



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Pacific Mountain Workforce Development Council

For the period July 1, 2020 through June 30, 2021

Published March 17, 2022

Report No. 1030075



Find out what's new at SAO
by scanning this code with
your smartphone's camera



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

March 17, 2022

Board of Directors
Pacific Mountain Workforce Development Council
Tumwater, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Pacific Mountain Workforce Development Council's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor
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.

TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Independent Auditor's 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.....	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	8
Independent Auditor's Report on the Financial Statements.....	11
Financial Section.....	14
About the State Auditor's Office.....	51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Pacific Mountain Workforce Development Council July 1, 2020 through June 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Pacific Mountain Workforce Development Council are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

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

Internal Control over Financial Reporting:

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

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

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 Council’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>
17.258	WIOA Cluster – WIOA Adult Program
17.259	WIOA Cluster – WIOA Youth Activities
17.278	WIOA Cluster – WIOA Dislocated Worker Formula Grants

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

The Council 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*

Pacific Mountain Workforce Development Council July 1, 2020 through June 30, 2021

Board of Directors
Pacific Mountain Workforce Development Council
Tumwater, 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 Pacific Mountain Workforce Development Council, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 9, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Council'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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council'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.

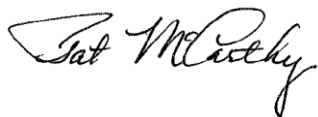
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of the Council'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 Council'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 Council'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 written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

March 9, 2022

INDEPENDENT AUDITOR'S REPORT

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

Pacific Mountain Workforce Development Council July 1, 2020 through June 30, 2021

Board of Directors
Pacific Mountain Workforce Development Council
Tumwater, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Pacific Mountain Workforce Development Council, 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 Council's major federal programs for the year ended June 30, 2021. The Council'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 Council'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 Council'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 Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council 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 June 30, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Council 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 Council'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 Council'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 legible.

Pat McCarthy, State Auditor

Olympia, WA

March 9, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Pacific Mountain Workforce Development Council July 1, 2020 through June 30, 2021

Board of Directors
Pacific Mountain Workforce Development Council
Tumwater, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pacific Mountain Workforce Development Council, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council'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 Council'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 Council'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 Pacific Mountain Workforce Development Council, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Council'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 March 9, 2022 on our consideration of the Council'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 Council's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

March 9, 2022

FINANCIAL SECTION

Pacific Mountain Workforce Development Council July 1, 2020 through June 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021

Statement of Activities – 2021

Balance Sheet – Governmental Funds – 2021

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

Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Information – 2021

Notes to Budgetary Comparison Schedule – 2021

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2021

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2021

Notes to the Schedule of Expenditures of Federal Awards – 2021

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
Year Ending June 30, 2021

As management of the Pacific Mountain Workforce Development Council (PacMtn), we offer readers of the financial statements a narrative overview of the Council's financial activities for the year ending June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements and notes to the financial statements which immediately follow this discussion.

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Council's basic financial statements. These audited financial statements cover twelve months ending June 30, 2021. PacMtn took over grants management and fiscal functions from Thurston County as of January 1, 2011 and operates on a fiscal year from July 1 – June 30.

The basic financial statements are comprised of the following components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the Council's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. This statement serves the purpose similar to that of a balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. However, this is just one indicator of financial health of the Council. Other indicators include the level of change in federal, state, and local governmental support for the services that the Council provides to its constituents, as well as the general economic conditions within Grays Harbor, Lewis, Mason, Pacific, and Thurston Counties.

The statement of activities presents information showing how the Council's net position changed for the twelve months ended June 30, 2021. It separates program revenue generated by its functions and program: grants, contracts, and miscellaneous sources. All changes in net position are reported as soon as the underlying event gives rise to the change to occur, regardless of the timing of related cash flows. Items such as unpaid invoices and earned but unused vacation are included in the statement as income and expenses, even though the cash associated with these items will not be received or distributed until sometime in the future.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
Year Ending June 30, 2021

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PacMtn uses a single fund accounting system to ensure and demonstrate compliance with finance-related requirements and to provide management with information for controlling spending activities.

The Balance Sheet Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds present a single column of financial data for the General Fund. This Fund is considered to be a major fund based on criteria established by the Governmental Accounting Standards Board (GASB) Statement #34.

Governmental funds are used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near term inflows and outflows of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

CONDENSED COMPARATIVE FINANCIAL DATA

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Council's financial position. The Council's liabilities and deferred inflows exceeded its assets and deferred outflows by \$148,423 at year ending June 30, 2021, and year end June 30, 2020, liabilities and deferred inflows exceeded its assets and deferred outflows by \$169,261. Because of implementation of GASB 68, the Council will likely continue to show low net position or excess liabilities each year. This is because of the reporting requirement to include net pension liability. Without GASB 68 the net position would reflect a balance of \$569,195 which more accurately represents the financial conditions at PacMtn.

