

Michigan Committee on Governmental Auditing and Accounting

Draft Meeting Minutes
Thursday, October 29, 2020 at 2:00 p.m.

**Virtual Public Meeting
Via Microsoft TEAMS**

CALL TO ORDER

Cary Vaughn called the meeting to order at 2:03 p.m.

ROLL CALL

Members Present:

Rod Taylor
Cary Vaughn
Rana Emmons
Bill Tucker
Stephen Blann
Marie Stiegel (substituting for Michelle Watterworth)
Eric Van Dop
Michael Slater

Visitors Present:

Daniel Horn – Treasury
Nick Brousseau - Treasury

REVIEW OF PRIOR MEETING MINUTES

Rana Emmons mentioned that under the budget manual, the acronym for MGFOA is typed incorrectly. Cary Vaughn made note to make the correction.

A motion was made to approve the July 16, 2020 meeting minutes. The July 16, 2020 meeting minutes were approved by the committee. 8 Ayes and 0 Nays.

NEW BUSINESS

GASB 84, 97, AND PENSION PLAN AUDITS

- **Numbered Letter 2020-6 Draft**

Cary Vaughn reviewed the numbered letter with the committee and asked for feedback. Stephan Blann and Marie Stiegel suggested that the stand-alone audit review should have a separate due date due to their fiscal year end. The plan and the employer year end should be different. Marie Stiegel thinks that the last paragraph of the letter is not necessary as they are already required to file. The committee spoke about these concerns and Cary Vaughn made note.

- **Stipend**

Daniel Horn and Nick Brousseau with Treasury have issues with how the stipend is reported in an audit. They also wondered if there are any provisions that limit the use of retirement income for health insurance purposes? The committee spoke about these concerns and Cary Vaughn made note that legal consultation should be made.

- **DC plans and Health Care Savings Plan**

Cary Vaughn discussed concerns listed below and asked for Committee feedback.

- When and how to include in audit
 - Financials go into audit or just the note?
 - GASB 84 and 97 will not changed things too much.
 - See the flow chart
 - Who is the fiduciary?
 - Sometimes it is the local government.

DELINQUENT TAX REVOLVING FUND – RAFAELI LLC v OAKLAND COUNTY

- **The Michigan Supreme Court unanimously ruled July 17 that counties cannot sell tax-foreclosed property at a profit without compensating the individual from whom the property was taken.**

- **Is a new Rafaeli liability account needed?**

The Committee believes it is premature to determine if an account should be set up. Cary Vaughn will follow up with Larry Steckelberg and see if he can give any guidance.

MARIJUANA ACCOUNTING

- **Does it need a separate fund? Do we need to set up new revenue accounts?**
 - **Tax (439 is currently being used for marijuana tax)**
 - **Application and Permit Fees Annual Regulatory Assessment**
 - **Do we need to set up new activities?**
 - **Can proceeds be moved to the General Fund?**

The Committee does not believe a separate fund is necessary. However, a new revenue account should be set up. Rod Taylor believes it should go into the General Fund. Marie Stiegel suggested using an open number for activities instead of creating a new one.

NEW GASB'S – DO WE NEED TO ISSUE ANY GUIDANCE ON ANY OF THESE?

- **GASB 92 Omnibus 2020**
- **GASB 93 Replacement of Interbank Offered Rates**
- **GASB 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements**
- **GASB 95 Postponement of the Effective Dates of Certain Authoritative Guidance**

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- **GASB 96 Subscription-Based Information Technology Arrangements**
- **GASB 97 Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32**
- **Technical Bulletin No. 2020-1 (GASB) Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and Coronavirus Diseases**

Marie Stiegel believes there does not need to be any guidance issued regarding the New GASB's. The Committee spoke and Cary Vaughn made note.

OLD BUSINESS

CARES ACT

- **Any comments or input on what we could or should be doing?**

Michael Slater believes that for the CLRGG, Treasury should allow anyone from the local government to fill out and submit application/report, not just the CAO. Rod Taylor has brought it up several times and has had no success so far. Also, he would like to know when the rest of the money for public safety and public health is going to be sent out. Rod Taylor reported that those applications have not been reviewed yet and Treasury is unsure when the money will be sent out. An outside vendor will be brought in to review the applications. The deadline is December 30th.

UNIFORM CHART OF ACCOUNTS

- **Exposure draft – the deadline has passed. We will issue the final version in November**

Cary Vaughn updated the committee that the Uniform Chart of Accounts final version will be released in November.

CHART CHAT

- **October 15, 2020**

Cary Vaughn updated the committee. There were about 350 attendees for the October 15th Chart Chat. Rana Emmons relayed feedback saying some people said there was not a lot of talk about the chart of accounts. However, it was a nice variety of topics that were discussed.

- **Next Chart Chat is scheduled for January 28, 2021**

ROAD COMMISSION ACCOUNTING MANUAL

Cary Vaughn updated the Committee that they are working on finalizing it and it should be sent out soon.

BUDGET MANUAL

Michelle Watterworth worked on it with MGFOA and Treasury is set to review it.

OTHER MANUALS

- **Audit Guide for Transportation Authorities (revised June 2007)**
 - **Being re-written by MDOT**

Treasury gave comments and advice to MDOT and MDOT is rewriting. The MCGAA Committee will be able to review it before it is finalized once it is received back from MDOT.

UPCOMING MEETINGS

- **January 2021**
- **April 2021**
- **July 2021**
- **October 2021**

Cary Vaughn will send out dates to the committee to decide on upcoming meetings in 2021 via Doodle.

SUGGESTED TOPICS FOR NEXT MEETING

- **Budget Manual Revision**
- **Component Units for MCGAA statements**
- **CARES Act**

ADJOURNMENT

The Michigan Committee on Governmental Auditing and Accounting meeting adjourned at 3:34 p.m.