



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Olympic Area Agency on Aging

For the period January 1, 2021 through December 31, 2021

Published September 22, 2022

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**Office of the Washington State Auditor
Pat McCarthy**

September 22, 2022

Council of Governments
Olympic Area Agency on Aging
Port Townsend, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Olympic Area Agency on Aging's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Agency's financial condition.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Olympic Area Agency on Aging January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Olympic Area Agency on Aging are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities and each major fund in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Agency.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Agency’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
93.778	Medicaid Cluster – Medical Assistance Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The Agency qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Olympic Area Agency on Aging January 1, 2021 through December 31, 2021

Council of Governments
Olympic Area Agency on Aging
Port Townsend, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Olympic Area Agency on Aging, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 21, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 21, 2022

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Olympic Area Agency on Aging January 1, 2021 through December 31, 2021

Council of Governments
Olympic Area Agency on Aging
Port Townsend, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Olympic Area Agency on Aging, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2021. The Agency's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also

serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 21, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Olympic Area Agency on Aging January 1, 2021 through December 31, 2021

Council of Governments
Olympic Area Agency on Aging
Port Townsend, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Olympic Area Agency on Aging, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Olympic Area Agency on Aging, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

September 21, 2022

FINANCIAL SECTION

Olympic Area Agency on Aging January 1, 2021 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021

Statement of Activities – 2021

Governmental Funds Balance Sheet – 2021

Reconciliation of Balance Sheet to the Statement of Net Position – 2021

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2021

Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund – 2021

Schedule of Proportionate Share of the Net Pension Liability (Asset) – PERS 1,
PERS 2/3 – 2021

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2021

Notes to Required Supplementary Information – Pension – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2021

Notes to the Schedule of Expenditures of Federal Awards – 2021

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2021

Olympic Area Agency on Aging (O3A) offers this narrative overview and analysis of our financial activities for the year ended December 31, 2021. We present this information in conjunction with the information included in our financial statements, which follow.

Financial Highlights

- At the end of the year, total assets and deferred outflows of resources for the O3A exceeded its liabilities and deferred inflows of resources by \$3,240,116 in 2021 compared to a \$1,179,388 in 2020 (reported as total net position). The change in net position is primarily the result of the addition of net pension asset.
- At the end of the year, O3A's fund balance for Governmental Funds was \$4,620,449 for 2021 and \$3,734,091 for 2020. Later in this discussion is a reconciliation between the Government-wide net position (includes pension adjustments) and our Governmental Funds fund balance.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to O3A's basic financial statements. Following the MD&A are the Agency's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required and other supplementary information.

O3A has only one governmental fund; it does not operate any activities that would be defined as either proprietary funds or fiduciary funds.

Government-wide financial statements - The government-wide financial statements are designed to provide the reader with a broad overview of the Agency's finances.

The statement of net position presents information on the total of O3A's assets and deferred outflows of resources, as well as the total of O3A's liabilities and deferred inflows of resources, with the difference between the two totals reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of O3A is improving or deteriorating.

The statement of activities presents information showing how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will be related to cash flows in future fiscal periods (e.g. uncollected revenues and earned but unused leave).

Fund Financial Statements - A fund is a grouping of related accounts used to maintain control over resources that are segregated for specific activities or objectives. O3A, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the agency are considered to be governmental funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2021

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of O3A's financial position. At the end of 2021, O3A's net position was \$3,240,116 as compared to \$1,179,388 at the end of 2020. This represented an increase of \$2,060,728. The change in net position is primarily the result of the addition of net pension asset.

The following is a condensed version of the Government-wide Statement of Net Position for the past two years:

Olympic Area Agency on Aging's Net Position

	2021	2020
Assets		
Current and other assets	\$ 8,346,749	\$ 4,040,388
Total Assets	8,346,749	4,040,388
Deferred outflows of resources	544,573	563,049
Liabilities		
Other Liabilities	352,536	291,624
Long Term Liabilities	1,780,313	2,711,920
Total liabilities	2,132,849	3,003,544
Deferred inflows	3,518,357	420,505
Restricted	3,820,256	299,763
Unrestricted	(580,140)	879,625
Net Position	\$ 3,240,116	\$ 1,179,388

Total assets consist of cash, cash equivalents, prepaid expenses and accounts receivable from governments. Other liabilities consist of accounts payable to vendors and accrued expenses. Long-term liabilities consist of accrued vacation, accrued sick leave, net pension liability, and an advance from the Department of Social and Health Services (DSHS). Total assets increased from 2020 to 2021 in the amount of \$4.3 million dollars or 106%. The addition of Net Pension Asset of \$3.4 million accounts for 79% of the increase. The increase occurred because the PERS 2/3 retirement system is fully funded (see Note 4). Additionally, accounts receivable, which is based on timing, increased \$448,000 from 2020 to 2021. This directly tied to an increase in operations, as seen by the improvement of the net position in each of the two years presented. The \$932 thousand decrease in the Long-term liabilities is directly related to the decrease in the net pension liability, which decreased overall across the state.

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2021

Statement of Activities (Changes in Net Position)

The Agency's total Net Position increased by \$2,060,728. The following is a condensed version of the Statement of Activities for O3A. The full statement is a tabular depiction of the relationship of revenues and expenses.