Deferred outflows and inflows of resources is related to pensions as required by GASB 68.

The balance of net position can be used to finance normal Council operations without constraints established by enabling legislation or other legal requirements. The following table reflects the condensed Government-Wide Statement of Net Position of the Council:

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
Year Ending June 30, 2021

Governmental Activities

	Year Ending	
	June 30, 2021	June 30, 2020
Assets:		<u>Audited</u>
Current Assets	1,826,309	2,170,227
Capital Assets	<u>35,952</u>	<u>41,207</u>
Total Assets	<u>1,862,261</u>	<u>2,211,434</u>
Deferred Outflows of Resources	523,773	527,810
Liabilities:		
Current Liabilities	1,124,570	1,374,176
Long Term Liabilities	<u>1,039,965</u>	<u>931,323</u>
Total Liabilities	2,164,535	2,305,499
Deferred Inflows of Resources	369,922	603,006
Net Position:		
Investment in Capital Assets	35,952	41,207
Unrestricted	<u>(184,375)</u>	<u>(210,468)</u>
Total Net Position	<u>(148,423)</u>	<u>(169,261)</u>

Statement of Activities

The following table summarizes the Council's overall operating results for the year ending June 30, 2021, and 2020:

	Year Ending	
	June 30, 2021	June 30, 2020
		<u>Audited</u>
Governmental Activities		
Program Revenues	9,107,552	10,004,666
General Revenues	1,442	2,776
Total Revenues	9,108,994	10,007,442
Program Expenses	<u>9,088,156</u>	<u>10,181,568</u>
Total Expenses	9,088,156	10,181,568
Excess (Deficiency)	20,838	(174,126)
Change in Net Position	20,838	(174,126)
Net Position – Beginning	(169,261)	4,865
Net Position- Ending	<u>(148,423)</u>	<u>(169,261)</u>

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
Year Ending June 30, 2021

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As the preceding analysis indicates, this was the ninth full year of operations from July 1, 2020, to June 30, 2021. The ending net position of \$(148,423) used unrestricted funds and includes \$35,952 of capital assets. While this shows an increase in net position of \$20,838 because of the new GASB 68 reporting requirements, actual results from the prior year would show a decrease of \$125,035 in net position from previous year. Actual decreases in net position occur from expenses exceeding earnings in our payment point contracts and timing in recognition of revenue.

FUND ANALYSIS

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal documents. The Council has only one fund type, namely governmental and only one fund within that fund type, the general fund.

Grant revenue fluctuates year to year depending upon federal availability of funds and State distribution of formulaic grants. There was a decrease in amount of federal awards from the previous year. The following represents general fund revenues for the year ending June 30, 2021, and 2020:

	Year Ending	
	June 30, 2021	June 30, 2020
Grant and Contract Revenue	9,097,878	10,008,992
Investment and Other Income	1,442	2,776
Totals	9,099,320	10,011,768

Expenses fluctuate each year based on the amount of grant awards received. There was a decrease in total expenses from the previous year.

	Year Ending	
	June 30, 2021	June 30, 2020
		Audited
Payroll, Taxes, & Benefits	3,174,345	3,714,970
Program Sub-Contractors	4,837,563	5,135,696
Participant Payments	418,079	687,167
Facilities	339,881	384,160
Professional Services	346,540	251,761
Training & Travel	13,408	73,020
Insurance	20,754	18,318
Other	50,248	58,357
Capital Outlay	2,489	14,959
Totals	9,203,307	10,338,408

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
Year Ending June 30, 2021

BUDGET VARIANCES IN THE GENERAL FUND

The original budget reflects the preliminary budget adopted in June, prior to the beginning of the fiscal year. The final budget reflects the last board adopted budget of the year. Budgets are updated throughout the year to reflect the addition of new grant awards. The final budget revenue remained the same expenses increased due to an increase in program related costs.

Both the actual revenue and expenditures were under budgeted amounts. Revenues under budget are directly related to the under expenditures as the majority of our grants are cost reimbursement. Under expenditures mainly occurred on the subcontract and participant payment side. This is partially due to general under expenditures but also due to anticipated shift of spending as funds cross into the next year and carry in funds are needed.

Typically, there is final modified budget presented to the board to better match actual expenditures. The presentation of budgeted amounts were higher than actual budget categories due to not having a final modified budget available to the board due to COVID restrictions on the board's ability to meet. Actual expense amounts reported do not add in pension expense as determined through GASB 68.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

PacMtn has several vehicles and office equipment including printers, servers, and software. The capital asset schedule can be found in the Notes to the Financial Statements. The organization does not have any debt, plans to take on debt, nor commitments for capital expenditures.

OTHER POTENTIALLY SIGNIFICANT MATTERS

Workforce Innovation and Opportunity Act

PacMtn operates primarily under the authorization of Title 1 of the Workforce Innovation and Opportunity Act of 2014.

