



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, 2020 through December 31, 2020

Published December 16, 2021

Report No. 1029485



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

December 16, 2021

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,

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Olympic Area Agency on Aging January 1, 2020 through December 31, 2020

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 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 each of its major federal programs.

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 programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
93.044	Aging Cluster – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.044	COVID-19 – Aging Cluster – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	Aging Cluster – Special Programs for the Aging, Title III, Part C, Nutrition Services
93.045	COVID-19 – Aging Cluster – Special Programs for the Aging, Title III, Part C, Nutrition Services
93.053	Aging Cluster – Nutrition Services Incentive 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, 2020 through December 31, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 13, 2021.

As discussed in Note 9 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Agency is unknown.

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) to determine the 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 in the first paragraph of this section 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 may exist that have not been identified.

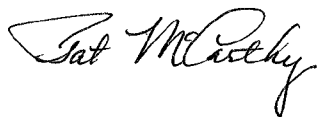
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 13, 2021

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, 2020 through December 31, 2020

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Olympic Area Agency on Aging, with the types of compliance requirements described 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, 2020. The Agency's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Agency's compliance.

Opinion on Each Major Federal Program

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, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 13, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Olympic Area Agency on Aging January 1, 2020 through December 31, 2020

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

REPORT ON THE FINANCIAL STATEMENTS

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, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed on page 14.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements 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, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2020, 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.

Matters of Emphasis

As discussed in Note 9 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Agency is unknown. Our opinion is not modified with respect to this matter.

Other Matters

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 on page 14 be presented to supplement the basic financial statements. Such information, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements as a whole. 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). This schedule 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 December 13, 2021 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 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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 13, 2021

FINANCIAL SECTION

Olympic Area Agency on Aging January 1, 2020 through December 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2020

Statement of Activities – 2020

Governmental Funds Balance Sheet – 2020

Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental
Funds – 2020

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2020

Notes to Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund – 2020

Schedule of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3 – 2020

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2020

Notes to Required Supplementary Information – Pensions – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2020

Notes to the Schedule of Expenditures of Federal Awards – 2020

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2020

Olympic Area Agency on Aging (O3A) offers this narrative overview and analysis of our financial activities for the year ended December 31, 2020. 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 \$1,179,388 in 2020 compared to a \$304,620 in 2019 (reported as total net position). The change net position is primarily the result of increased operating grants received in 2020.
- At the end of the year, O3A's fund balance for Governmental Funds was \$3,734,091 for 2020 and \$3,154,541 for 2019. 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, 2020

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 2020, O3A's net position was \$1,179,388 as compared to \$304,620 at the end of 2019. This represented an increase of \$874,768.

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

	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 4,040,388	\$ 3,530,252
Total Assets	<u>4,040,388</u>	<u>3,530,252</u>
 Deferred outflows of resources	 <u>563,049</u>	 <u>487,164</u>
 Liabilities		
Other Liabilities	291,624	326,958
Long Term Liabilities	<u>2,711,920</u>	<u>2,642,746</u>
Total liabilities	<u>3,003,544</u>	<u>2,969,704</u>
 Deferred inflows	 <u>420,505</u>	 <u>743,092</u>
Restricted	299,763	190,924
Unrestricted	<u>879,625</u>	<u>113,696</u>
Net Position	<u><u>\$ 1,179,388</u></u>	<u><u>\$ 304,620</u></u>

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). The increase in total assets from 2019 to 2020 is directly related to an increase accounts receivable, which is based on timing. 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 slight increase in the Long-term liabilities is directly related to the increase in the net pension liability, which overall increased across the state.

Statement of Activities (Changes in Net Position)

The Agency's total Net Position increased by \$874,768. 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.

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2020

Olympic Area Agency on Aging's Changes in Net Position

	<u>2020</u>	<u>2019</u>
<u>REVENUES</u>		
Program Revenue		
Charges for Services	\$ 1,510,777	\$ 1,466,558
Operating Grants and Contributions	7,509,856	6,748,351
General Revenue		
Unrestricted investment earnings	5,301	25,522
Total revenue	<u>9,025,934</u>	<u>8,240,431</u>
<u>EXPENSES</u>		
Social services	8,151,166	7,765,697
Total operational expenditures	<u>8,151,166</u>	<u>7,765,697</u>
Change in net position	874,768	474,734
Net Position beginning of the year	304,620	(130,999)
Prior period adjustment	-	(39,115)
Net Position end of the year	<u>\$ 1,179,388</u>	<u>\$ 304,620</u>

Revenues have increased from 2019 to 2020 by approximately \$786,000. There is an increase in the Charges for Services of \$44,000 coupled with an increase of \$762,000 for Operating Grants and Contribution. These operating grants are a result of CARES Act program revenues.

