



Area Agency on Aging

Lewis-Mason-Thurston Area Agency on Aging

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Council of Governments

Meeting Minutes via ZOOM Teleconference

<https://zoom.us/j/96939275234?pwd=dUdKWWhhYWJl2WGkvUGJubXBLYy92dz09>

January 28, 2021 at 2:00 p.m.

Members Present: Commissioner Sharon Trask, Mason County; Commissioner Sean Swope (via ZOOM), Lewis County; and Commissioner Gary Edwards, Thurston County

Members Absent: N/A

Staff Present: Nicole Kiddoo, Executive Director; Dan Speigle, Fiscal Director; Joy McBride, Contracted Services Director; Jemma Williamson, Case Management Director; and Charyl Warriner, Executive Assistant

Guests Present: Eileen McKenzieSullivan, Advisory Council Vice-Chair; Lynn Ford, Chair, State Council on Aging

Opening/Introductions

Commissioner Trask called the meeting to order at 2:04 p.m., and introduced our newest member of the CoG, Commissioner Sean Swope, from Lewis County. Commissioner Swope provided the Council a brief bio, as an introduction.

Approval of Minutes: Commissioner Edwards made a motion to approve the draft December 8, 2020 minutes, as presented. Commissioner Trask seconded the motion. Commissioner Swope abstained, as he was not on the Council of Governments at that time. The motion passed. Commissioner Edwards made a motion to amend the draft agenda for the January 28, 2021 meeting, by removing the Executive Session portion. Commissioner Swope seconded the motion. The motion passed unanimously. Commissioner Swope made a motion to approve the amended, draft agenda for the January 28, 2021 meeting. Commissioner Edwards seconded the motion. The motion passed unanimously.

Election of Officers: Commissioner Swope made a motion that Commissioner Trask be the Council of Governments Chair, and that Commissioner Edwards be the Council of Governments Vice-Chair for the 2021 calendar year. Commissioner Edwards seconded the motion. The motion passed unanimously.

Approval of Vouchers: Based on the recommendation of the Executive Director, Commissioner Edwards moved to approve the vouchers as shown on the November 24, 2020 through January 19, 2021 vouchers listing, beginning with voucher number 1458007, and ending with voucher number 1468157, non-contiguous, comprising 211 vouchers in the combined amount of \$599,398.63. Commissioner Swope seconded the motion. The motion passed unanimously.

Advisory Council Committee Report

Eileen McKenzieSullivan shared that the Advisory Council members are working on their goals for 2021. They recently participated in W4A Advocacy Day (Jan. 27, 2021), where they had successful (virtual) meetings with Representatives, Senators and their aides. The State appears to be supportive of the services LMTAAA offers. There were personal stories shared, as well as our 2021 Legislative Priorities. Eileen extended her thanks to Nicole Kiddoo, and Jon Rudicil (W4A) for all of their work in preparing our Council for productive meetings.

Eileen shared that we still have a few seats open on the Advisory Council, and we are looking forward to being a full council.

General Discussion

There was general discussion around the current need and short supply of COVID-19 vaccines. Eileen shared with the Commissioners that various senior centers are working with Nutritional Meal delivers to get vaccines to those who are homebound.

Executive Director's Report – Nicole Kiddoo updated the CoG on various topics

Nicole Kiddoo, shared our Legislative Priorities for 2021, which were used by our Advisory Council members when meeting with Representatives and Senators last week during Advocacy Day. She was pleased to share that the original anticipated 15% cut is no longer a priority, and that we are hopeful that the LTC (Long Term Care) funding will be preserved. Our Advisory Council member did a wonderful job representing LMTAAA and more importantly, our clients. Nicole spoke about the current status of our request to pass HB1323 (Fix & Improve the Long-Term Care Trust), SJR 8200 (Ensure Adequate Funding for the Long-Term Care Trust), and HB 1120 (Long-Term Care Workforce Improvements).

She also shared that Powerful Tools for Caregivers has been approved, and the information has been placed on our website. We are excited to be able to deliver this virtually, via ZOOM.