Funding Factors

PacMtn ended the Fiscal Year (July 1, 2020 – June 30, 2021) earning less revenue than budgeted this was due two several factors. First, we under-performed on our pay point contracts resulting in expenditures in excess of revenues. Second, we did not spend all our grant funds but this means more funds will be available to use in the next fiscal year. Discretionary grants are added throughout the year and help supplement WIOA formula funds. Grants received late in the year are still added in entirety to the budget to show availability even though the program will continue over subsequent fiscal years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of PacMtn's finances for all those with an interest in PacMtn finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Chief Executive Officer, Pacific Mountain Workforce Development Council, 1570 Irving Street SW, Tumwater, WA 98512.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Statement of Net Position
As of June 30, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	506,540
Investments	233,608
Receivables	1,045,202
Prepays	40,959
Capital Assets net of accum depreciation/Amortization:	
Vehicles	9,979
Office Equipment	14,670
Leasehold Improvements	11,303
Total Capital Assets	35,952
TOTAL ASSETS	1,862,261
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	523,773
LIABILITIES	
Accounts Payable	713,902
Other Current Liabilities	410,669
Current Portion of Compensated Absences	8,811
Noncurrent Liabilities:	
Compensated Absences	159,685
Net Pension Liability	871,469
TOTAL LIABILITIES	2,164,535
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	369,922
Net Position	
Investment in Capital Assets	35,952
Unrestricted	(184,375)
TOTAL NET POSITION	(148,423)

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

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Statement of Activities
Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenues and Changes in Net Position Total Governmental Activities</u>
Governmental Activities			
Employment Opportunity	9,088,157	9,107,552	19,396
TOTAL GOVERNMENTAL ACTIVITIES			19,396
General Revenues:			
			1,442
Unrestricted Investment Earnings			1,442
Total General Revenues			20,838
Change in Net Position			(169,261)
		Net Position - Beginning	(148,423)
		Net Position - Ending	(148,423)

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

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Balance Sheet
Governmental Funds
As of June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	506,540
Investments	233,608
Receivables	1,045,202
TOTAL ASSETS	<u>1,785,350</u>
LIABILITIES & FUND BALANCE	
Accounts Payable	713,902
Other Current Liabilities	410,669
TOTAL LIABILITIES	1,124,571
FUND BALANCE	
Committed	4,287
Unassigned	656,492
TOTAL FUND BALANCE	660,779
TOTAL LIABILITIES & FUND BALANCE	<u>1,785,350</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balance in governmental funds	660,779
Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the funds	40,959
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	35,952
Net Pension liability amounts and deferred inflow and outflow amounts use in governmental activities are not financial resources and therefore are not reported in the fund.	(717,618)
Compensated absences used in governmental activities are not financial resources and therefore not reported in the funds	(168,496)
Net position - Governmental Activities	<u>(148,425)</u>

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

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES	
Operating Grants & Contributions	9,107,552
Investment Earnings	1,442
TOTAL REVENUES	<u>9,108,995</u>
EXPENDITURES	
Current	
Payroll, Taxes, & Benefits	3,174,345
Program Sub-Contractors	4,837,563
Participant Payments	418,079
Facilities	339,881
Professional Services	346,540
Training & Travel	13,409
Insurance	20,754
Prepaid	9,675
Other	50,248
Capital Outlay	2,489
TOTAL EXPENDITURES	<u>9,212,981</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(103,987)</u>
Net Change in Fund Balance	<u>(103,987)</u>
Fund Balance - Beginning	<u>764,765</u>
Fund Balance - Ending	<u>660,778</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance	(103,987)
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds	(5,255)
Unearned revenues provided by governmental activities are not financial resources and therefore are not reported in the funds	0
Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the funds	9,675
Net adjustments to pension expense used in governmental activities are not financial resources and therefore not reported in the Governmental funds	145,873
Compensated absences used in governmental activities are not financial resources and therefore not reported in the funds	<u>(25,467)</u>
CHANGE IN NET POSITION - Governmental Activities	<u>20,838</u>

The accompanying notes are an integral part of this financial statement.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pacific Mountain Workforce Development Council (PacMtn) 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 policies are described below.