Expenses are trending higher, increasing by \$385,000 from 2019 to 2020. This is the result of increased spending of CARES Act funding and expenses for subcontractors in the Health Homes Lead function.

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 \$3,734,091 in 2020 compared to \$3,154,541 in 2019. Of this amount, \$4,216 is non-spendable, representing prepaid expenses. Additionally, \$299,763 is restricted for the Medicaid Transformation Demonstration (MTD) program, \$50,365 is committed for unemployment compensation and \$3.4 million is unassigned and can be used to fund the ongoing operations of O3A. Of the \$3.4 million unassigned fund balance, \$1,171,703 is a working advance from DSHS, which did not change during the fiscal year 2020.

The difference between the government-wide net position of \$1,179,388 and governmental general fund balance of \$3,734,091 in 2020 is described in detail on the Reconciliation of the Balance Sheet to the Statement of Net Position.

Revenues have increased from 2019 to 2020 by approximately \$857,000. There is an increase in the Charges for Services of \$54,000 coupled with an increase of \$833,000 for Intergovernmental Revenue. The intergovernmental revenue increase is a result primarily from CARES Act funding.

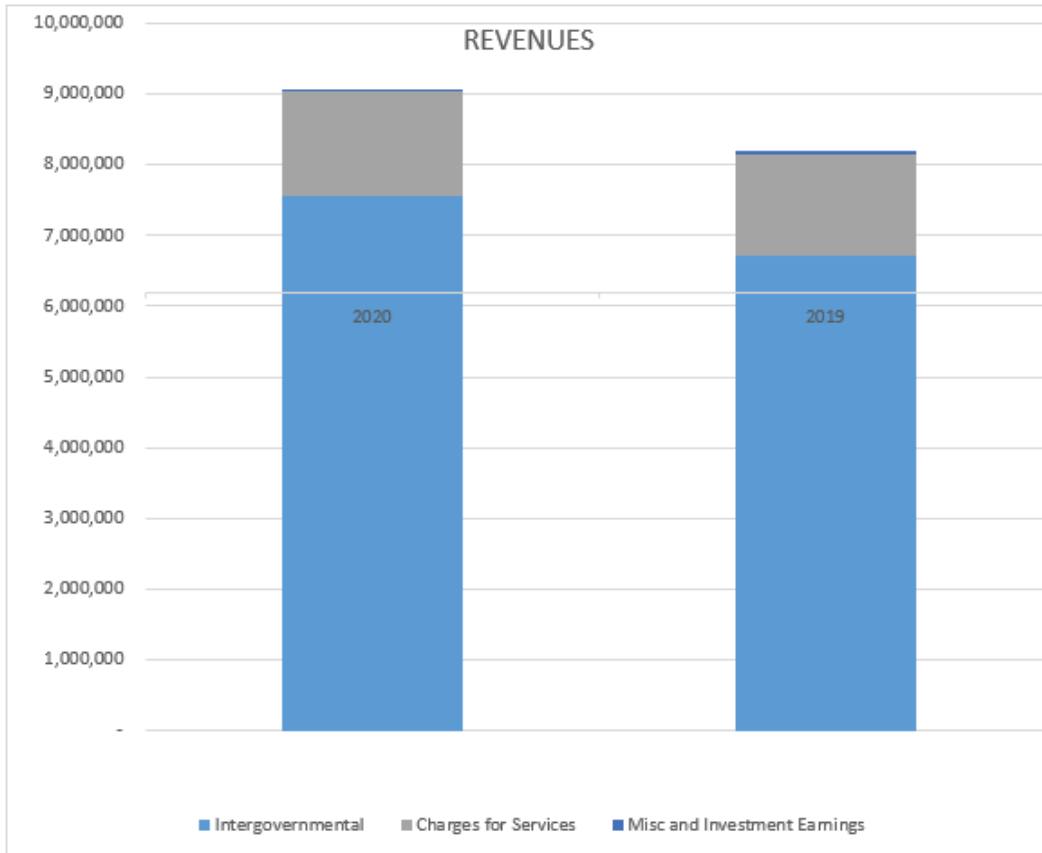
Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2020

Expenses at the fund level are trending higher, increasing by \$323,000 from 2019 to 2020. 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.