Fiscal Director Report - Dan Speigle

2020 Cash Basis Fiscal Summary (Main account)	
Cash in main account 12/31/2019:	\$ 1,030,448
Deposits made in 2020	\$10,273,687
Payments made in 2020	\$ 8,466,698
Excess of Deposits over Payments	\$ 1,806,989
Cash in main account 12/31/2020	\$ 2,837,437
Billed to DSHS but not yet paid as of 12/31/2020	\$ 1,090,451
(totals above do not include petty cash on hand, Revolving Fund, Flexible Spending Account (including Health Reimbursement Account), or Special Assistance Fund	

2019 Audit completed: State Audit and LMTAAA staff met via Zoom on 12/23/2020 to go over the results of the 2019 Financial / Single Audit. SAO issued a “clean” opinion: unqualified opinion with no findings, material weaknesses or other issues noted. The Single Audit report was submitted to the federal audit clearinghouse before the extended Dec. 31 deadline. The full audit report is posted on SAO’s website.

GASB 84 and our Special Assistance Fund (SAF): The Governmental Accounting Standards Board (GASB) Statement #84 seeks to improve the consistency of accounting and financial reporting of fiduciary funds. SAO has incorporated this into its Budgeting and Reporting System (BARS) requirements for both Cash and GAAP and is now in effect. Using the criteria given, our Special Assistance Fund no longer would be reported as a fiduciary fund; it will need to be reported as part of the governmental operations (Special Revenue or General Fund). This change only affects the accounting/reporting of the fund, likely not its purpose nor how it’s managed. Our Flexible Spending Account (except for the Health Reimbursement Account portion) continues to be properly classified as a fiduciary fund.

Cash or GAAP basis for Financial Reporting?

Of the roughly 1900 local governments (not counting the State, state agencies or school districts) that SAO audits, only about 425, including LMTAAA, report their financial operations following governmental Generally Accepted Accounting Principles (GAAP); the rest report using SAO's BARS – Cash basis. As the reporting and disclosure requirements for GAAP continue to get more complex, more local governments switch to Cash basis. LMTAAA staff are considering whether we should switch to Cash basis. Last year Northwest Regional Council (NWAAA) started reporting their financial results using the Cash basis. They received an unqualified (“clean”) audit opinion.

The **advantages** of reporting on the Cash basis revolve around the more simple approach to financial reporting. For example, LMTAAA's 2019 audit report was 59 pages, Northwest Regional Council's was 32 pages. That reduction is more pronounced when it is considered that a significant portion of the total report is taken up by standard SAO reporting language (15 pages in NW's report and 17 in ours). Likewise, while NW's pension note disclosure took less than a full page, ours took 8 pages. Specific advantages anticipated of a switch to Cash basis include:

- Faster financial statement preparation – staff believe that we would be able to prepare the financial statements in less time and likely more timely, which would leave more time for other essential tasks,
- The annual audit cost should decrease, and
- Succession planning / recruiting for the fiscal director (when that time comes) should be easier with Cash basis reporting.

It should be noted that only partial savings are anticipated to be realized in the first year of this change, as that year requires special disclosures about the change.

There are at least two potential **disadvantages** of switching from GAAP to Cash basis:

- Adverse opinion - Even if we got an unmodified (“clean”) opinion (on regulatory basis of accounting – BARS), SAO would give an adverse opinion about compliance with GAAP. There used to be a lot of concern about how lenders and the public would view this, but it seems to be accepted in both circles. This standard “adverse GAAP opinion for Cash basis entities” is not a concern to Fiscal staff.
- Cash basis, by its nature, often does not show a complete view of the entire financial results of the year's operations (we don't get credit for receivables billed but not yet paid, for instance), and it would be easier to deliberately hold back or accelerate payments to skew the level of annual expenditures. There is also the possibility that results from year to year could vary significantly simply based on how timely AL TSA pays a few large billings. Fiscal staff recognizes these, but is not overly concerned about them.

Staff is not requesting a decision today, but would like to know if the Board has questions or serious concerns about LMTAAA switching to the Cash basis for financial statement reporting.

Public Comments: N/A

Adjournment: Commissioner Edwards made a motion to adjourn the meeting; Commissioner Swope seconded the motion. The meeting was adjourned at 2:49 p.m. The next regular meeting of the CoG is scheduled for March 25, 2021 at 2 p.m.

Approved:

Submitted by:

Charyl Warriner 01/28/2021