A. Reporting Entity

The Pacific Mountain Consortium is comprised of the Board of County Commissioners of Grays Harbor, Lewis, Mason, Pacific, and Thurston Counties, Washington in Workforce Development Area 2, pursuant to the Governor's approval dated July 1, 2010, to provide workforce investment activities. The Consortium is organized under the Interlocal Cooperation Act of 1967, Chapter 39.34, RCW, which permits local governmental units to cooperate and to provide services and facilities in a manner which will best deal with the geographic, economic, demographic, and other factors influencing the development of local communities. PacMtn was organized as a nonprofit corporation by the Consortium; as provided for in Section 117 of Public Law 105-220--Aug. 7, 1998 Workforce Investment Act (WIA), to implement the WIA in the Workforce Development Area. In accordance with Section 117(d) (3) (B) of the Workforce Investment Act (WIA), the subsequent reauthorization in the Workforce Innovation and Opportunity Act (WIOA) section 107 (d) (12) (B) and in accordance with the Interlocal Cooperation Act of 1967 (Chapter 39.34, Revised Code of Washington), the Consortium has designated PacMtn as the local grant sub recipient and local fiscal agent. The five counties acting through the Pacific Mountain Consortium appoint the 24 or fewer members of the Board of Directors of PacMtn pursuant to the nomination and appointment process established under WIOA and in accordance with the nomination process prescribed by the Bylaws, approve the Strategic and Operation plans for Workforce Development Area 2; and make recommendations on and approve the selection of workforce service providers.

PacMtn is organized exclusively for educational, charitable, religious, scientific, and/or literary purposes, within the meaning of Section 501(c) (3) of the Internal Revenue Code of 1986, as amended from time to time. PacMtn was incorporated on July 6, 2000 and assumed all administrative and fiscal functions beginning January 1, 2011. PacMtn financial statements include the financial position and results of operations for all programs that are controlled by or dependent on PacMtn.

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 the activities of PacMtn.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

PacMtn is a single purpose organization with a single fund, and therefore, there is no interfund activity, nor separate statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, PacMtn considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. This criterion applies to all Grant and Contract revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

PacMtn reports the general fund as its major governmental fund. The general fund is PacMtn's operating fund.

When both restricted and unrestricted revenues are available for use, it is PacMtn's policy to use restricted resources first, then unrestricted resources as needed.

D. Budgetary Information

1. Scope of Budget

Annual appropriated budgets are adopted for the general fund on the modified accrual basis of accounting. Appropriations for the general fund lapse at fiscal year-end. Grant and contract revenues are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

2. Amending the Budget

Any revisions that alter the total expenditures of the general fund or that substantially affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Board of Directors or Executive Committee.

When the Board of Directors determines that it is in the best interest of PacMtn to increase or decrease the appropriation for the general fund, it may do so by a motion approved by the majority during a regularly scheduled meeting.

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 fiscal year. PacMtn adjusted the original budget once during this fiscal year but is not limited to the number of budget adjustments.

3. Excess of Expenditures Over Appropriations

Any excess or non-reimbursable expenditures are expensed to non-grant-related general funds.

E. Assets, Liabilities, Fund Balance, Net Position

1. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and investments with a maturity of less than three months when purchased. At June 30, 2021, PacMtn was holding \$0.00 in short-term investments.

2. Investments

Acting as fiscal agent for the Consortium, PacMtn may place certificates of deposit only with institutions that are guaranteed by The Federal Deposit Insurance Corporation (FDIC) or The Federal Savings and Loan Deposit Insurance Corporation (FSLIC). These certificates are valued at purchase price plus accrued interest through year-end, based on the interest rate of the certificate. At June 30, 2021, PacMtn was holding \$233,607.59 in Investments.

3. Receivables

Receivables consist of amounts owed from government agencies or private organizations or organizations for goods and services, including amounts owed for which billings have not been prepared.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

4. Capital Assets

Capital assets, which include equipment, are reported on the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Assets are depreciated using the straight-line method over the estimated useful lives of the asset.

Assets	Years
Vehicles	5 years
Multifunction devices (printer/copier/fax)	6 years
Accounting system software package	5 years

5. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. All vacation pay is accrued when incurred in the government-wide financial statements.

- A. Vacation pay, paid time off, which may be accumulated up to a maximum of 720 hours, is payable upon resignation, retirement, death, or:
 - a. Annual Payment Opportunity. Once a year, within 30 days of the new calendar year, employees may choose to be paid for accrued Paid Time Off in any amount up to 240 hours, provided that the employee has a remaining accrued balance of Paid Time Off of at least 360 hours. In the case of a personal emergency, employees may be paid for a portion of accrued Paid Time Off with the approval of the Director of Finance & Administrative Services.

6. Other Current Liabilities

These accounts consist of accrued wages and accrued employee benefits.

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.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

PacMtn's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or federal savings and loan insurance (FSLIC).

INVESTMENTS

As of June 30, 2021, PacMtn had \$233,608 in investments through a 36-month certificate of deposit and will mature on 11/20/2023.