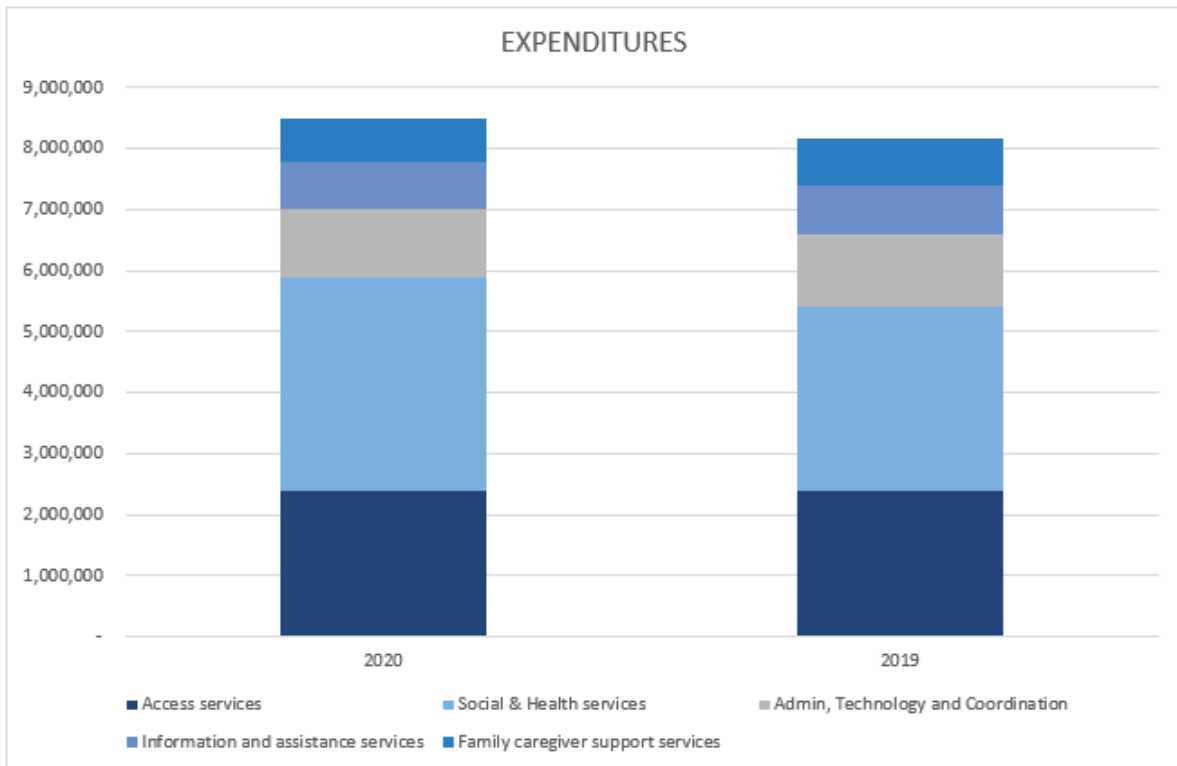
Statement of Revenues, Expenditures and Changes in Fund Balance

	2020	2019
<u>REVENUES</u>		
Intergovernmental	\$ 7,543,936	\$ 6,710,807
Charges for Services	1,499,265	1,445,564
Miscellaneous	11,512	20,994
Investment Earnings	5,301	25,522
Total revenue	<u>9,060,014</u>	<u>8,202,887</u>
<u>EXPENDITURES</u>		
Access services	2,392,206	2,383,873
Social & Health services	3,499,774	3,037,115
Admin, Technology and Coordination	1,119,895	1,159,850
Information and assistance services	760,281	822,842
Family caregiver support services	708,308	753,302
Total operational expenditures	<u>8,480,464</u>	<u>8,156,982</u>
Excess of revenues over expenditures	579,550	45,905
Proceeds from intergovernmental loan	-	109,655
Net change in fund balance	<u>579,550</u>	<u>155,560</u>
Fund balance beginning of the year	3,154,541	3,038,096
Prior period adjustment	-	(39,115)
Fund balance end of the year	<u>\$ 3,734,091</u>	<u>\$ 3,154,541</u>

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2020



Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2020



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.

