP manual. She stated that although the ASP manual is a large document, its current format allows it to be very useful to the rural counties as a reference tool. Ms. Gutierrez added that the set-up of the table of contents makes it very easy to “drill into those chapters” and get to the needed level of detail for a specific topic. She is very appreciative of all the work SCO puts into the ASP manual and it is most definitely used by smaller counties as their “blue book”.

However, Ms. Gutierrez suggested that the ASP manual needs to provide more procedural type items. As an example, she stated that the guidance in Chapter 26, *Leases*, of the 2022 ASP manual, is not procedural enough for California counties. Ms. Gutierrez points out that while a summarized overview of the Governmental Accounting Standards Board (GASB) guidance for leases is provided in the ASP manual, it does not include the particular state guidance for this topic. Ms. Gutierrez stated that “only capital asset space are included in the Countywide Cost Allocation Plans (CCAPs) and that right-to-use (RTU) leases are not considered capital assets under federal regulation.” She further added that per this specific state guidance, “RTUs should not be depreciated and/or amortized and should be expensed according to the cash claiming rules.” Ms. Gutierrez explained that this guidance could be included in the “Exceptions and Special Circumstances” section of Chapter 26, *Leases*, of the ASP manual.

Ms. Gutierrez summarized her point by stating that this is an example of where California counties not only need the appropriate accounting implementation guidance in accordance with GASB, but they also need the relevant accounting guidance applicable to California counties. She then deferred to Mr. Burgh for his comments.

Mr. Burgh stated that he had been in discussion with Ms. Schaffer to develop a “quick reference guide” (QRG) for specific GASB pronouncements (including examples) that he would like to work with SCO to include in future editions of the ASP manual. He reiterated that he had sent an example of a QRG to SCO and they were receptive to working with SACA in the future to make the ASP manual more user friendly and applicable to the day-to-day accounting needs of the counties.

Ms. Liu and Mr. Singh explained that it was the understanding of SCO that the intent of the QRG template was to condense the information for specific topics into a more summarized format. Mr. Singh asked for clarification if the QRGs would be in addition to the current guidance in the ASP manual or replacing the current chapters with the more concise format of the QRGs.

Mr. Burgh stated that both he and SACA ASC want to keep the current chapters in their current format as they provide a great foundational understanding of the subject matter. Mr. Burgh added that the QRGs would be in addition to what is already in the ASP manual.

NOTE: Mr. Singh stopped the meeting to acknowledge and introduce California State Controller Malia M. Cohen to the Committee members. Controller Cohen joined the meeting at 10:26 a.m.

Controller Cohen thanked the Committee members for their dedication and hard work. She provided a few brief remarks and encouraged the Committee to adopt the proposed changes for the 2023 Edition of the ASP manual.

The meeting was restarted with Chair Harn deferring to Ms. Gutierrez for additional comments. Ms. Gutierrez agreed with Mr. Burgh's clarification that the QRGs would be in addition to what is already in the ASP manual. Ms. Taynton concurred with the comments made by Mr. Burgh and Ms. Gutierrez. Ms. Antle and Mr. Black commented that the addition of QRGs is an excellent idea and would be helpful in several aspects, including communicating with other department heads or local elected government officials.

B. Motion and Vote to Approve Proposed Changes to ASP Manual – 2023 Edition

Chair Harn asked if any Committee member would like to make a motion to approve the proposed changes to the 2023 Edition of the ASP manual. Ms. Antle made a motion to approve the proposed changes to the 2023 Edition of the ASP manual. Ms. Riggs seconded the motion. There were no questions or comments from the public.

The motion passed unanimously 8-0 on a roll call vote without any abstentions.

VII. Other Discussion Items/New Business

Chair Harn asked if any Committee member had another subject matter or new business for discussion. Ms. Gutierrez stated that she would like to see the clarification for leases added to Chapter 26, *Leases*. She reiterated that although GASB states that leases should be treated as assets, there is an exception as to how California counties must claim leases for the Financial Transaction Report and departmental claims.

Mr. Singh explained that the exception Ms. Gutierrez is referencing is outside the scope of authority of the ASP manual and is provided by the SCO Cost Plans Unit. However, he did state that a reference and/or link to the official document outlining the exception could be included in the "Exceptions and Special Circumstances" section of Chapter 26, *Leases*, of the ASP manual. Mr. Singh also proposed having the QRG as a standalone document that links to the ASP manual.

VIII. Plan for Next Meeting

Chair Harn stated that he will wait to be contacted by SCO to schedule the next meeting. Ms. Taynton asked if a formal motion was needed for SCO to begin working on QRGs for specific GASB pronouncements. Mr. Singh stated that a motion was not needed as work had already begun in developing QRGs for Chapter 26, *Leases*, and Chapter 15, *Public-Private and Public-Public Partnerships*, for inclusion in the 2024 Edition of the ASP manual. He added that the next steps would be "reaching out to SACA ASC for their feedback and when appropriate, to this Committee for their comments".

Ms. Gutierrez would like to see this task as an official agenda item for the next Committee meeting. She made a motion to formally add an item to the agenda for the next meeting concerning the development of a procedural document that condenses specific GASB pronouncements as an assigned task for SCO. Jeff Burgh seconded the motion. There were no questions or comments from the public.

The motion passed unanimously 8-0 on a roll call vote without any abstentions.

IX. Adjournment

Chair Harn moved to adjourn the meeting at 10:50 a.m., all in favor with zero opposing to adjourn.