PacMtn has no deposit or investment policy that addresses a specific type of risk, all investments are covered by depository insurance so there is no custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ending June 30, 2021 was as follows:

Governmental Activities	Beginning Balance 7/1/20	Increases	Decreases	Ending Balance 6/30/21
Capital assets, being depreciated:				
Vehicles	56,478	-0-	-0-	56,478
Office Equipment	71,903	2,489	-0-	74,392
Leasehold Improvements	17,364	-0-	-0-	17,364
Total capital assets being depreciated	145,745	2,489	-0-	148,234
Less accumulated depreciation for:				
Vehicles	43,511	2,988	-0-	46,499
Office Equipment	57,474	2,248	-0-	59,722
Leasehold Improvements	3,553	2,508	-0-	6,061
Total accumulated depreciation	104,538	7,744	-0-	112,282
Governmental activities capital assets, net				<u>35,952</u>

NOTE 4 – PENSION PLANS

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

The following table represents the aggregate pension amounts for all plans subject to the requirement of GASB 68, *Accounting and Financial Reporting for Pensions* for the year 2020:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (871,469)
Pension assets	\$ 0
Deferred outflows of resources	\$ 523,773
Deferred inflows of resources	\$ (369,922)
Pension expense/expenditures	\$ 119,589

State Sponsored Pension Plans

Substantially all PacMtn 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.

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.

The following disclosures are made pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

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.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

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:

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

PacMtn contributed \$100,829 to PERS 1 through the UAAL calculation.

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

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

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

Contributions - The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
July – August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%
September – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%

PacMtn's contributions to the plans were \$164,634 for year ended June 30, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the 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 are summarized in the Actuarial Section of DRS' Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2019 Actuarial Valuation Report.

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:** 7.40%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (eg, active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

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

- OSA updated their demographic assumptions based on the results of their latest demographic experience study. This study is completed every six years and includes updates to a wide range of behavioral and demographic assumptions. Please see OSA's 2013-2018 Demographic Experience Study for more details, leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor Factors used in their model. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement. These factors match the ones that DRS implemented on October 1, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.40% for all plans included in this publication. 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 the assumptions described in OSA's certification letter within the DRS CAFR, the pension plan's 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 7.40% was used to determine the total liability.

Long-Term Expected Rate of Return

OSA selected a 7.40% long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the WSIB provided.

The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

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.

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%

Sensitivity of NPL

The table below presents PacMtn's proportionate share* of the net pension liability calculated using the discount rate of 7.4 percent, as well as what PacMtn'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 (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 742,532	\$ 592,813	\$ 462,243
PERS 2/3	\$ 1,733,873	\$ 278,656	\$ (919,716)

Pension Plan Fiduciary Net Position

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

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

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

At June 30, 2021, PacMtn reported a total pension liability of \$871,469 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 592,813
PERS 2/3	\$ 278,656

At June 30, 2021 PacMtn'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	%.015456	%.016791	.001335%
PERS 2/3	%.019968	%.021788	.001820%

Employer contribution transmittals received and processed by 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 DRS in the *Schedules of Employer and Non-employer Allocations* for all plans except LEOFF 1.

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 June 30, 2021, PacMtn recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 84,222
PERS 2/3	\$ 35,367
TOTAL	\$119,589

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, PacMtn reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

<i>PERS Plan 1</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(3,301)
Changes of assumptions	\$0	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$100,829	\$0
TOTAL	\$100,829	\$(3,301)

<i>PERS Plan 2/3</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$99,755	\$(34,922)
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(14,152)
Changes of assumptions	\$3,969	\$(190,346)
Changes in proportion and differences between contributions and proportionate share of contributions	\$154,587	\$(127,201)
Contributions subsequent to the measurement date	\$164,634	\$0
TOTAL	\$422,945	\$(366,621)

Deferred outflows of resources related to pensions resulting from PacMtn's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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 June 30:	<i>PERS 1</i>
2021	\$ (14,978)

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

2022	\$ (471)
2023	\$ 4,570
2024	\$ 7,578
2025	\$ 0
Thereafter	\$ 0
Total	\$(3,301)

Year ended June 30:	<i>PERS 2/3</i>
2021	\$ (109,487)
2022	\$ (21,500)
2023	\$ 11,091
2024	\$ 16,209
2025	\$ (1,139)
Thereafter	\$ (3,485)
Total	\$(108,311)

NOTE 5 – RISK MANAGEMENT

PacMtn has obtained insurance through Propel Insurance and the Non-Profit Insurance Program. The insurance policies cover PacMtn for property (at replacement cost), equipment, general liability, automobile liability and damage, Directors and Officers liability, miscellaneous professional liability, crime, and excess crime for employee theft. PacMtn enforces several human resource policies designed to limit exposure to litigation in employment practices. The Worker's Compensation Fund covers injuries to employees.

There have been no settlements in the past three years that have exceeded insurance coverage.