	2021	2020
<u>REVENUES</u>		
Program Revenue		
Charges for Services	\$ 1,540,874	\$ 1,510,777
Operating Grants and Contributions	7,976,230	7,509,856
General Revenue		
Unrestricted investment earnings	1,131	5,301
Total revenue	9,518,235	9,025,934
<u>EXPENSES</u>		
Social services	7,457,507	8,151,166
Total operational expenditures	7,457,507	8,151,166
Change in net position	2,060,728	874,768
Net Position beginning of the year	1,179,388	304,620
Net Position end of the year	\$ 3,240,116	\$ 1,179,388

Revenues have increased from 2020 to 2021 by approximately \$492,300. There is an increase in the Charges for Services of \$30,100 coupled with an increase of \$466,400 for Operating Grants and Contributions. The increase in Operating Grants and Contributions is primarily due to increased CARES Act funding.

Expenses decreased by \$693,700 from 2020 to 2021. This is the result of a change in the net effect of transactions involving pensions, as previously discussed.

Governmental Fund Analysis

The general fund is the only operating fund of O3A. Within that fund, O3A accounts separately for transactions related to case management, contract management, the Medicaid transformation demonstration and proceeds from intergovernmental loans (DSHS advance). At the end of the year, the general fund balance was \$4,620,449 in 2021 compared to \$3,734,091 in 2020. Of this amount, \$4,691 is non-spendable, representing prepaid expenses. Additionally, \$454,029 is restricted for the Medicaid Transformation Demonstration (MTD) program, \$52,047 is committed for unemployment compensation and \$4.1 million is unassigned and can be used to fund the ongoing operations of O3A. Of the \$4.1 million unassigned fund balance, \$1,171,703 is a working advance from DSHS, which did not change during the fiscal year 2021.

The difference between the government-wide net position of \$3,240,116 and governmental general fund balance of \$4,620,449 in 2021 is described in detail on the Reconciliation of the Balance Sheet to the Statement of Net Position.

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2021

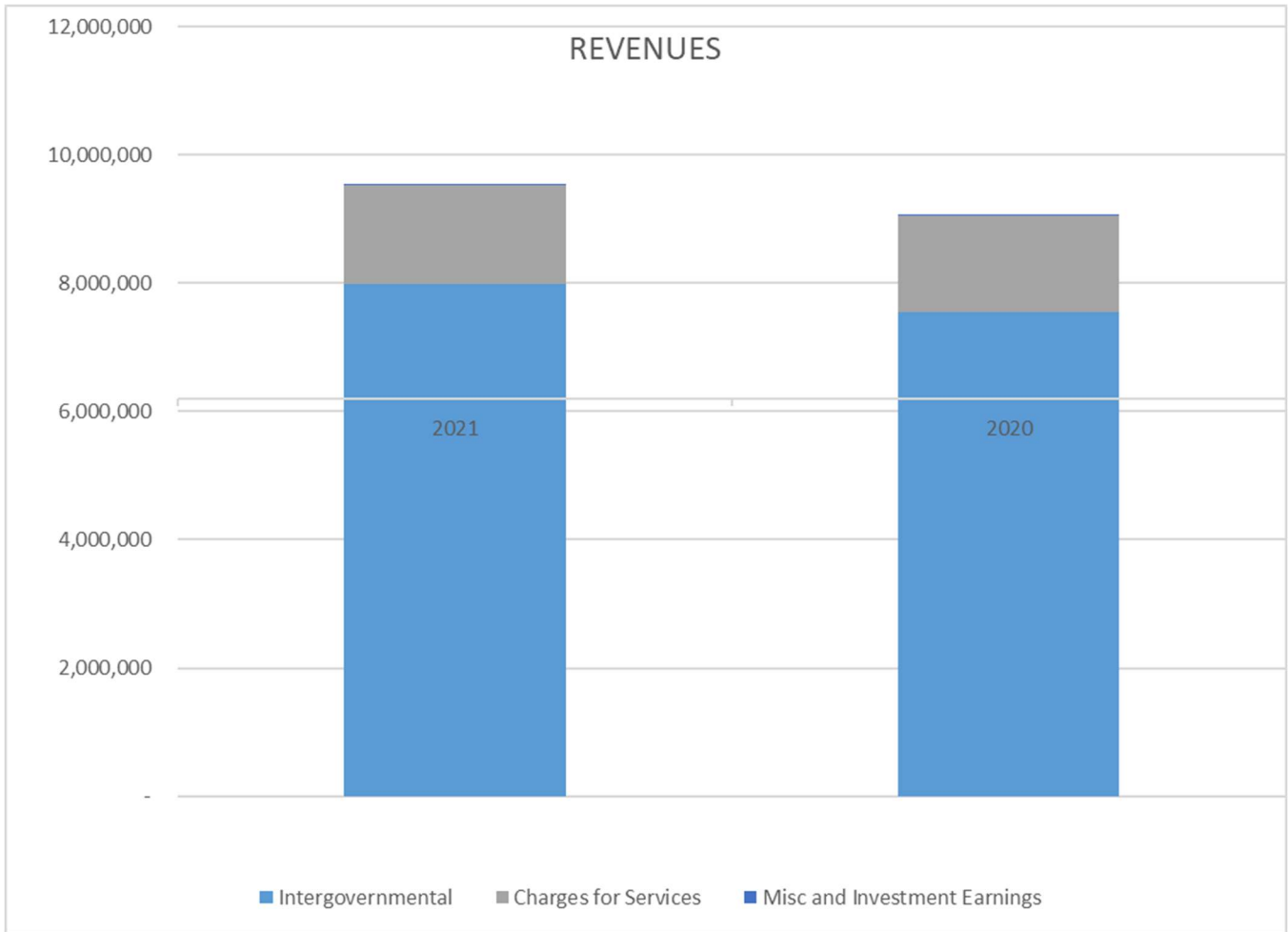
Revenues have increased from 2020 to 2021 by approximately \$465,000. There is an increase in the Charges for Services of \$37,500 coupled with an increase of \$439,400 for Intergovernmental Revenue. The intergovernmental revenue increase is a result primarily from CARES Act funding.