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

Olympic Area Agency on Aging (O3A)
Management's Discussion and Analysis for the
Years Ended December 31, 2020

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 2020 unchanged to the 2019 liability. See Note 6 for more discussion.

Economic Factors and Next Year's Budgets and Rates

State revenue forecasts for the 2021-2022 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 2020 the Agency received 1.3 million dollars in CARES act funding and the Agency will continue to use the remainder of these funds in 2021. As the State revenue forecast has improved, there is no expectation of reduction to the State/Federal contract.

Additional stimulus funding is anticipated to further mitigate the impacts of COVID 19 in Agency service areas. There is a possibility of pent-up service demand once people are more comfortable leaving their homes or having services in their homes. 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, 2020

ASSETS

Cash and cash equivalents	\$	1,030,554
Accounts receivable - due from other governments		3,005,618
Prepaid expenses		4,216
Total assets		<u>4,040,388</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions		<u>563,049</u>
Total deferred outflows		<u>563,049</u>

LIABILITIES

Liabilities		
Accounts payable		209,757
Other accrued liabilities		62,017
Unearned Revenue		19,850
Noncurrent liabilities		
Due within one year		37,911
Due in more than one year		1,376,328
Net pension liability		<u>1,297,681</u>
Total liabilities		<u>3,003,544</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions		<u>420,505</u>
Total deferred inflows of resources		<u>420,505</u>

NET POSITION

Restricted		299,763
Unrestricted		<u>879,625</u>
Total net position	\$	<u><u>1,179,388</u></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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants and Contributions	
Social services	\$ 8,151,166	\$ 1,510,777	\$ 7,509,856	\$ -	869,467
Total governmental activities	\$ 8,151,166	\$ 1,510,777	\$ 7,509,856	\$ -	869,467
General revenues					
		Investment earnings			5,301
		Change in net position			874,768
		Net position, beginning			304,620
		Net position, ending		\$	1,179,388

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

Olympic Area Agency on Aging

Balance Sheet

Governmental Funds

December 31, 2020

ASSETS

Cash and cash equivalents	\$	1,030,554
Accounts receivable - due from other governments		3,005,618
Prepaid expenses		4,216
Total assets		<u>4,040,388</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES

Current liabilities:		
Accounts payable		209,757
Other accrued liabilities		62,017
Unearned revenue		19,850
Total liabilities		<u>291,624</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue		14,673
Total deferred inflows of resources		<u>14,673</u>

FUND BALANCES

Nonspendable (prepaid expenses)		4,216
Restricted (Medicaid transformation demonstration)		299,763
Committed (unemployment compensation)		50,365
Unassigned		3,379,747
Total fund balances		<u>3,734,091</u>

<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	\$	<u>4,040,388</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, 2020

	2020
Fund Balance	\$ 3,734,091
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	14,673
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	(242,536)
Other items related to pension activity that are not financial resources therefore, not reported in the funds	
Deferred Outflows	563,049
Net Pension Liability	(1,297,681)
Deferred Inflows	(420,505)
Net position of governmental activities	\$ <u>1,179,388</u>

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, 2020

REVENUES

Intergovernmental Revenue	\$ 7,543,936
Charges for Services	1,499,265
Miscellaneous	11,512
Investment earnings	5,301
Total Revenues	<u>9,060,014</u>

EXPENDITURES

Access services	2,392,206
Social and health services	3,499,774
Administration	1,119,895
Information and assistance services	760,281
Family caregiver support services	708,308
Total expenditures	<u>8,480,464</u>

Excess of revenues over expenditures 579,550

Net change in fund balance 579,550

Fund balance - beginning of year 3,154,541

Fund balance - end of year \$ 3,734,091

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 579,550

Revenues in the statement of activities that do not
provide current financial resources are not reported as
grant revenues in the fund (34,080)

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 803

Net effect of transactions involving pension items 328,495

Change in Net Position \$ 874,768

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, 2020

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, 2020

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 ALTSA. The operating budget and its semi-annual update 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. Amounts due from non-governmental entities is from Managed Care Organizations (MCOs) and are considered fully collectible. They are also stated at gross and no allowance for doubtful accounts has been established.

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,

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

including payments to providers. This debt is secured by DSHS contracts and funding. There is no scheduled repayment of this debt.

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.

