

Local Government Advisory Committee on Financial Reporting

Minutes of Thursday, September 18, 2023

The Local Government Advisory Committee on Financial Reporting (Committee) officially approved the following minutes at a subsequent public Committee meeting held on Tuesday, May 7, 2024.

I. Call to Order/Roll Call

Chair Sisk called the meeting to order at 2:00 p.m. and conducted a roll call of those in attendance as displayed below:

Committee Members present:

Paula Hansen

Committee Members present via Teleconference:

Andrew C. Sisk (Chair), Andrea Miller, Elaine S. Adair, and Dennis W. Kauffman

Excused Absences:

Tracy Drager

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

Chair Sisk inquired about the progress of Nolda Short's appointment to the Committee. Mr. Singh stated that Ms. Short's appointment to the Committee is currently in progress. He further stated that the Local Government Policy Unit (LGPU) has recommended Nolda Short to be appointed to the Committee and that LGPU is awaiting the Controller's decision.

II. Review of Minutes from May 25, 2023

A. Discussion

Chair Sisk 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 Minutes from May 25, 2023

Chair Sisk asked a Committee member to make a motion to approve the meeting minutes from May 25, 2023. Ms. Miller made a motion to approve the meeting minutes. Ms. Hansen seconded the motion.

The motion passed unanimously 5-0 on a roll call vote.

III. Review Proposed Publication Plan for *Special District Uniform Accounting and Reporting Procedures (SPD) Manual – 2024 Edition*

Mr. Narayan provided a high-level overview of the proposed publication plan for the SPD Manual – 2024 Edition, which was provided to the Committee prior to the meeting. The overview included a tentative target publication date of May 2024.

IV. Public Comments

There were no comments or questions from the public.

V. Approval of SPD Publication Plan – 2024 Edition

A. Discussion

Chair Sisk asked Committee members if they had any questions or comments concerning the proposed changes to the SPD Publication Plan – 2024 Edition. Mr. Kauffman inquired as to how often the Committee anticipates meeting prior to May 2024. Mr. Singh stated that SCO wants to have more meetings with the Committee to provide status updates throughout the year and allow Committee members to make suggestions for future editions of the SPD manual. Mr. Singh also stated that SCO may meet with the Committee two or three more times prior to seeking approval to publish the 2024 Edition of the SPD manual in May 2024.

Ms. Adair inquired as to whether May 2024 was a statutory deadline to publish the SPD manual. Ms. Liu stated that the May 2024 deadline was an internal deadline. Mr. Singh stated that the internal deadline is based on other projects being worked on by LGPU and that the Committee will be informed if the deadline changes.

Chair Sisk stated that he was aware of the existence of the State Association of County Auditors (SACA), Policy & Interpretation (P&I) Committee, and inquired about the status of the Special Districts Policy and Interpretation (SPD P&I) Committee. Ms. Liu stated that since there is a lot of overlap between the Accounting Standards and Procedures for Counties and SPD manuals, SCO does not consult with the SPD P&I Committee as much as it does the SACA P&I Committee. She added that the SPD P&I Committee is available to assist with the SPD manual if needed.

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

Chair Sisk asked a Committee member to make a motion to approve the SPD Publication Plan – 2024 Edition. Mr. Kauffman made a motion to approve the SPD Publication Plan – 2024 Edition. Ms. Adair seconded the motion.

The motion passed unanimously 5-0 on a roll call vote.

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

A. Implementation date for new Governmental Accounting Standards Board pronouncements for special districts

Ms. Liu stated that during the last Committee meeting (May 25, 2023), Committee member Tracy Drager requested that SCO add some clarification on the Governmental Accounting Standards Board (GASB) implementation dates in the SPD manual. Ms. Liu stated that in the Foreword section of the SPD manual SCO will add a link to the GASB website, which contains information concerning the effective dates of GASB pronouncements.

She further added that while early implementation of a GASB Statement is recommended, each special district is different, and therefore, it is up to the special district to decide when to implement a new GASB Statement.

B. Inquiries on Joint Powers Authorities related to the SPD manual

Chair Sisk stated that he raised Joint Powers Authorities related inquiries in the last Committee meeting (May 25, 2023) and thanked SCO for providing a response. He also stated that financial data in the Financial Transactions Report (FTR) of some special districts do not match the data on their respective audit reports.

Chair Sisk further inquired as to what basis of accounting is being used to prepare special district FTRs and if SCO compares data reported by special districts in their respective FTRs against their audited financial statements.

Ms. Liu stated that this inquiry will be forwarded to the Local Government Reporting Section (LGRS) and a representative from LGRS will reach out to Chair Sisk to provide assistance with his question.

Chair Sisk further added that while some special districts within his jurisdiction have been moved to a five-year audit cycle, he has difficulties in finding audit firms that are willing to audit these special districts. Mr. Kauffman suggested that Chair Sisk summarize his concerns regarding special districts audits and forward it to Ms. Adair and himself. They will forward Chair Sisk's concerns to the California Society of Certified Public Accountants — Government Accounting and Auditing (GAA) Committee on his behalf since they are both members of the GAA Committee. Ms. Hansen stated that she would start communications with the California Special Districts Association (CSDA), as the CSDA is aware of the challenges pertaining to the audits of special districts. Chair Sisk stated that he is willing to do a presentation incorporating these difficulties and challenges at the 2024 CSDA conference.

VII. Other Discussion Items/New Business

Ms. Liu informed the Committee that SCO had met with the Advisory Committee on County Accounting Procedures the morning (9:30 a.m.) of September 18, 2023. She stated that SACA P&I would begin creating white papers/technical bulletins types of guidance to address the immediate accounting needs of California counties. SCO will review this guidance and add it to the SPD manual if applicable to special districts. Mr. Singh stated that if SCO determines that the white paper/technical bulletin type of guidance produced by SACA P&I is within SCO's scope of authority to provide, it will be shared with the Committee if it affects special districts.

VIII. Plan for Next Meeting

Chair Sisk proposed that a meeting be held in January 2024 (tentative). Mr. Singh suggested that the Committee reach out to SCO if they want to further discuss the special district FTR and audit related issues identified in today's (September 18, 2023) Committee meeting.

IX. Adjournment

Chair Sisk moved to adjourn the meeting at 2:25 p.m., all in favor with zero opposing to adjourn.