Expenses at the fund level are trending higher, increasing by \$158,500 from 2020 to 2021. This is the result of increased spending of CARES Act funding and expenses for subcontractors in the Health Homes Lead function. This program is accounted for in the Social and Health Services function.

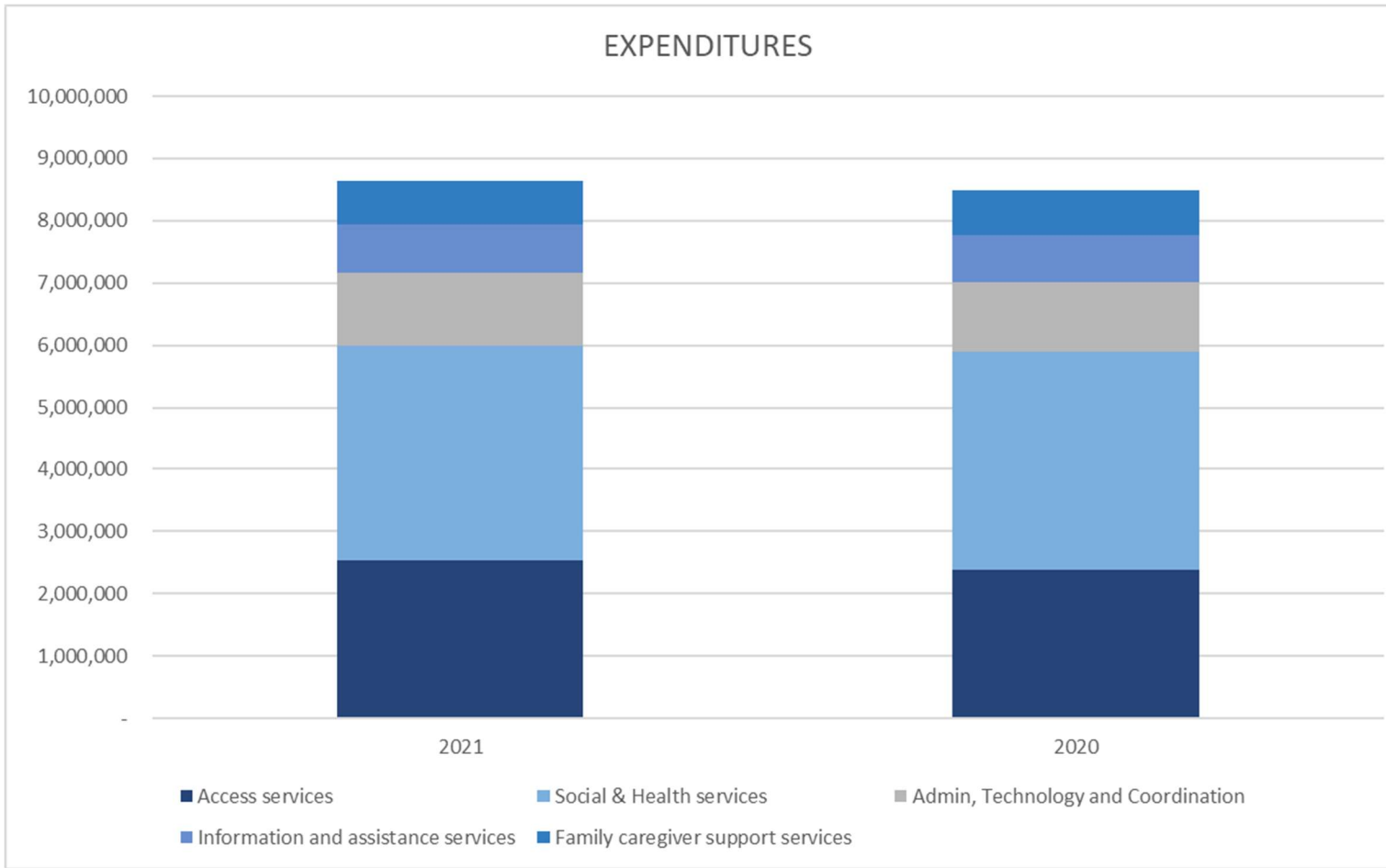
Statement of Revenues, Expenditures and Changes in Fund Balance

	2021	2020
<u>REVENUES</u>		
Intergovernmental	\$ 7,983,366	\$ 7,543,936
Charges for Services	1,536,758	1,499,265
Miscellaneous	4,116	11,512
Investment Earnings	1,131	5,301
Total revenue	9,525,371	9,060,014
<u>EXPENDITURES</u>		
Access services	2,530,409	2,392,206
Social & Health services	3,468,300	3,499,774
Admin, Technology and Coordination	1,159,042	1,119,895
Information and assistance services	780,442	760,281
Family caregiver support services	700,820	708,308
Total operational expenditures	8,639,013	8,480,464
Net change in fund balance	886,358	579,550
Fund balance beginning of the year	3,734,091	3,154,541
Fund balance end of the year	\$ 4,620,449	\$ 3,734,091

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2021



Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2021



Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Other required information

In addition to this discussion and analysis, these reports also present required supplementary information on budgetary comparisons, net pension liability and pension contributions.