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 in accordance with GASB 16, as amended (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, 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.

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.

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.

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

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 2020.

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 pool does not impose liquidity fees or redemption gates on participant withdrawals. The Jefferson

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

County Investment Pool does not have a credit rating and had a weighted average maturity of 49 days as of December 31, 2020.

As of December 31, 2020, the Agency has invested \$98,850 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 2020:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 1,297,681
Deferred outflows of resource	563,049
Deferred inflows of resources	420,505
Pension expense/expenditure	145,131

State Sponsored Pension Plans

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

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

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

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

Or the DRS CAFR 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 2020 were as follows:

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%
September – December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	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

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

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 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January – August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%
September – December 2020		
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%

The Agency's actual PERS plan contributions were \$182,724 to PERS Plan 1 and \$290,900 to PERS Plan 2/3 for the year ended December 31, 2020.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. 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 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, 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-2020 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 Actuaries, to project mortality rates for every year after the

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

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 his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

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 Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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, 2020, 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.

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

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

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's proportionate share of the net pension liability would 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	1,124,699	897,922	700,150
PERS 2/3	2,487,409	399,759	(1,319,421)

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, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Agency reported a total pension liability of \$1,297,681 for its proportionate share of the net pension liabilities as follows:

Plan	Liability
PERS 1	\$ 897,922
PERS 2/3	399,759

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.02460%	0.02543%	0.00083%
PERS 2/3	0.02900%	0.03126%	0.00226%

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 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*.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the Agency recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 76,823
PERS 2/3	68,308
TOTAL	145,131

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (4,999)
Contributions subsequent to the measurement date	92,108	-
TOTAL	\$ 92,108	\$ (4,999)

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	143,108	(50,099)
Net difference between projected and actual investment earnings on pension plan investments	-	(20,302)
Changes of assumptions	5,694	(273,070)
Changes in proportion and differences between contributions and proportionate share of contributions	176,597	(72,035)
Contributions subsequent to the measurement date	145,542	-
TOTAL	470,941	(415,506)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	143,108	(50,099)
Net difference between projected and actual investment earnings on pension plan investments	-	(25,301)
Changes of assumptions	5,694	(273,070)
Changes in proportion and differences between contributions and proportionate share of contributions	176,597	(72,035)
Contributions subsequent to the measurement date	237,650	-
TOTAL	563,049	(420,505)

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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2021	(22,687)	(134,719)
2022	(714)	(8,493)
2023	6,922	38,263
2024	11,480	40,768
2025	-	(17,135)
Thereafter	-	(8,791)

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

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, 2020, 103 municipalities/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 and fidelity (crime), pollution liability, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport 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 Lexington Insurance Company and CHUBB in 2020, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, Lexington provides excess insurance up to \$50 million, and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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.

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

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, 2020, the Agency estimated the maximum liability for probable losses at \$50,365.

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/20	Additions	Reductions	Ending Balance 12/31/20	Due Within One Year
Governmental Activities:					
Net pension liability	\$1,227,704	\$ 69,977	-	\$1,297,681	\$ -
Compensated absences	243,339	-	803	242,536	37,911
Direct borrowing, due to other governmental units	1,171,703	-	-	1,171,703	-
Total long-term liabilities	\$2,642,746	\$ 69,977	\$ 803	\$2,711,920	\$ 37,911

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 \$299,763 of restricted fund balance at December 31, 2020. This amount relates to the Medicaid Transformation Demonstration (MTD) and is subject to legally enforceable restrictions from the Agency's cognizant entity, ALTSA.

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 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

Olympic Area Agency on Aging
Notes to Financial Statements
For the Year Ended December 31, 2020

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. 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.

Stimulus funding flowed indirectly from the Federal Government to O3A through our cognizant State agency, ALTSA. 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, 2020