NOTE 6 – LEASES

PacMtn sub-leases administrative office space under a noncancelable operating lease. Total cost for the lease was \$139,083 for the year ended June 30, 2021. PacMtn also holds sub-leases for three other locations in our region, for a combined payment of \$56,948 for the year ended June 30, 2021. The future minimum lease payments for these sub-leases are as follows:

Term	Administrative Office*	Thurston County WorkSource**	Lewis County WorkSource***	Mason County YMCA****
July 1, 2020 – Dec 31, 2020	\$44,640.48	\$42,170.52	\$3,061.44	\$0

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

Jan 1, 2021 – June 30, 2021	\$94,442.58	\$0	\$3,061.44	\$3,501.00
July 1, 2021 – June 30, 2022	\$188,885.16	\$0	\$11,276.28	\$14,109.03
July 1, 2022 – June 30, 2023	\$188,885.16	\$0	\$11,276.28	\$14,532.30
July 1, 2023 – June 30, 2024	\$188,885.16	\$0	\$8,457.21	\$14,968.26
July 1, 2024 – June 30, 2025	\$188,885.16	\$0	\$0	\$15,417.27
July 1, 2025 – June 30, 2026	\$94,442.58	\$0	\$0	\$15,879.72
July 1, 2026 – June 30, 2027	\$0	\$0	\$0	\$16,356.06
July 1, 2027 – June 30, 2028	\$0	\$0	\$0	\$12,552.96

* Sub-lease agreement from 1/1/16 – 12/31/2020 &

Sub-lease agreement from 1/1/2021 – 12/31/2025

**Sub-lease agreement from 1/1/16 – 12/31/2020

*** Sub-lease agreement from 4/1/2019 – 3/31/2024

**** Sub-lease agreement from 4/1/2021 – 3/31/2028

PacMtn has annual cost sharing agreements for office space for employees located in various worksites in our five-county region. Rent payments vary year to year and are not on long term contracts.

NOTE 7 – CHANGES IN LONG TERM LIABILITIES

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Due Within One Year
Governmental Activities					
Compensated Absences	\$143,028	\$169,846	\$144,378	\$168,496	\$8,811
Pension Liability	\$788,295	\$83,174	\$0	\$871,469	\$0

The amount of estimated Compensated Absences current portion as noted in Due Within One Year is an estimate based on the average utilization (additions less use) in the last five years.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Financial Statements
Year Ending June 30, 2021

PacMtn's financial statements include all material liabilities and there are no contingent liabilities to record. On October 12, 2021, a lawsuit was instigated and a complaint for damages was filed with the court. The Non-Profit Insurance Program (NPIP) was notified of the potential legal action and a claim filed in 2020. The claim is covered under the policy subject to a reservation of rights as noted in the policy. PacMtn's board had previously conducted a review of the potential liability and existing insurance coverage and found no material liabilities from any potential legal action not covered under the insurance policy.

PacMtn participates in a number of federal, state, and other 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. PacMtn's management believes that such disallowances, if any, would be immaterial.

NOTE 9 – OTHER DISCLOSURES

A. Related Party Transactions

The PacMtn Board of Directors and staff members have professional and personal associations throughout the community. Where a direct or indirect conflict of interest exists as a result of these associations, the Board or staff member must abstain from any discussion and voting concerning the matter. Board and staff members must publicly disclose all such associations for inclusion in the meeting minutes. Staff and Board members adhere to internal administrative policies regarding the code of ethics and conflicts of interest.

B. Committed Fund Balance

PacMtn has committed funds comprised of the Equipment Repair & Replacement in the amount of \$4,287 and unassigned funds comprised of unrestricted earnings in the amount of \$656,492. Committed funds are amounts constrained to specific purposes by the Board of Directors, using its highest level of decision-making authority; to be reported as committed; once formal action is taken via majority vote to establish (and modify or rescind) a fund balance commitment. PacMtn considers committed and unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Pacific Mountain Workforce Development Council
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	(Budgetary Basis)
Budgetary Fund Balance, July 1	694,823	694,823	694,823
Resources (Inflows)			
Grant and Contract Revenue	13,110,198	13,079,378	9,107,552
Investment and Other Income	-	-	1,442
Amounts Available for Appropriation:	13,110,198	13,079,378	9,108,995
Charges to Appropriations (Outflows)			
Payroll, Taxes & Benefits	1,522,244	1,480,041	1,610,364
Program Sub-Contractors	6,885,735	7,738,746	4,711,604
Participant Payments/In house programs	2,928,587	2,509,107	2,395,769
Facilities	233,595	227,253	241,581
Professional Services	159,610	163,610	184,386
Training & Travel	89,450	86,950	6,854
Insurance	21,000	21,000	20,754
Other	31,000	31,000	62,718
Total Charges to Appropriations	11,871,221	12,257,707	9,234,030
Budgetary Fund Balance, June 30	1,933,800	1,516,494	569,788

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Note to Budgetary Comparison Schedule
Year Ended June 30, 2021

NOTE 1 – BUDGET AMOUNTS AND VARIANCES

The budgetary comparison schedule is prepared using the modified accrual basis of accounting with exception for compensated absences, capital assets, and prepaid expenses. These are reported using the accrual basis of accounting.