Budget Highlights

Area Plan public hearings are held every other year to gain public input from each of the four sub-regions. Proposed allocations to the subcontractors, by program and funding source for discretionary funds, are presented for review. Budgets are requested from the subcontractors for each program area including both discretionary and non-discretionary funding. This information is used to prepare contracts with a January 1 start date. All funding is subject to change depending on final allocations of state and federal funds. Final initial allocations of state and federal funds are known by May 1 or later. If additional funding becomes available, contract amendments are prepared and approved as needed.

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2021

The budgetary comparison schedule is located after the notes to the financial statements. Differences between the original budget and the final budget reflect adjustments to incorporate changes in available funding for specific activities. Federal fund contracts have a 21 month spend out period. Unused state funds are available for use until June 30, no carry forward is allowed.

Long Term Debt

Government-Wide noncurrent liabilities consist of the advance from DSHS of \$1,171,703 in 2021 unchanged to the 2020 liability. See Note 6 for more discussion.

Economic Factors and Next Year's Budgets and Rates

State revenue forecasts for the 2022-2023 biennium are positive and are projected to be at pre-pandemic levels. The positive forecasts are partially attributed to the stimulus packages passed in December 2020 and early March 2021. Retail sales and real estate activity have been strong across the state. Business remains weak for the hospitality industry.

O3A's Older American's Act (OAA) funding contract has been flat, but the Agency does not anticipate any cuts. For 2021 the Agency continued to use the remainder of the CARES act funding awarded in 2020, as well as Consolidated Appropriations Act and American Rescue Plan funding. American Rescue Plan funding will be utilized throughout 2022 and possibly 2023. As the State revenue forecast has improved, there is no expectation of reduction to the State/Federal contract.

The impacts of COVID-19 may be felt for years to come and the need of the services performed by O3A will likely become ever more in demand.

Request for Information

This financial report is designed to provide a general overview of O3A's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 2200 W Sims Way, Unit 100, Port Townsend, WA 98368.

Olympic Area Agency on Aging
Statement of Net Position
December 31, 2021

ASSETS

Cash and cash equivalents	\$ 1,499,603
Accounts receivable - due from other governments	3,453,160
Prepaid expenses	27,759
Net Pension Asset	3,366,227
Total assets	<u>8,346,749</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>544,573</u>
Total deferred outflows	<u>544,573</u>

LIABILITIES

Liabilities	
Accounts payable	249,377
Other accrued liabilities	89,418
Unearned Revenue	13,741
Noncurrent liabilities	
Due within one year	23,122
Due in more than one year	1,425,931
Net pension liability	331,260
Total liabilities	<u>2,132,849</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	<u>3,518,357</u>
Total deferred inflows of resources	<u>3,518,357</u>

NET POSITION

Restricted - Medicaid transformation demonstration	454,029
Restricted - Pension	3,366,227
Unrestricted	(580,140)
Total net position	<u>\$ 3,240,116</u>

The notes to the financial statements are an integral part of this statement

Olympic Area Agency on Aging
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants and Contributions	
Social services	\$ 7,457,507	\$ 1,540,874	\$ 7,976,230	\$ -	2,059,597
Total governmental activities	\$ 7,457,507	\$ 1,540,874	\$ 7,976,230	\$ -	2,059,597
		General revenues			1,131
		Investment earnings			
		Change in net position			2,060,728
		Net position, beginning			1,179,388
		Net position, ending		\$	3,240,116

The notes to the financial statements are an integral part of this statement

Olympic Area Agency on Aging
 Balance Sheet
 Governmental Funds
 December 31, 2021

ASSETS

Cash and cash equivalents	\$	1,499,603
Accounts receivable - due from other governments		3,453,160
Prepaid expenses		<u>27,759</u>
Total assets		<u><u>4,980,522</u></u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES

Current liabilities:		
Accounts payable		249,377
Other accrued liabilities		89,418
Unearned revenue		<u>13,741</u>
Total liabilities		<u><u>352,536</u></u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue		<u>7,537</u>
Total deferred inflows of resources		<u><u>7,537</u></u>

FUND BALANCES

Nonspendable (prepaid expenses)		27,759
Restricted (Medicaid transformation demonstration)		454,029
Committed (unemployment compensation)		52,047
Unassigned		<u>4,086,614</u>
Total fund balances		<u><u>4,620,449</u></u>

<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	\$	<u><u>4,980,522</u></u>
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The notes to the financial statements are an integral part of this statement

Olympic Area Agency on Aging
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 December 31, 2021

	2021
Fund Balance	\$ 4,620,449
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred inflows are not available to pay for current-period expenditures and, therefore are deferred in the funds	7,537
Advances for DSHS for working capital are not due and payable in the current period, therefore, they are not reported in the funds	(1,171,703)
Long-term liabilities (compensated absences) are not due and payable in the current period, and therefore, not reported in the funds	(277,350)
Other items related to pension activity that are not financial resources therefore, not reported in the funds	
Deferred Outflows	544,573
Net Pension Liability	(331,260)
Deferred Inflows	(3,518,357)
Net Pension Asset	3,366,227
Net position of governmental activities	\$ 3,240,116

The notes to the financial statements are an integral part of this statement

Olympic Area Agency on Aging
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - General Fund
For the Year Ended December 31, 2021

REVENUES

Intergovernmental Revenue	\$	7,983,366
Charges for Services		1,536,758
Miscellaneous		4,116
Investment earnings		1,131
Total Revenues		9,525,371

EXPENDITURES

Access services		2,530,409
Social and health services		3,468,300
Administration		1,159,042
Information and assistance services		780,442
Family caregiver support services		700,820
Total expenditures		8,639,013