	Original Budget	Final Budget	Actual	Variance to Final Budget
Budgetary fund balance, January 1	\$ 3,038,096	\$ 3,038,096	\$ 3,154,541	\$ 116,445
Revenues:				
Older Americans act budget & FFCRA & CARES	1,552,543	2,331,881	2,272,308	(59,573)
State/Federal	4,939,593	5,089,649	4,993,633	(96,016)
Other	2,272,690	2,212,690	1,794,074	(418,616)
Total revenue	<u>\$8,764,826</u>	<u>\$9,634,220</u>	<u>9,060,015</u>	<u>(574,205)</u>
Expenditures:				
Access services	2,496,026	2,426,026	2,392,206	33,820
Social and health services	3,353,407	4,025,367	3,499,774	525,593
Administration	1,199,995	1,284,929	1,119,895	165,034
Information and assistance services	898,373	986,373	760,281	226,092
Family caregiver support services	795,672	850,172	708,308	141,864
Total expenditures	<u>8,743,473</u>	<u>9,572,867</u>	<u>8,480,464</u>	<u>1,092,403</u>
Excess of revenues over expenditures	21,353	61,353	579,551	518,198
Budgetary fund balance, December 31	<u>\$ 3,059,449</u>	<u>\$ 3,099,449</u>	<u>\$ 3,734,092</u>	<u>\$ 634,643</u>

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Olympic Area Agency on Aging
Schedule of Proportionate Share of the Net Pension Liability
PERS 1
As of June 30
Last Seven Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
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
PERS 2/3
As of June 30
Last Seven Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
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
As of December 31
Last Seven 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
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
As of December 31
Last Seven Years

<u>Year Ended December 31,</u>	<u>Statutorily or contractually required contributions</u>	<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
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

As of December 31
Last Seven 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>Through</u>	
<u>Date</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	current	12.97% *

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

PERS 2/3

<u>From this</u>	<u>Through</u>	
<u>Date</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	current	12.97% *

* 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, 2020**

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	1969-41504	11,770	-	11,770	11,770	1234
	Senior Farmers Market Nutrition Program	10.576	2069-80753	400	-	400	400	1234
		Total CFDA 10.576:		12,170	-	12,170	12,170	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via DSHS)	COVID 19 - Coronavirus Relief Fund	21.019	2069-80010	1,071	-	1,071	-	124
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	1969-41504	177	-	177	-	124
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	14,312	-	14,312	-	124
		Total CFDA 93.043:		14,489	-	14,489	-	
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	1869-21969-01	112,500	-	112,500	112,500	124

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, 2020

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)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2069-69038	690,334	-	690,334	99,934	124
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	41,667	-	41,667	10,426	124
			Total CFDA 93.044:	844,501	-	844,501	222,860	
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	88,112	-	88,112	79,301	124
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	223,466	-	223,466	203,111	
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	604,866	-	604,866	532,783	124
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	308,009	-	308,009	277,208	124
			Total CFDA 93.045:	1,224,453	-	1,224,453	1,092,403	

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, 2020**

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)	Nutrition Services Incentive Program	93.053	196941504	5,659	-	5,659	5,659	124
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Nutrition Services Incentive Program	93.053	2069-69038	10,429	-	10,429	10,429	
			Total CFDA 93.053:	16,088	-	16,088	16,088	
			Total Aging Cluster:	2,085,042	-	2,085,042	1,331,351	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	2069-81932	12,067	-	12,067	-	124
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	COVID 19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	2069-84882	934	-	934	-	124
			Total CFDA 93.048:	13,001	-	13,001	-	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Alzheimer's Disease Demonstration Grants to States	93.051	1969-41504	23	-	23	-	124

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, 2020**

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	2069-69038	3,563	-	3,563	-	
				3,586	-	3,586	-	
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	16,460	-	16,460	-	124
				112,535	-	112,535	-	
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	1,763	-	1,763	-	124
				130,758	-	130,758	-	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Medicare Enrollment Assistance Program	93.071	1869-42125	6,695	-	6,695	-	124
				4,037	-	4,037	-	124

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, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures					Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
Medicaid Cluster			Total CFDA 93.071:	10,732	-	10,732	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Medical Assistance Program	93.778	1969-53071	996,898	-	996,898	-	124
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Medical Assistance Program	93.778	2069-69038	1,023,535	-	1,023,535	-	124
		Total Medicaid Cluster:	2,020,433		-	2,020,433	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Money Follows the Person Rebalancing Demonstration	93.791	1969-53071	2,560	-	2,560	-	124
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS)	Money Follows the Person Rebalancing Demonstration	93.791	2069-69038	3,103	-	3,103	-	124
		Total CFDA 93.791:	5,663		-	5,663	-	
		Total Federal Awards Expended:	4,296,945		-	4,296,945	1,343,521	

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
Years Ended December 31, 2020

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.

Note 2 – Program Costs

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 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 – Indirect Cost Rate

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

NOTE 5 – 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 respective market value amounts was \$2,850.

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