NOTE 2 – BUDGETARY CONTROLS OBJECTIVE

The Council maintains budgetary controls over its fund. The objective of budgetary controls is to ensure compliance with legal requirements embodied in state law, and the agreement providing for creation and operation for the Council.

A Budgetary comparison schedule provides the following types of information:

1. The original budget – the first complete legally appropriated budget adjusted for changes occurring before the beginning of the fiscal year. The original budget also includes initial appropriation amounts automatically carried over from prior grant years.
2. The final budget – including all legally authorized changes including those occurring during the fiscal year. Typically, a modified final budget is completed during the program year to include additional authorized changes that may occur after the end of the fiscal year. This program year a modified final budget was not authorized by the board due to COVID restrictions. As a result, there is a larger than normal difference between actual budgetary basis and final budget.
3. Actual inflows, outflows, and balances.

NOTE 3 – RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Total amounts reported for governmental activities in the Statement of Revenues, Expenditures and Changes in Fund Balances are different by \$(21,049) because of \$(25,467) from compensated absences, \$(7,744) from depreciation expenses, \$9,675 from prepaid expenses, and \$2,488 from capital outlays.

The Budgetary Comparison is developed based on the format of the organizations approved budget rather than matching the presentation provided in the Statement of Revenues, Expenditures and Changes in Fund Balance. The major difference in presentation is the Budget Comparison combines all direct services costs, which includes a portion of salaries, benefits, facilities, professional services, travel, and other and includes it in the category of Participant Payments.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Pacific Mountain Workforce Development Council
Schedule of Proportionate Share of the Net Pension Liability
Public Employees Retirement System - Plan 1
As of June 30, 2020
Last 10 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020
Employer's proportion of the net pension liability (asset)	%	0.013883%	0.015517%	0.015500%	0.018272%	0.014123%	0.015456%
Employer's proportionate share of the net pension liability	\$	699,363	811,683	832,423	867,021	630,738	594,338
							592,813
TOTAL	\$	699,363	811,683	832,423	867,021	630,738	594,338
Covered payroll	\$	1,507,525	1,791,829	1,888,229	2,135,123	2,045,260	2,175,717
							2,566,232
Employer's proportionate share of the net pension liability as a percentage of covered payroll	%	46.39%	45.30%	44.08%	40.61%	30.84%	27.32%
							23.10%
Plan fiduciary net position as a percentage of the total pension liability	%	61.19%	59.10%	57.03%	61.24%	63.22%	67.12%
							68.64%

Notes to Schedule:

Contributions are calculated based on rates set by the Department of Retirement Systems for that fiscal year.

Contributions vary year to year depending on the rates set and the amount of covered payroll.

Staffing level fluctuate depending on the type and amounts of grants in a given year.

Staffing levels may begin to even out over the next 5 years as new programs are contracted out rather than staffed by PacMtn employees.

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Pacific Mountain Workforce Development Council
Schedule of Proportionate Share of the Net Pension Liability
Public Employees Retirement System - Plan 2/3
As of June 30, 2020
Last 10 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020
Employer's proportion of the net pension liability (asset) %	0.017698%	0.020046%	0.019837%	0.0235030%	0.0182180%	0.0199680%	0.0217880%
Employer's proportionate share of the net pension liability \$	357,740	716,255	998,777	816,617	311,056	193,957	278,656
	\$						
TOTAL	\$ 357,740	716,255	998,777	816,617	311,056	193,957	278,656
Covered payroll	\$ 1,507,525	1,791,829	1,888,229	2,135,123	2,045,260	2,175,717	2,566,232
Employer's proportionate share of the net pension liability as a percentage of covered payroll %	23.73%	39.97%	52.89%	38.25%	15.21%	8.91%	10.86%
Plan fiduciary net position as a percentage of the total pension liability %	93.29%	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%

Notes to Schedule:

Contributions are calculated based on rates set by the Department of Retirement Systems for that fiscal year.

Contributions vary year to year depending on the rates set and the amount of covered payroll.

Staffing level fluctuate depending on the type and amounts of grants in a given year.

Staffing levels may begin to even out over the next 5 years as new programs are contracted out rather than staffed by PacMtn employees.

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Pacific Mountain Workforce Development Council
Schedule of Employer Contributions
Public Employees Retirement System - Plan 1
As of June 30, 2021
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorily or contractually required contributions \$	71,816	90,068	101,845	102,883	111,264	122,153	100,829
Contributions in relation to the statutorily or contractually required contributions \$	(71,816)	(90,068)	(101,845)	(102,883)	(111,264)	(122,153)	(100,829)
Contribution deficiency (excess) \$							
Covered payroll \$	1,791,829	1,888,229	2,135,123	2,045,260	2,175,717	2,566,232	2,078,712
Contributions as a percentage of covered payroll %	4.01%	4.77%	4.77%	5.03%	5.11%	4.76%	4.85%

Notes to Schedule:

Contributions are calculated based on rates set by the Department of Retirement Systems for that fiscal year.