Net change in fund balance 886,358

Fund balance - beginning of year 3,734,091

Fund balance - end of year **\$ 4,620,449**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of Governmental Funds to the Statement of Activities

Net change in fund balance for governmental funds 886,358

Revenues in the statement of activities that do not
provide current financial resources are not reported as
grant revenues in the fund (7,136)

Compensated absences expenses reported in the
statement of activities do not require the use of current
financial resources and, therefore, are not reported as
expenditures in governmental funds (34,814)

Net effect of transactions involving pension items 1,216,320

Change in Net Position **\$ 2,060,728**

The notes to the financial statements are an integral part of this statement

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Olympic Area Agency on Aging (O3A or the Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

O3A was organized in 1975 under the laws of the Revised Code of Washington (RCW), Chapter 39.34, an Interlocal Cooperation Act. It serves as the Area Agency on Aging for the member counties of Clallam, Grays Harbor, Jefferson and Pacific. The Agency is now governed by a council of four county commissioners (the COG), one from each of the member counties, plus a designated alternate.

The purpose of the organization is to assist in the development of a comprehensive and coordinated service system for senior citizens and adults with disabilities. Its major functions relate to the funding, coordinating and planning of these activities, as well as advocating for the needs of these individuals.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Agency's policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement or a particular function or segment.

Separate fund financial statements are provided for governmental funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Grant revenues are considered to be available if they are collected within 120 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due. The general (or current expense) fund is the operating fund of O3A.

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

D. Budgetary Information

The Olympic Area Agency on Aging prepares four budgets annually: 1) the Area Plan which budgets all activities on a calendar year basis and is non-contractual; 2) the State/Federal budget which is on the state fiscal year and is contractual; 3) the Older Americans Act (OAA) budget which is on a calendar year and is contractual; and 4) the internal operations budget which is non-contractual. All budgets are prepared on the modified accrual basis.

Area Plan, State/Federal and OAA budget requirements are mandated by the Aging & Long-Term Support Administration (AL TSA), Department of Social and Health Services (DSHS). The State/Federal and OAA budgets, as adopted, constitute the legal authority for expenditures. In general, transfers or revisions are allowed up to 10 percent of the total budget, but supplemental or additional appropriations must be approved by AL TSA. The operating budget and any updates are approved by the O3A's Council of Governments (COG). Budgeted expenditures can only exceed budgeted revenues when there is a surplus in the unrestricted fund balance or when the excess expenditures meet the constraints of the restricted fund balance.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year and approved by O3A's COG. The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the year.

E. Assets, Liabilities, Deferred Outflows/Inflows, Fund Balances and Net Position

1. Cash and Cash Equivalents

The Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are reported at fair value or amortized costs, see Note 2.

2. Accounts Receivable

Amounts due from other governments are considered to be fully collectible and are stated at gross.

3. Prepaid Expenses

O3A accounts for prepaid expenses using the consumption method. The purchase is reported as an asset and the recognition of the expenditure is deferred until the period in which the expense is actually incurred.

4. Private Placement Debt/ DSHS Advance

The Agency has a private placement debt obligation with DSHS. The amount due consists of a two-month working capital cash advance from DSHS to cover operating expenditures, including payments to providers. This debt is secured by DSHS contracts and funding. There is no scheduled repayment of this debt.

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

5. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are transactions that result in the consumption or acquisition of net assets in one period, and yet, are applicable to future periods. In other words, the recognition of revenues and expenses are deferred until the future period to which the inflows and outflows are related. In the Statement of Net Position, O3A has deferred outflows of resources and deferred inflows of resources related to pensions. See Note 4 for more information. Additionally, in the governmental fund Balance Sheet, O3A has deferred inflows of resources related to grant funding. Grant funding earned but not received within 120 days of the end of the fiscal year are considered unavailable revenue.

6. Compensated Absences

Compensated absences are absences for which employees will be paid, such as annual (vacation) and sick leave. Annual leave, which is payable upon resignation, retirement or death, is accrued when earned and is recorded in the government-wide financial statements using the termination method. Up to 200 hours of annual leave may be carried over to the next calendar year. Upon resignation or retirement, any outstanding sick leave is lost and therefore not accrued in the government-wide financial statements.

7. Pensions

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the Agency includes the net pension asset only.

8. Other Accrued Liabilities

Other accrued liabilities consist of accrued wages and accrued employee benefits.

9. Fund Balance Classification and Details

As required under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Agency's fund balance is classified according to the relative strength of the spending constraints placed on the purpose for which resources can be used:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

Restricted fund balance have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. Management has classified the fund balance related to the Medicaid Transformation Demonstration as restricted.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Agency's COG, which is the Agency's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the COG removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Management has classified the Agency's reserve for unemployment compensation as committed.

Unassigned fund balance is the residual fund balance for the general fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

O3A policy reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

NOTE 2 – DEPOSITS AND INVESTMENTS

O3A uses the office of the Jefferson County Treasurer as their fiscal agent. As such, the County Treasurer provides treasury functions for O3A, including holding funds in an investment account.

Statutes authorize O3A to invest in obligations of the U.S. Treasury, U.S. Agencies, and instrumentality's, banker's acceptances, repurchase agreements, county investment pool and the state treasurer's investment pool. The O3A is also authorized to enter into reverse repurchase agreements but did not participate in these investments during 2021.

Deposits

Custodial credit risk (deposits). Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. O3A has not adopted a policy that addresses deposit custodial risk; however, the O3A's deposits are covered by Federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commissioner (PDPC). In the event of a bank failure, claims for O3A's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

O3A does not have a deposit policy for custodial credit risk. The bank balances held by Jefferson County are not exposed to custodial credit risks.

Investments Jefferson County Investment Pool

The Agency is a participant in the Jefferson County Investment Pool, an external investment pool. operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather; oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Agency reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

pool does not impose liquidity fees or redemption gates on participant withdrawals. The Jefferson County Investment Pool does not have a credit rating and had a weighted average maturity of 34 days as of December 31, 2021.

As of December 31, 2021, the Agency has invested \$690,496 in the Jefferson County Investment Pool.

NOTE 3 – Related Parties

O3A has identified the following related parties:

1. Washington Department of Social and Human Services (DSHS) – O3A’s cognizant agency provides legal authority to operate. DSHS is the major source of funding and provides O3A with a working capital advance equal to 2 months of operating expenditures. In accordance with the agreement, DSHS evaluates the advance yearly and decides whether to increase or decrease it.
2. Clallam County – Member of the Interlocal Government Agreement that formed O3A. Provides one member and one alternate to our Council of Governments (COG).
3. Jefferson County - Member of the Interlocal Government Agreement that formed O3A. Provides one member and one alternate to our Council of Governments (COG).
4. Grays Harbor County - Member of the Interlocal Government Agreement that formed O3A. Provides one member and one alternate to our Council of Governments (COG).
5. Pacific County - Member of the Interlocal Government Agreement that formed O3A. Provides one member and one alternate to our Council of Governments (COG).

All revenue and expenditure amounts with related parties are for services provided, services or goods received or contracted obligations.

NOTE 4 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 331,260
Pension assets	3,366,227
Deferred outflows of resources	544,573
Deferred inflows of resources	3,518,357
Pension expense/expenditures	(765,994)

State Sponsored Pension Plans

Substantially all Agency full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98540-8380

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees’ Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1			
Actual Rates	Contribution	Employer	Employee
January – June 2021			
PERS Plan 1		7.92%	6.00%
PERS Plan 1 UAAL		4.87%	
Administrative Fee		0.18%	
	Total	12.97%	6.00%

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3			
Actual Rates	Contribution	Employer 2/3	Employee 2
January – June 2021			

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	6.36%

The Agency actual PERS plan contributions were \$170,429 to PERS Plan 1 and \$279,899 to PERS Plan 2/3 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA’s assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA’s) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA’s and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Agency’s proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the Agency proportionate share of the net pension liability would

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	\$ 564,320	\$ 331,260	\$ 128,007
PERS 2/3	(958,973)	(3,366,227)	(5,348,602)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Agency reported its proportionate share of the net pension liabilities as follows:

Plan	Liability (or Asset)
PERS 1	\$ 331,260
PERS 2/3	(3,366,227)

At June 30, the Agency's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.02543%	0.02713%	0.00169%
PERS 2/3	0.03126%	0.03379%	0.00254%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

Pension Expense

For the year ended December 31, 2021, the Agency recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (16,891)
PERS 2/3	(749,103)
TOTAL	(765,994)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (367,587)
Contributions subsequent to the measurement date	75,354	-
TOTAL	\$ 75,354	\$ (367,587)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,493	\$ (41,267)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,813,376)
Changes of assumptions	4,919	(239,058)
Changes in proportion and differences between contributions and proportionate share of contributions	171,629	(57,069)
Contributions subsequent to the measurement date	129,178	-
TOTAL	\$ 469,219	\$ (3,150,770)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,493	\$ (41,267)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,180,963)
Changes of assumptions	4,919	(239,058)
Changes in proportion and differences between contributions and proportionate share of contributions	171,629	(57,069)
Contributions subsequent to the measurement date	204,532	-
TOTAL	544,573	(3,518,357)

Deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

Year ended December 31:	PERS 1	PERS 2/3
2022	\$ (97,374)	\$ (731,254)
2023	(89,230)	(680,707)
2024	(84,371)	(675,862)
2025	(96,612)	(737,856)
2026	-	5,443
Thereafter	-	9,507

NOTE 5 - RISK MANAGEMENT

O3A maintains insurance policies against most normal hazards and has elected to be self-insured for unemployment insurance.

The Agency is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 105 entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier. Pollution, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA allows members with airports to group purchase airport liability coverage, and members with drones to group purchase property and liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company, and CHUBB in 2021, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

Insurance settlements have not exceeded insurance coverage in the past three years.

Based on O3A's history of claims for unemployment compensation, the COG established an unemployment compensation fund. At December 31, 2021, the Agency estimated the maximum liability for probable losses at \$52,047 and is included in Other accrued liabilities on the financial statements.

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/21	Additions	Reductions	Ending Balance 12/31/21	Due Within One Year
Governmental Activities:					
Net pension liability	\$1,297,681	\$ -	966,421	\$ 331,260	\$ -
Compensated absences	242,536	34,814	-	277,350	23,122
Direct borrowing, due to other governmental units	1,171,703	-	-	1,171,703	-
Total long-term liabilities	\$2,711,920	\$ 34,814	\$ 966,421	\$1,780,313	\$ 23,122

For the direct borrowing, Due to other government units, there are no terms for repayment of this advance, however, the agreement can be terminated with at least a thirty (30) calendar days' written notice, in which case the advance would be repaid to DSHS.

NOTE 7 – RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$3,820,256 of restricted fund balance at December 31, 2021. This amount relates to the Medicaid Transformation Demonstration (MTD) and the Net Pension Asset and is also subject to legally enforceable restrictions from the Agency's cognizant entity and the Net Pension Asset.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

The Agency participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2021

grantor agencies for expenditures disallowed under the terms of the grants. Agency management believes that such disallowances, if any, will be immaterial.

The Agency is at times a defendant in various legal actions and claims which arise during the normal course of business. In the opinion of management, the outcomes of these matters are either adequately covered by insurance or would not materially affect the financial statements.

NOTE 9 - COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

As the State shut down various parts of the economy for in-person contact, O3A moved to a primarily work from home model through September 2021. The Agency's case management staff were not routinely going into client's homes and performed services via telephone and videoconference instead. There was limited in person contact for Information and Assistance at O3A offices, and most contact was via phone. No layoffs occurred due to the pandemic.

By October 2021, as covid case numbers fell due to large portions of populations served being vaccinated, case managers resumed in-person visits at client's homes. In addition, a hybrid work model was developed for most employees, working partially from home and partially in the office. COVID case numbers by county are followed weekly from the Health Department reports and depending on the reports, masking may be mandated in office and continues to be mandatory with all face-to-face client contact.

Stimulus funding flowed indirectly from the Federal Government to O3A through our cognizant State agency, AL TSA. New service models for Senior Nutrition were developed and spending increased. The goal was to serve the many seniors who could no longer leave their homes for congregate meal settings and to continue to serve those already receiving home delivered meals. Additional programs were impacted in terms of loss of volunteers, reduced travel expenses, and inability to recruit for vacant positions.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the Agency is unknown at this time.

Olympic Area Agency on Aging
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance to Final Budget
Budgetary fund balance, January 1	\$ 3,734,092	\$ 3,734,092	\$ 3,734,091	\$ (1)
Revenues:				
Older Americans act budget	1,535,091	1,810,091	1,659,859	(150,232)
State/Federal	5,348,421	5,378,421	6,092,207	713,786
Other & FFCRA & CARES	2,638,329	3,261,126	1,773,305	(1,487,821)
Total revenue	<u>\$9,521,841</u>	<u>\$10,449,638</u>	<u>9,525,371</u>	<u>(924,267)</u>
Expenditures:				
Access services	2,684,641	2,664,641	2,530,409	134,232
Social and health services	3,527,932	4,251,762	3,468,300	783,462
Administration	1,221,958	1,263,238	1,159,042	104,196
Information and assistance services	1,106,195	921,195	780,442	140,753
Family caregiver support services	852,375	877,375	700,820	176,555
Total expenditures	<u>9,393,101</u>	<u>9,978,211</u>	<u>8,639,013</u>	<u>1,339,198</u>
Excess of revenues over expenditures	128,740	471,427	886,358	414,931
Budgetary fund balance, December 31	<u>\$ 3,862,832</u>	<u>\$ 4,205,519</u>	<u>\$ 4,620,449</u>	<u>\$ 414,930</u>

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Olympic Area Agency on Aging
 Schedule of Proportionate Share of the Net Pension Liability (Asset)
 PERS 1

For the Year Ended June 30, 2021
 Last 10 Fiscal Years*

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.027125%	\$ 331,260	\$ 3,785,100	8.75%	88.74%
2020	0.025433%	897,922	3,733,275	24.05%	68.64%
2019	0.024601%	945,996	3,573,430	26.47%	67.12%
2018	0.026565%	1,186,402	3,501,850	33.88%	63.22%
2017	0.027322%	1,296,450	3,035,626	42.71%	61.24%
2016	0.021981%	1,180,483	2,712,030	43.53%	57.03%
2015	0.023614%	1,235,232	2,565,721	48.14%	59.10%
2014	0.024722%	1,245,382	2,567,458	48.51%	61.19%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Olympic Area Agency on Aging

Schedule of Proportionate Share of the Net Pension Liability (asset)
PERS 2/3

For the Year Ended June 30, 2021
Last 10 Fiscal Years*

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.033792%	\$ (3,366,227)	\$ 3,740,693	-89.99%	120.29%
2020	0.031257%	399,759	3,665,181	10.91%	97.22%
2019	0.029002%	281,708	3,441,408	8.19%	97.77%
2018	0.031189%	532,524	3,212,774	16.58%	95.77%
2017	0.032021%	1,112,577	2,912,537	38.20%	90.97%
2016	0.025579%	1,287,882	2,596,677	49.60%	85.82%
2015	0.027647%	987,843	2,565,721	38.50%	89.20%
2014	0.028977%	585,730	2,567,458	22.81%	93.29%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Olympic Area Agency on Aging
 Schedule of Employer Contributions
 PERS 1

For the Year Ended December 31, 2021
 Last 10 Fiscal Years*

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	\$ 170,429	\$ (170,429)	\$ -	\$ 3,952,888	4.31%
2020	182,724	(182,724)	-	3,724,304	4.91%
2019	189,499	(189,499)	-	3,665,252	5.17%
2018	187,377	(187,377)	-	3,508,013	5.34%
2017	163,894	(163,894)	-	3,167,771	5.17%
2016	144,834	(144,834)	-	2,881,443	5.03%
2015	120,832	(120,832)	-	2,607,680	4.63%
2014	108,891	(108,891)	-	2,563,505	4.25%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Olympic Area Agency on Aging
 Schedule of Employer Contributions
 PERS 2/3

For the Year Ended December 31, 2021
 Last 10 Fiscal Years*

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	\$ 279,899	\$ (279,899)	\$ -	\$ 3,934,148	7.11%
2020	290,900	(290,900)	-	3,672,972	7.92%
2019	274,718	(274,718)	-	3,555,822	7.73%
2018	253,381	(253,381)	-	3,378,305	7.50%
2017	209,097	(209,097)	-	3,042,528	6.87%
2016	172,128	(172,128)	-	2,762,861	6.23%
2015	140,471	(140,471)	-	2,607,680	5.39%
2014	122,503	(122,503)	-	2,563,505	4.78%

Olympic Area Agency on Aging
Notes to Required Supplementary Information - Pension

For the Year Ended December 31, 2021
Last 10 Fiscal Years*

***Note 1:** Information Provided

GASB 68 was implemented for the year ended December 31, 2014, therefore there is no data available for years prior to 2014. Eventually, the schedules will show ten years of data. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Covered payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll includes all payroll on which a contribution is based.

Note 4: Contribution rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1

<u>From this</u> <u>Date</u>	<u>Through</u> <u>this Date</u>	<u>Rate</u>	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	6/30/2019	12.83%	
7/1/2019	8/31/2020	12.86%	
9/1/2020	6/30/2021	12.97%	
7/1/2021	current	10.25%	**

** Employer contribution rate includes an administrative expense rate of 0.18%

PERS 2/3

<u>From this</u> <u>Date</u>	<u>Through</u> <u>this Date</u>	<u>Rate</u>	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	6/30/2019	12.83%	
7/1/2019	8/31/2020	12.86%	
9/1/2020	6/30/2021	12.97%	
7/1/2021	current	10.25%	**

** Employer contribution rate includes an administrative expense rate of 0.18%

**Olympic Area Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via DSHS)	Senior Farmers Market Nutrition Program	10.576	2069-80753	12,170	-	12,170	12,170	1,2,3
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2069-69038	18,260	-	18,260	-	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2169-97590	4,705	-	4,705	-	1,2
Total CFDA 93.043:				22,965	-	22,965	-	
Aging Cluster								
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2169-97590	624,435	-	624,435	106,786	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2069-80487	85,803	-	85,803	11,082	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2169-30891	14,675	-	14,675	6,457	1,2

The accompanying notes are an integral part of this schedule.

**Olympic Area Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2169-97590	58,043	-	58,043	-	1,2
			Total CFDA 93.044:	782,956	-	782,956	124,325	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2069-69038	405,323	-	405,323	367,409	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-97590	427,712	-	427,712	386,535	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1969-41504	7,516	-	7,516	6,832	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2069-80487	138,782	-	138,782	124,905	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-30891	26,850	-	26,850	24,166	1,2

The accompanying notes are an integral part of this schedule.

**Olympic Area Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

		Expenditures						
Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	Note
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-30891	42,641	-	42,641	38,378	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-30891	7,546	-	7,546	6,792	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-30891	16,235	-	16,235	14,612	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-97590	213,031	-	213,031	197,084	1,2
		Total CFDA 93.045:		1,285,636	-	1,285,636	1,166,713	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Nutrition Services Incentive Program	93.053	2069-69038	31,918	-	31,918	31,918	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Nutrition Services Incentive Program	93.053	1969-41504	206	-	206	206	1,2
		Total CFDA 93.053:		32,124	-	32,124	32,124	
		Total Aging Cluster:		2,100,716	-	2,100,716	1,323,162	

**Olympic Area Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Alzheimer's Disease Demonstration Grants to States	93.051	2169-97590	3,563	-	3,563	-	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	National Family Caregiver Support, Title III, Part E	93.052	1969-41504	417	-	417	-	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	National Family Caregiver Support, Title III, Part E	93.052	2069-69038	60,055	-	60,055	-	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	National Family Caregiver Support, Title III, Part E	93.052	2169-97590	75,747	-	75,747	-	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - National Family Caregiver Support, Title III, Part E	93.052	2069-80487	80,618	-	80,618	41,462	1,2
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - National Family Caregiver Support, Title III, Part E	93.052	2169-30891	12,440	-	12,440	8,125	1,2
Total CFDA 93.052:				229,277	-	229,277	49,587	

Medicaid Cluster

The accompanying notes are an integral part of this schedule.

**Olympic Area Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	Expenditures		Note
							Passed through to Subrecipients		
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Medical Assistance Program	93.778	2069-69038	1,033,036	-	1,033,036	-	-	1,2
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Medical Assistance Program	93.778	2169-20178	1,094,674	-	1,094,674	-	-	1,2
Total Medicaid Cluster:				2,127,710	-	2,127,710	-	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Money Follows the Person Rebalancing Demonstration	93.791	2069-69038	2,865	-	2,865	-	-	1,2
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Money Follows the Person Rebalancing Demonstration	93.791	2169-20178	2,849	-	2,849	-	-	1,2
Total CFDA 93.791:				5,714	-	5,714	-	-	
Total Federal Awards Expended:				4,502,115	-	4,502,115	-	1,384,919	

The accompanying notes are an integral part of this schedule.

Olympic Area Agency on Aging (O3A)
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Note 1 – Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Olympic Area Agency on Aging's (O3A) financial statements. O3A use the modified accrual basis of accounting.

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the O3A's portion, may be more than shown. Such expenditures, as applicable, are recognized following either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 – Indirect Cost Rate

The O3A has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Noncash Award

The amount of food vouchers reported on the Schedule is the value of \$10,960 received by the O3A during current year and priced as prescribed by Washington Aging & Long-term Support Administration.

NOTE 4 – Donated COVID PPE

O3A received donated personal protective equipment (PPE) items such as various types of masks, gloves, and other necessary protective supplies indirectly through various federal funding sources and the respective market value amount was \$10,980.

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