Contributions vary year to year depending on the rates set and the amount of covered payroll.

Staffing level fluctuate depending on the type and amounts of grants in a given year.

Staffing levels may begin to even out over the next 5 years as new programs are contracted out rather than staffed by PacMtn employees.

* Until a full 10-year trend is compiled, information is presented for only those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Pacific Mountain Workforce Development Council
Schedule of Employer Contributions
Public Employees Retirement System - Plan 2/3
As of June 30, 2021
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorily or contractually required contributions \$	89,987	117,637	133,018	153,224	163,509	203,246	164,634
Contributions in relation to the statutorily or contractually required contributions \$	(89,987)	(117,637)	(133,018)	(153,224)	(163,509)	(203,246)	(164,634)
Contribution deficiency (excess) \$							
Covered payroll \$	1,791,829	1,888,229	2,135,123	2,045,260	2,175,717	2,566,232	2,078,712
Contributions as a percentage of covered payroll %	5.02%	6.23%	6.23%	7.49%	7.52%	7.92%	7.92%

Notes to Schedule:

Contributions are calculated based on rates set by the Department of Retirement Systems for that fiscal year.

Contributions vary year to year depending on the rates set and the amount of covered payroll.

Staffing level fluctuate depending on the type and amounts of grants in a given year.

Staffing levels may begin to even out over the next 5 years as new programs are contracted out rather than staffed by PacMtn employees.

* Until a full 10-year trend is compiled, information is presented for only those years for which information is available.

Pacific Mountain Workforce Development Council
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SNAP Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Social and Health Services)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2112-14946	16,906	-	16,906	-	2, 3
	Total SNAP Cluster:			16,906	-	16,906	-	
WIOA Cluster								
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6102-7109	156,358	-	156,358	120,107	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6102-7309	117,700	-	117,700	-	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6102-7100	1,340,413	-	1,340,413	1,117,003	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6102-7300	130,996	-	130,996	-	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6102-7620-07	3	-	3	-	2, 3

The accompanying notes are an integral part of this schedule.

Pacific Mountain Workforce Development Council
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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		
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6102-7009	316,376	-	316,376	222,648	2, 3
		Total CFDA 17.259:		1,745,470		1,745,470	1,237,110	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6102-7309	117,418	-	117,418	-	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6102-7000	1,313,161	-	1,313,161	949,438	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6102-7300	130,210	-	130,210	-	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6102-7620-07	3	-	3	-	2, 3
		Total CFDA 17.259:		1,877,168		1,877,168	1,172,086	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7209	340,508	-	340,508	263,705	2, 3

The accompanying notes are an integral part of this schedule.

**Pacific Mountain Workforce Development Council
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

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		
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7309	113,435	-	113,435	-	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7508-10	40,900	-	40,900	12,672	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-750909	359,086	-	359,086	120,496	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7509-10	308,567	-	308,567	155,136	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7200	1,252,670	-	1,252,670	957,306	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7300	138,204	-	138,204	-	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7620-07	3	-	3	-	2, 3

The accompanying notes are an integral part of this schedule.

Pacific Mountain Workforce Development Council
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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		
		Total CFDA 17.278:		2,553,373	-	2,553,373	1,509,315	
		Total WIOA Cluster:		6,176,011	-	6,176,011	3,918,511	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	COVID 19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	6102-7580-64	478,952	-	478,952	199,342	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	COVID 19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	6102-7590-64	189,079	-	189,079	169,808	2, 3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	6102-7529-02	283,256	-	283,256	32,335	2, 3
		Total CFDA 17.277:		951,287	-	951,287	401,485	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker National Reserve Demonstration Grants	17.280	6102-7518-02	212,910	-	212,910	81,142	2, 3
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Commerce)	Temporary Assistance for Needy Families	93.558	S20-32710-010	426,734	-	426,734	-	2, 3
		Total Federal Awards Expended:		7,783,848	-	7,783,848	4,401,138	

The accompanying notes are an integral part of this schedule.

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

NOTE 1 – BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Pacific Mountain Workforce Development Council's (PacMtn) financial statements. PacMtn uses the 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 PacMtn's portion, are more than shown. Such expenditures are recognized following 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 – INDIRECT COST RATE

PacMtn allocates indirect costs to programs each month based on the direct labor costs incurred by that program that month. During the year ended June 30, 2021, \$971,757 in indirect program costs and \$485,309 in indirect admin costs were allocated to programs based on \$2,705,721 direct labor costs. PacMtn has an approved provisional indirect cost rate of 50.42% from Washington State Employment Security Department. This rate is used for planning purposes and amounts charged are based on actuals. PacMtn has not elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- [Find your audit team](#)
- [Request public records](#)
- Search BARS manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov