



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, 2024 through June 30, 2025

*Published March 26, 2026*

Report No. 1039366



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

March 26, 2026

Board of Directors  
Pacific Mountain Workforce Development Council  
Olympia, 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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Pacific Mountain Workforce Development Council July 1, 2024 through June 30, 2025

### 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 identified 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>ALN</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 did not qualify as a low-risk auditee under the Uniform Guidance.

## SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2025-001.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### **Pacific Mountain Workforce Development Council July 1, 2024 through June 30, 2025**

#### **2025-001 The Council did not have adequate internal controls ensuring accurate reporting of its financial statements.**

##### ***Background***

State and federal agencies, the Board of Directors, and the public rely on the information included in the financial statements and reports to make decisions. Council management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance financial reporting is reliable and to ensure financial statements are fairly presented.

The Council prepares its financial statements in accordance with generally accepted accounting principles (GAAP). These financial statements are complex, and the reporting requirements change frequently.

Our audit identified deficiencies in Council's internal controls over financial reporting that affected the Council's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate significant deficiencies in internal controls as a finding.

##### ***Description of Condition***

We noted deficiencies in internal controls over accounting and financial reporting that, when taken together, represent a significant deficiency. Specifically, the Council's controls were ineffective for determining accurate reporting of its new matching investment saving account (MISA) activity. Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, established criteria for identifying and reporting fiduciary activities for all state and local governments. The Council reported the MISA activity as a custodial fund in the fiduciary statements; however, this savings account did not meet the fiduciary activity criteria in accordance with GASB Statement No. 84.

Further, the Council's internal controls were not adequate to ensure it prepared accurate financial statements and performed a thorough and meaningful secondary review process of the annual report before submitting it for audit.

### ***Cause of Condition***

The Council experienced staff turnover and staff shortage during fiscal year 2025 and did not dedicate the time and resources necessary to ensure the financial statements were accurate. The Council staff lacked awareness of financial statement reporting requirements with GASB Statement No. 84, *Fiduciary Activities*. Although the Council had procedures in place for reviewing the prepared financial statements, the review was ineffective for ensuring they were complete and accurate.

### ***Effect of Condition***

The Council incorrectly reported the \$128,441 in new MISA activity as a custodial fund. This amount should have been reported in the general fund. As such, the total general fund assets and liabilities were understated by \$128,441.

Also, the Council did not correctly classify governmental activities ending net position. The Council overstated the net investment in capital assets balance by \$53,503 and did not report the applicable restricted net position for its net pension asset, totaling \$846,921. Both errors resulted in an overstatement of the unrestricted net position by \$793,418. The Council also incorrectly included a prior year transaction totaling \$11,722 in the accounts payable balance.

We also identified other, less significant errors in the financial statements, notes to the financial statements and schedules provided for audit. The Council corrected the significant errors related to the MISA activity and net position balances.

### ***Recommendation***

We recommend the Council strengthen its internal controls and dedicate the resources necessary to ensure its staff are adequately trained to prepare and complete financial statements in accordance with GAAP. Additionally, the Council should conduct an effective, independent financial review that ensures the required financial statement package is accurate and meets GAAP reporting standards.

### ***Council's Response***

*Pacific Mountain Workforce Development Council appreciates the work of the State Auditor's Office and concurs with Finding 2025-001. The Council accepts responsibility for the deficiencies in internal controls over financial reporting identified during the audit.*

*Specifically, the Council acknowledges that the new Matching Investment Savings Account (MISA) activity was initially reported in the fiduciary statements as a custodial fund, when it should have been reported in the general fund. The Council also acknowledges the related errors in classification of ending net position and the prior-year transaction included in accounts payable. As noted in the finding, the significant errors related to the MISA activity and net position balances were corrected during the audit process.*

*The Council recognizes that these errors resulted from a combination of staff turnover, limited staffing capacity during fiscal year 2025, and an insufficient review process for complex GAAP reporting matters, including application of GASB Statement No. 84. While the Council had review procedures in place, those procedures were not sufficiently rigorous to identify and resolve these issues before the annual report was submitted for audit.*

*In response, the Council is strengthening its financial reporting controls. Management is formalizing a year-end financial statement preparation and review checklist, including specific procedures for evaluating new or unusual transactions, documenting GAAP and BARS reporting conclusions, and verifying government-wide and fund-level classifications before submission. The Council will also enhance the secondary review process so that a qualified reviewer independently validates the draft financial statements, note disclosures, and supporting schedules against the underlying accounting records and applicable reporting guidance.*

*In addition, the Council will provide targeted training for finance staff on governmental financial reporting requirements, including GASB and BARS guidance relevant to new standards and nonroutine transactions. Management will also maintain a formal process to identify and evaluate new accounting pronouncements and other reporting changes that may affect the Council's financial statements.*

*The Council is committed to completing these corrective actions and to improving the accuracy and reliability of its financial reporting going forward.*

### **Auditor's Remarks**

We thank the Council for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the Council's corrective action during our next audit.

## *Applicable Laws and Regulations*

*Government Auditing Standards*, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

RCW 43.09.200, Local government accounting – Uniform system of accounting, requires the state auditor to prescribe the system of accounting and reporting for all local governments.

The *Budgeting, Accounting and Reporting System (BARS) Manual*, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

Governmental Accounting Standards Board No. 84, *Fiduciary Activities*.

## 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, 2024 through June 30, 2025**

Board of Directors  
Pacific Mountain Workforce Development Council  
Olympia, 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, 2025, 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 20, 2026.

### **REPORT ON 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2025-001, that we consider to be significant deficiencies.

## **REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

## **COUNCIL'S RESPONSE TO FINDINGS**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Council's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

March 20, 2026

# 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, 2024 through June 30, 2025**

Board of Directors  
Pacific Mountain Workforce Development Council  
Olympia, Washington

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

### **Opinion on Each Major Federal Program**

We have audited the compliance of the Pacific Mountain Workforce Development Council, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2025. The Council's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the 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, 2025.

### **Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Council's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

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

## Auditor's Responsibilities for the Audit of Compliance

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

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

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

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### 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.



Pat McCarthy, State Auditor

Olympia, WA

March 20, 2026

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Pacific Mountain Workforce Development Council July 1, 2024 through June 30, 2025**

Board of Directors  
Pacific Mountain Workforce Development Council  
Olympia, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pacific Mountain Workforce Development Council, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Pacific Mountain Workforce Development Council, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

## Required Supplementary Information

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

## Supplementary Information

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

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026 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 the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

March 20, 2026

**Pacific Mountain Workforce Development Council  
July 1, 2024 through June 30, 2025**

**REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2025

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2025

Statement of Activities – 2025

Balance Sheet – Governmental Funds – 2025

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental  
Funds – 2025

Notes to Financial Statements – 2025

**REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule – General Fund – 2025

Schedule of Proportionate Share of the Net Pension Liability (Asset) – PERS 1, PERS 2/3  
– 2025

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2025

Schedule of Changes in Total OPEB Liability and Related Ratios – Public Employee  
Benefits Board Retiree Medical Plans – 2025

**SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2025

Notes to the Schedule of Expenditures of Federal Awards – 2025

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL  
Management’s Discussion and Analysis  
Year Ending June 30, 2025

As management of the Pacific Mountain Workforce Development Council (PacMtn), we offer readers of the financial statements a narrative overview and analysis of the Council’s financial activities for the fiscal year ending June 30, 2025. PacMtn has chosen to early adopt Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*.

This discussion and analysis is organized around the **five sections required by GASB 103** and should be read in conjunction with the accompanying financial statements and notes.

**1. Overview of the Financial Statements**

This MD&A serves as an introduction to PacMtn’s basic financial statements, which include:

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities present information about PacMtn as a whole using the accrual basis of accounting and the economic resources measurement focus.

Custodial Accounts (MISA Program)

In FY25, PacMtn began administering participant Matched Investment Savings Account (MISA) funds under the Economic Security for All (EcSA) initiative in a custodial capacity. The related restricted cash and equal liability due to program participants are reported within governmental activities. Because these resources are held for others and are not available to support PacMtn’s operations, the activity has no effect on PacMtn’s net position or operating results.

**Fund Financial Statements**

The governmental fund statements report short-term inflows, outflows, and balances of spendable resources using the modified accrual basis and current financial resources measurement focus.

**Notes to the Financial Statements**

The notes provide essential additional information and disclosures needed for an adequate understanding of the financial statements.

**2. Summary of Financial Results**

**Condensed Statement of Net Position - Governmental Activities**

Year Ending	June 30, 2025	June 30, 2024 (Audited)	Change
<b>Assets:</b>			
Current Assets	2,420,693	2,502,086	(81,393)
Long Term Assets	723,465	996,070	(272,605)
Capital Assets	<u>4,335</u>	<u>4,335</u>	<u>0</u>
<b>Total Assets</b>	<b>3,148,493</b>	<b>3,502,491</b>	<b>(353,998)</b>
<b>Deferred Outflows of Resources</b>	725,466	608,437	(117,029)
<b>Liabilities:</b>			
Current Liabilities	1,676,245	1,727,228	(50,983)

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL  
Management's Discussion and Analysis  
Year Ending June 30, 2025

Long Term Liabilities	<u>1,073,779</u>	<u>1,276,811</u>	<u>(203,032)</u>
<b>Total Liabilities</b>	<b>2,750,024</b>	<b>3,004,039</b>	<b>(254,015)</b>
<b>Deferred Inflows of Resources</b>	187,239	305,712	(118,473)
<b>Net Position:</b>			
Investment in Capital Assets	(49,168)	4,335	(53,503)
Restricted: Net Pension Asset	846,921	0	846,921
Unrestricted	<u>138,943</u>	<u>796,842</u>	<u>(657,899)</u>
<b>Total Net Position</b>	<b>936,696</b>	<b>801,177</b>	<b>135,519</b>

**Condensed Statement of Activities - Governmental Activities**

Year Ending	June 30, 2025	June 30, 2024 (Audited)	Change
Program Revenues	11,092,442	8,397,027	2,695,415
General Revenues	<u>10,072</u>	<u>7,322</u>	<u>2,750</u>
<b>Total Revenues</b>	<b>11,102,514</b>	<b>8,404,349</b>	<b>2,698,165</b>
Program Expenses	<u>10,966,995</u>	<u>8,024,540</u>	<u>2,942,455</u>
<b>Total Expenses</b>	<b>10,966,995</b>	<b>8,024,540</b>	<b>2,942,455</b>
Excess (Deficiency)	<u>135,519</u>	<u>379,809</u>	<u>(244,290)</u>
Special Item Gain on Sale	<u>0</u>	<u>0</u>	<u>0</u>
<b>Change in Net Position</b>	<b>135,519</b>	<b>379,809</b>	<b>(244,290)</b>
<b>Net Position – Beginning</b>	801,177	421,368	379,809
<b>Net Position – Ending</b>	<b>936,696</b>	<b>801,177</b>	<b>135,519</b>

**3. Detailed Analysis of Financial Position and Results of Operations**

**Government-wide Analysis**

For FY25, governmental activities experienced a net increase in net position of \$135,519, reflecting revenues that exceeded total expenses for the year. The year-over-year changes in financial position were driven primarily by fluctuations in grant revenues, the timing of reimbursable activity, and changes in program expenditures.

**Assets and Deferred Outflows**

Current assets decreased by \$81,393, largely due to a \$334,584 decrease in accounts receivable. This decline reflects the timing of collections on grant billings, as several significant reimbursements were received earlier relative to prior year patterns. Included in current assets is \$128,441 of restricted cash held in a custodial capacity for the Matched Investment Savings Account (MISA) program; a corresponding liability is included in current liabilities (see Liabilities and Deferred Inflows).

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Long-term assets decreased by \$272,605, primarily due to the normal amortization and principal payments associated with leased assets as the underlying lease agreements approach their termination dates. In addition, the decrease reflects the early termination of the YMCA building lease, which required the related right-of-use asset to be removed from the books in accordance with GASB 87. The lease termination contributed to a further reduction in long-term assets for the year.

Deferred outflows of resources decreased by \$117,029, primarily attributable to changes in pension-related actuarial activity, including updates to assumptions, investment performance, and the allocation of the net pension liability. These changes impact the timing and recognition of pension expense under GASB 68.

**Liabilities and Deferred Inflows**

Total liabilities decreased by \$254,015, driven by reductions in both current and long-term lease liabilities as the organization continued to make scheduled payments on existing leases. In addition, the early termination of the YMCA building lease resulted in the removal of the remaining lease liability associated with that facility, contributing further to the overall decrease in long-term liabilities for the year.

Included in the current portion of liabilities are amounts payable from restricted assets related to custodial accounts established for the Matched Investment Savings Account (MISA) program. As of June 30, 2025, PacMtn held \$128,441 of participant funds in restricted cash, with equal liability due to program participants. Because PacMtn is acting as a custodian and the resources are not available to support governmental operations, the related asset and liability are reported in governmental activities with no effect on net position.

Additionally, deferred inflows of resources decreased by \$118,473, also stemming from pension-related actuarial changes affecting the recognition of future pension inflows.

**Revenues and Expenses**

Total revenues increased by \$2,698,165, reflecting significant growth in state and federal grant activity. The most substantial increases occurred in:

- Commerce EcSA, which increased by \$2,098,091
- Commerce Business Services, which increased by \$992,218
- PY22 EcSA Federal, which increased by \$271,783

These increases were driven by expanded contract activity and higher levels of allowable program expenditures, resulting in corresponding revenue recognition under cost-reimbursement grant structures.

Total expenses increased by \$2,942,455, consistent with the rise in funded program activity. Higher service delivery, staffing, and contracted program costs contributed to the increase.

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During FY25, governmental activities also reflect a one-time \$25,000 lease termination settlement related to the early cancellation of PacMtn's Shelton youth program facility lease. This pandemic-era space had been underutilized, and its early termination eliminated future lease obligations. Although not material to overall financial results, the settlement contributed modestly to total expenses for the year.

**Overall Change in Net Position**

The net position increased by \$135,519, as revenue growth associated with enhanced program activity outpaced the corresponding rise in expenses. The year's financial results reflect:

- Higher reimbursable expenditures tied to expanded Commerce-funded programs.
- Decreases in receivables and liabilities tied to timing and lease amortization.
- Actuarial pension adjustments affecting deferred inflows/outflows.

Together, these factors explain the year-over-year improvement in financial position.

**Governmental Fund Analysis**

PacMtn operates a single governmental fund (General Fund), which is classified as a major fund.

**General Fund Revenues (Condensed)**

Year Ending	June 30, 2025	June 30, 2024 (Audited)	Change
Grant and Contract Revenue	11,092,442	8,397,027	2,695,415
Investment and Other Income	<u>10,072</u>	<u>7,322</u>	<u>2,750</u>
<b>Total Revenues</b>	<b>11,102,514</b>	<b>8,404,349</b>	<b>2,698,165</b>

**General Fund Expenses (Condensed)**

Year Ending	June 30, 2025	June 30, 2024 (Audited)	Change
Payroll, Taxes, & Benefits	3,097,859	2,479,285	618,574
Program Sub-Contractors	4,521,712	4,224,934	296,778
Participant Payments	2,415,659	712,110	1,703,549
Facilities	322,679	247,769	74,910
Professional Services	559,286	373,121	186,165
Training & Travel	84,449	109,491	(25,042)
Insurance	14,572	11,692	2,880
Prepaid	24,322	(26,632)	50,954
Other	<u>63,254</u>	<u>77,643</u>	<u>(14,389)</u>
<b>Total</b>	<b>11,103,793</b>	<b>8,209,413</b>	<b>2,894,380</b>

Overall General Fund expenditures increased by \$2,894,380 compared to the prior fiscal year. The increase is directly tied to expanded program activity and higher reimbursement costs across multiple

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grant-funded initiatives. The timing of expenditures, particularly within Commerce-funded programs, played a significant role in the year-over-year variance.

The most significant driver of the expenditure increase was Participant Payments, which rose by \$1,703,549. This substantial increase reflects heightened activity in the State Commerce EcSA program, where participant-related expenditures increased by \$1,546,875. Higher caseload volumes, increased service utilization, and additional program resources all contributed to this rise.

Payroll, Taxes, and Benefits also increased materially, rising by \$618,574 from the prior year. Salaries increased from \$1,736,654 to \$2,192,765 due to a combination of wage adjustments and an increase in staff count needed to support expanded program delivery. Correspondingly, payroll taxes and benefit costs rose in proportion to the higher salary base.

These increases were partially offset by smaller variances in other operating areas, but overall expenditure grew in line with the higher levels of grant and contract revenue earned during FY25. Because PacMtn operates primarily under cost-reimbursement grant agreements, expenditure growth directly correlates with program funding availability and service demand. Liquidity remained stable throughout the year due to consistent billing cycles and timely reimbursement collections.

#### **4. Budgetary Highlights – General Fund**

PacMtn adopts an annual budget for its General Fund, which encompasses all governmental activities. The final amended budget differed from the original budget primarily due to updated federal and state grant allocations and adjustments to anticipated carryforward balances.

Actual General Fund results for FY25 differed from the final budget largely due to revenue timing and operational transitions. Revenues were below budget by approximately \$2.9 million, driven by two factors. First, about \$1.5 million of anticipated new grant awards included in the adopted budget was not received until July 1, 2025, meaning the revenue was not recognized during PY24. Second, several multi-year grants were budgeted using projected carryforward amounts that did not fully materialize during the fiscal year.

On the expenditure side, Program Sub-Contractors were under budget as PacMtn prepared to transition WIOA-funded Business Services from a contracted model to an in-house structure beginning in Program Year 2025. The contractor reduced expenditures late in the fiscal year to preserve resources for transition activities, resulting in approximately \$178,000 underspending. Youth service providers also expended less than projected due to timing of participant enrollment and caseload activity.

**Participant Payments and In-House Program costs** exceeded budget following two supplemental funding modifications issued by the Washington State Employment Security Department under the Community Reinvestment Program. These mid-year awards, totaling \$164,158 and \$109,189, required rapid deployment to support expanded participant services and business engagement activities.

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**Payroll, Taxes, and Benefits** exceeded budget as PacMtn expanded staffing to prepare for bringing Business Services in-house. During FY25, PacMtn added one Quality Assurance position and two Business and Sector Engagement Director level positions. Benefit-related expenditures, including medical premiums, PERS contributions, and employer-paid benefit rates—were also above final budget assumptions.

PacMtn remained compliant with all legally adopted appropriations, and no expenditure category exceeded approved authority for the fiscal year.

## **5. Significant Capital Asset and Long-Term Financing Activity**

PacMtn's capital assets include office furnishings, equipment, and leasehold improvements. Long-term obligations primarily include compensated absences and pension/OPEB-related liabilities.

### **Capital Assets**

Capital assets remained unchanged from the prior year, totaling \$4,335 as of June 30, 2025. No capital asset additions or disposals occurred during FY25, and there was no depreciation expense recorded for the year, as the existing capital assets are either fully depreciated or not subject to depreciation.

### **Long-Term Liabilities**

Long-term liabilities decreased by \$203,032 compared to the prior year, driven by changes in pension and OPEB actuarial valuations as well as reductions in lease-related obligations.

The net pension liability decreased from \$183,189 to \$147,815, reflecting updated actuarial assumptions, investment performance, and employer allocation factors reported by the state pension system.

The lease liability decreased from \$466,699 to \$269,714, a significant reduction primarily due to the early termination of the YMCA building lease on January 31, 2025. The original lease was scheduled to continue through March 31, 2028. As part of the early termination, the remaining lease liability of \$47,382 associated with this agreement was removed from PacMtn's total long-term obligations in accordance with GASB 87.

The OPEB liability increased modestly from \$626,923 to \$656,250, reflecting actuarial updates related to healthcare cost trends and discount rate changes.

Overall, the decrease in total long-term liabilities is largely attributable to the reduction in lease obligations following the YMCA lease termination, partially offset by OPEB liability growth.

## **6. Currently Known Facts, Decisions, or Conditions**

### **Federal and State Funding Outlook**

PacMtn's financial condition in Program Year 2025 will continue to be shaped by federal and state workforce funding trends. Delays in federal WIOA Adult, Dislocated Worker, and Youth contract start

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dates during PY25 have already slowed early performance and temporarily reduced enrollment and training activity, as noted in Q1 program reports . While funding is expected to stabilize in subsequent quarters, timing variances in federal drawdowns may continue to affect cash flow and program pacing.

State-funded Economic Security for All (EcSA), Community Reinvestment Program (CRP), and Matched Investment Savings Accounts (MISA) remain strong contributors to PacMtn's regional strategy; however, these programs rely on year-to-year appropriations and administrative adjustments at the state level. Early in PY25, delayed onboarding of CRP and MISA contractors temporarily slowed service delivery, though performance is recovering as staffing and referral systems stabilize .

Additionally, PacMtn continues to monitor the federal reauthorization landscape for WIOA. Any congressional changes to formula allocations or performance requirements could materially alter future revenue levels and program obligations across the five-county region.

### **Regional Economic and Workforce Trends**

Regional labor market indicators illustrate continued shifts in occupational demand. Across the five counties, unemployment insurance initial claims have trended downward but show seasonal volatility, particularly in Thurston and Grays Harbor counties, as reflected in the UI initial claims charts on page 2 of the Regional Impact Report .

Two-year occupational change data demonstrates consistent contraction in lower-wage industries such as Sales, Food Preparation, and entry-level Production roles, offset by strong growth in Healthcare, Business & Financial Operations, Protective Service, and skilled technical occupations (e.g., IT, logistics, and specialty manufacturing) across multiple counties .

These shifts point to continued employer demand for mid-skill and high-skill occupations, informing PacMtn's emphasis on training access, credential attainment, and sector-based strategies. Healthcare, manufacturing/logistics, hospitality, IT/telecom, and forest & wood products remain priority sectors, with placement wage data in Q1 averaging \$21.48/hour across 33 placements regionwide .

While the region overall is experiencing economic stability, rural counties such as Pacific and Grays Harbor continue to face structural challenges related to industry transitions, transportation barriers, and limited access to physical WorkSource locations. PacMtn's mobile and community-based service strategies help mitigate these pressures but may continue to influence service delivery costs and system design.

### **Organizational and Personnel Changes**

PacMtn enters PY25 with ongoing organizational adjustments that may influence financial trends and administrative expenditures. The agency is preparing to relocate the Thurston WorkSource office to the new Lacey Hub, with build-out, permitting, and phased occupancy occurring through early 2026 . This relocation will modernize service delivery but will require continued investment in space design, technology infrastructure, and multi-partner coordination.

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Internally, PacMtn onboarded a full-time Communications Manager in August to replace contracted services, improving in-house capacity while transitioning away from external consulting support . Several program providers—particularly Youth and EcSA contractors—have completed staffing reassignments and onboarding to stabilize service levels following delayed contracts and workforce turnover.

In the broader system, increased emphasis on continuous improvement, compliance alignment, and data integrity—highlighted in Q1 quality assurance reviews—may result in updated procedures, staff training, and invested time in technical assistance throughout the year.

### **Programmatic Developments**

PacMtn's programmatic direction in PY25 continues to be guided by the Opportunity Begins Here (OBH) framework, prioritizing equity, workforce mobility, and integrated system design. The One-Stop Operator (OSO) is advancing standardized referral pathways, career pathway workshops, and systemwide communication improvements, contributing to greater alignment across partner agencies .

Key program initiatives influencing PY25 include:

- **Expansion of career pathways workshops** for six priority sectors, including live employer Q&A, drawing 62 attendees in September alone .
- **Rebuild of training pipelines** across Adult, Dislocated Worker, Youth, and EcSA programs following delayed contract start dates.
- **Growth of WorkEx Military internships**, which placed 31 service members into employment and facilitated 70 new internships in Q1, demonstrating strong continued demand .
- **CRP/MISA growth in asset building**, including vehicle purchases, technology supports, and housing stabilization investments benefiting priority communities in Q1 .
- **Sector-driven investments** such as culinary cohort training at Grays Harbor College, expansion of manufacturing/logistics placements, and county-level workforce fairs supporting youth and adults across the region.

Additionally, the WorkSource system is preparing to implement customer and partner satisfaction surveys in Q2, which will provide new performance and operational insights that may guide future resource allocation and program design.

### **7. Unusual or Infrequent Items**

During fiscal year 2025, PacMtn executed an early termination of its long-term lease with the South Sound YMCA for the Shelton youth program facility. This termination qualifies as an “unusual or infrequent item” under GASB 103 because it was both non-recurring in nature and not part of normal operating activities. The lease, originally executed in 2019, required PacMtn to continue paying rent and meet obligations related to maintenance, taxes, and space conditions under Sections 9.3, 9.4, and 15 of the agreement . *However, due to pandemic-related changes in service delivery, the leased facility*

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*remained largely unused, and PacMtn was unable to locate a replacement tenant despite multiple attempts, as required under 2 CFR Part 200, Subpart E.*

**On January 30, 2025, PacMtn entered into a negotiated early termination agreement with the YMCA, making a one-time settlement payment of \$25,000** to be released from all remaining obligations under the lease, including the tax, repair, and restoration provisions referenced in Sections 9.4 and 15 of the original agreement . *This settlement avoided additional future lease costs that otherwise would have been incurred through the end of the lease term.*

**No similar transactions occurred during the prior year, and the lease termination is not expected to recur.**

#### **8. REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of PacMtn's finances. Questions or requests for additional information should be addressed to: Chief Executive Officer, Pacific Mountain Workforce Development Council, 201 5th Ave. SW., Suite 401, Olympia, WA 98501

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Statement of Net Position**  
**As of June 30, 2025**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	482,443
Restricted Cash	128,441
Investments	252,173
Receivables	1,478,349
Prepays	79,287
Noncurrent Assets:	
Pension Asset	352,074
Lease Assets net of amortization	
Buildings	371,391
Total Lease Assets	371,391
Capital Assets net of accum depreciation/Amortization:	
Office Equipment	4,335
Total Capital Assets	4,335
<b>TOTAL ASSETS</b>	<b>3,148,493</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	<b>725,466</b>
 <b>LIABILITIES</b>	
Accounts Payable	984,655
Other Current Liabilities	252,331
Current Portion of Compensated Absences	144,404
Current Portion of Lease Liability	155,180
Current Portion of OPEB Liability	11,234
Liabilities Payable from Restricted Assets	128,441
Noncurrent Liabilities:	
Pension Liability	147,815
Lease Liability	269,714
OPEB Liability	656,250
<b>TOTAL LIABILITIES</b>	<b>2,750,024</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pensions	<b>187,239</b>
 <b>Net Position</b>	
Net Investment in Capital Assets	(49,168)
Restricted Net Pension Asset	846,921
Unrestricted	138,943
<b>TOTAL NET POSITION</b>	<b>936,696</b>

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, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>
			<u>Total Governmental Activities</u>
Governmental Activities			
Employment Opportunity	10,966,995	11,092,442	125,447
TOTAL GOVERNMENTAL ACTIVITIES			125,447
<b>General Revenues:</b>			
			10,072
Unrestricted Investment Earnings			10,072
Total General Revenues			135,519
Change in Net Position			801,177
		Net Position - Beginning	936,696
		Net Position - Ending	936,696

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, 2025**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	482,443
Restricted Cash	128,441
Investments	252,173
Receivables	1,478,349
<b>TOTAL ASSETS</b>	<b>2,341,406</b>
 <b>LIABILITIES &amp; FUND BALANCE</b>	
Accounts Payable	984,655
Other Current Liabilities	252,331
Liabilities Payable from Restricted Assets	128,441
<b>TOTAL LIABILITIES</b>	<b>1,365,427</b>
 <b>FUND BALANCE</b>	
Committed	14,667
Restricted	128,441
Unassigned	832,871
<b>TOTAL FUND BALANCE</b>	<b>975,979</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>2,341,406</b>

**Amounts reported for governmental activities in the statement of net position are different because:**

Fund balance in governmental funds	975,979
Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the funds	79,287
Lease Assets used in governmental activities are not financial resources and therefore are not reported in the fund.	371,391
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	4,335
Net Pension asset amounts and deferred inflow and outflow amounts use in governmental activities are not financial resources and therefore are not reported in the fund.	742,486
Net Lease liabilities are not due and payable in the current period and therefore are not reported in the fund.	(424,894)

Net OPEB liabilities are not due and payable in the current period and therefore are not reported in the fund.	(667,484)
Compensated absences used in governmental activities are not financial resources and therefore not reported in the funds	<u>(144,404)</u>
<b>Net position - Governmental Activities</b>	<b><u>936,696</u></b>

The notes to the 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, 2025**

	<b>General Fund</b>
REVENUES	
Operating Grants & Contributions	11,092,442
Investment Earnings	10,072
TOTAL REVENUES	11,102,514
EXPENDITURES	
Current	
Payroll, Taxes, & Benefits	3,097,859
Program Sub-Contractors	4,521,712
Participant Payments	2,415,659
Facilities	322,679
Professional Services	559,286
Training & Travel	84,449
Insurance	14,572
Prepaid	24,322
Other	63,254
TOTAL EXPENDITURES	11,103,792
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(1,278)</b>
Net Change in Fund Balance	(1,278)
Fund Balance - Beginning	977,257
<b>Fund Balance - Ending</b>	<b>975,979</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
Net change in fund balance	(1,278)
Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the funds	24,322
Net adjustments to lease expense used in governmental activities are not financial resources and therefore not reported in the Governmental funds	(7,390)
Net adjustments to OPEB used in governmental activities are not financial resources and therefore not reported in the Governmental funds	(32,581)
Net adjustments to pension expense used in governmental activities are not financial resources and therefore not reported in the Governmental funds	197,794
Compensated absences used in governmental activities are not financial resources and therefore not reported in the funds	(45,347)
<b>CHANGE IN NET POSITION - Governmental Activities</b>	<b>135,520</b>

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

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

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.

**Recently Adopted Accounting Pronouncement**

In fiscal year 2025, the Council early adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 is effective for fiscal years beginning after June 15, 2025, and earlier application is encouraged. The Statement modifies certain financial reporting requirements, including Management's Discussion and Analysis and certain presentation and disclosure requirements. The adoption of this Statement was applied in the current year financial statements. The adoption did/did not have a material effect on beginning net position/fund balance.

**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 subrecipient and local fiscal agent. The five counties acting through the Pacific Mountain Consortium appoint the 26 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 7, 2000, and assumed all administrative and fiscal functions beginning January 1, 2011. PacMtn financial statements include

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

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 basic financial statements consist of two components:

1. Government-wide financial statements report information on all PacMtn's activities. The Statement of Net Position and the Statement of Activities present the financial position and changes in net position of the organization as a whole, using the economic resources measurement focus and the accrual basis of accounting.
  - The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
  - PacMtn maintains certain participant custodial accounts related to the Matched Investment Savings Account (MISA) program. These balances are presented within the government-wide financial statements as restricted cash and an offsetting liability (amounts held payable to participants) because the funds are owned by participants but are held and disbursed by PacMtn in accordance with State program requirements. This activity does not result in program revenue or expense for PacMtn; deposits and withdrawals are reported as balance sheet activity. See Note 6.
2. Fund financial statements provide detailed information about PacMtn's governmental fund, the General Fund. These statements use the current financial resources measurement focus and the modified accrual basis of accounting.

PacMtn operates as a single-purpose organization with a single governmental fund. Beginning in PY24, PacMtn also administers participant custodial accounts associated with the MISA program (see Note 6).

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

PacMtn's financial statements are prepared using two measurement focuses and bases of accounting:

Government-Wide Financial Statements

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

- Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.
- Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Governmental Fund Financial Statements**

The 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 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.

**Fund Reporting Details**

PacMtn reports the General Fund as its major governmental fund, which serves as the organization's primary operating fund.

**Resource Spending Policy**

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, which is consistent with the basis used to prepare the governmental fund financial statements. Appropriations for the General Fund lapse at fiscal year-end.

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

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. PacMtn presents a single General Fund for all governmental activities; therefore, the Budgetary Comparison Schedule in the Required Supplementary Information (RSI) section reflects the combined financial activity of all programs.

The budget represents the financial plan for the Program Year (PY) beginning July 1 and ending June 30. The budget includes all anticipated revenues and expenditures for operations and program delivery under federal, state, and local grants.

The budget is developed by management and first reviewed by the Executive Finance Committee (EFC), which ensures consistency with program priorities and fiscal policies. After review, the EFC recommends the budget for approval by the PacMtn Board of Directors. Once approved by the Board, the budget is submitted to the Consortium of Local Elected Officials (CLEO Consortium) for final approval.

The Consortium is composed of one elected official from each of the five counties within the Pacific Mountain Workforce Development Area. One member serves as the Chief Local Elected Official (CLEO), who presides over the Consortium and also serves on the Board of Directors and the EFC. The Consortium provides the final level of approval for PacMtn's annual operating budget in accordance with federal and state workforce development regulations.

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 a majority during a regularly scheduled meeting. Following Board approval, any amended budget is presented to the Consortium of Local Elected Officials for final ratification.

The financial statements contain the original and final modified budget information. The original budget is the first complete appropriated budget. The final budget (formerly "modified budget") reflects all authorized revisions, transfers, and supplemental appropriations applicable to the fiscal year. PacMtn adjusted the original budget twice during this fiscal year to reflect final grant awards and reprogrammed expenditures.

During fiscal year 2025 (Program Year 2024), the final budget decreased by approximately \$234,661 (1.6 percent) from the original. The decrease primarily reflects:

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- Adjustments to WIOA Title I Formula allocations after final state notifications;
- Revisions to Competitive WIOA and Department of Commerce grants to align with updated draw schedules;
- Removal of State EcSA PY23 funding not renewed by the Employment Security Department; and
- A modest increase in carryforward balances of \$47,087 for unspent program funds to PY25.

3. Excess of Expenditures Over Appropriations

PacMtn policy prohibits total expenditures from exceeding approved appropriations. No expenditures exceeded legally adopted appropriations for the year ended June 30, 2025. Any non-reimbursable expenditures are charged to non-grant-related General Fund resources.

4. Basis Differences and Adjustments to Government-Wide Statements

PacMtn's budget is adopted on the modified accrual basis of accounting, which measures current financial resources and excludes the recognition of long-term obligations or non-cash items. The government-wide financial statements, however, are presented on the full accrual basis of accounting under the economic resources measurement focus.

As a result, amounts reported for governmental activities in the Statement of Net Position differ from those presented in the fund financial statements because:

- Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the funds.
- Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.
- Net pension asset amounts and related deferred inflows/outflows are not financial resources and therefore are not reported in the funds.
- Net lease liabilities are not due and payable in the current period and therefore are not reported in the funds.
- Net OPEB liabilities are not due and payable in the current period and therefore are not reported in the funds.
- Compensated absences are not financial resources and therefore are not reported in the funds.

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Because PacMtn’s budget is prepared on the same modified accrual basis as its fund financial statements, no separate reconciliation between budgetary and fund results is required. The condensed financial data presented in the Financial Summary—including the Statements of Net Position and Activities—reflect PacMtn’s overall financial position and results of operations on the full accrual basis of accounting.

**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, 2025, 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, 2025, PacMtn was holding \$252,173 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.

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 \$10,000 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

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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 termination, 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 Chief Financial Officer.

6. Other Current Liabilities

These accounts consist of accrued wages and accrued employee benefits.

7. Pensions

For purposes of measuring the net pension asset or 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.

For purposes of calculating the restricted net position related to the net pension asset, PacMtn includes the (net pension asset only/net pension asset and the related deferred outflows and deferred inflows/net pension asset and related deferred inflows).

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

At June 30, 2025, PacMtn's general operating account had a carrying and bank balance of \$482,443. Custodial MISA cash held for participants is presented separately as restricted cash in the government-wide financial statements (see Note 6).

Federal deposit insurance provided by the Federal Deposit Insurance Corporation (FDIC) covers up to \$250,000 per financial institution. Accordingly, of the operating account balance, \$250,000 was insured and \$232,443 was uninsured and therefore exposed to custodial credit risk.

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Custodial credit risk for deposits is the risk that, in the event of a bank failure, PacMtn's deposits may not be returned. GASB Statement No. 40 requires disclosure by category of credit risk as follows:

Category 1: Insured or collateralized with securities held by the government or its agent in the government's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

Category 3: Uncollateralized, including deposits collateralized with securities not held in the government's name.

At June 30, 2025, PacMtn's deposits in the operating account were categorized as follows:

Category 1: \$250,000

Category 2: \$0.00

Category 3: \$232,443

**INVESTMENTS**

As of June 30, 2025, PacMtn held \$252,173 in a 6-month certificate of deposit at a credit union, maturing on December 20, 2025. Federal deposit insurance provided by the National Credit Union Administration (NCUA) covers up to \$250,000 per credit union. Accordingly, of the CD balance, \$250,000 was insured and \$2,172.50 was uninsured and therefore exposed to custodial credit risk.

At June 30, 2025, PacMtn's investment in the CD was categorized as follows:

Category 1: \$250,000

Category 2: \$0

Category 3: \$2,172.50

PacMtn has no formal deposit or investment policy that addresses a specific type of risk.

Interest Rate Risk – PacMtn does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, PacMtn's investments at June 30, 2025 consisted solely of a short-term certificate of deposit.

Concentration of Credit Risk – PacMtn places no limit on the amount it may invest in any one financial institution. At June 30, 2025, PacMtn's deposits and investments were held in two institutions: one commercial bank (for operating cash) and one credit union (for the CD).

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CUSTODIAL ACCOUNTS

PacMtn maintains custodial savings accounts on behalf of participants in the Economic Security for All (EcSA) Community Reinvestment Funds, Matched Investment Savings Account (MISA) program. PacMtn is authorized to make deposits and approve withdrawals in accordance with program requirements. The funds are the property of the program participants. For financial reporting, these balances are included in governmental activities as restricted cash with an offsetting liability (amounts held payable to participants). See Note 6.

At June 30, 2025, the custodial accounts consisted of two components:

1. Participant custodial savings accounts, which held \$80,441, including participant deposits, incentive deposits, and accrued interest; and
2. A MISA holding (transfer) account, legally established as a non-operating account for the benefit of program participants, with a balance of \$48,000, representing match and incentive funds awaiting transfer into participant custodial accounts.

Accordingly, the total custodial MISA cash held in bank accounts at June 30, 2025, was \$128,441.

**Custodial Credit Risk – Participant Custodial Accounts**

The MISA custodial and holding accounts are maintained at the same commercial bank as PacMtn’s operating account. Federal deposit insurance covers up to \$250,000 per financial institution. As of June 30, 2025, the entire custodial MISA balance of \$128,441 was fully insured by the FDIC; therefore, no custodial MISA funds were exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ending June 30, 2025, was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance 7/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 6/30/25</b>
Capital assets, being depreciated/amortized:				
Vehicles	-0-	-0-	-0-	-0-
Office Equipment	10,662	-0-	-0-	10,662
Leasehold Improvements	-0-	-0-	-0-	-0-
Right-to-use lease assets	820,930	-0-	78,148	742,782

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Total capital assets being depreciated/amortized	831,592	-0-	78,148	753,444
Less accumulated depreciation/amortization for:				
Vehicles	-0-	-0-	-0-	-0-
Office Equipment	6,327	-0-	-0-	6,327
Leasehold Improvements	-0-	-0-	-0-	-0-
Right-to-use lease assets	250,017	156,484	35,110	371,391
Total accumulated depreciation/amortization	256,344	156,484	35,110	377,718
Governmental activities capital assets, net				<u>375,726</u>

Right-to-use lease assets are included in the capital asset balances above. Additional information regarding PacMtn’s lease assets and related liabilities is presented in Note 8 – Leases.

**NOTE 4 – PENSION PLANS**

**A. GENERAL INFORMATION**

The Washington State Department of Retirement Systems (DRS), on behalf of the state, administers five defined benefit public employee retirement systems: the Public Employees’ Retirement System (PERS), the Teachers’ Retirement System (TRS), the Law Enforcement Officers’ and Firefighters’ Retirement System (LEOFF), the Washington State Patrol Retirement System (WSPRS), and the School Employees’ Retirement System (SERS).

In addition, DRS administers the Deferred Compensation Program (DCP), a defined contribution plan, and the Public Safety Employees’ Retirement System (PSERS).

The financial statements of the plans are accounted for using the accrual basis of accounting. 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

**B. DEFINED BENEFIT PENSION PLANS**

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 2024:

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<b>Aggregate Pension Amounts - All Plans</b>	
Pension liabilities	(147,815)
Pension assets	352,074
Deferred outflows of resources	725,466
Deferred inflows of resources	(187,239)
Pension expense/expenditures	(4,148)

**State Sponsored Defined Benefit 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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

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

Or the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://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. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

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**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 0.20 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 2024 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
July – August 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.53%</b>	<b>6.00%</b>
September – June 2025		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.11%</b>	<b>6.00%</b>

PacMtn contributed \$55,208 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

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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 retirement benefits are actuarially reduced if a survivor benefit is chosen. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. 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 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

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PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
July – August 2024		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>9.53%</b>	<b>6.36%</b>
September – June 2025		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>9.11%</b>	<b>6.36%</b>

PacMtn’s contributions to the plans were \$138,439 for year ended June 30, 2025.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined by an actuarial valuation as of June 30, 2023, with the results rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries’ Pub.H-2010 Mortality rates, which vary by member status (that is...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.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of the *2013-2018 Demographic Experience Study Report* and the *2023 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial

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valuation report.

**Long-Term Expected Rate of Return**

OSA selected a 7.00% long-term expected rate of return on pension plan investments. 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 the 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 over various time horizons.

The expected future rates of return (expected returns, net of pension plan investment expense, including inflation) are developed by the WSIB for each major asset class.

**Estimated Rates of Return by Asset Class**

The table below summarizes the 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, 2023:

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	<b>100%</b>	

The inflation component used to create the table is 2.50% and represents the WSIB’s most recent long-term estimate of broad economic inflation consistent with their 2023 CMAs.

For additional information and background on OSA’s development of the long-term rate of return

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assumption, please see the *2023 Report on Financial Condition and Economic Study* located on the OSA website. The selection of this assumption and economic experience studies are further detailed in the DRS ACFR Actuarial Certification Letter.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan’s fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Based on the assumptions described in our Actuarial Certification Letter, 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 7.00% on pension plan investments was applied to determine the total pension liability.

**Sensitivity of the Net Pension Liability/(Asset)**

The table below presents PacMtn’s proportionate share of the net pension liability or asset calculated using the discount rate of 7.0 percent, as well as what PacMtn’s proportionate share of the net pension liability or asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$217,432	\$147,815	\$86,759
PERS 2/3	\$634,681	\$(352,074)	\$ (1,162,475)

**Pension Plan Fiduciary Net Position**

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

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

At June 30, 2025, PacMtn reported its proportionate share of the net pension liability or Asset as follows:

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	(Liability) or Asset
PERS 1	\$(147,815)
PERS 2/3	\$352,074

At June 30, 2025, PacMtn's proportionate share of the collective net pension assets was as follows:

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	.008025%	.008319%	.000294%
PERS 2/3	.010373%	.010680%	.000307%

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30, 2024, 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.

**Pension Expense**

For the year ended June 30, 2025, PacMtn recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 6,613
PERS 2/3	\$(10,761)
TOTAL	\$( 4,148)

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2025, PacMtn reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<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	\$(11,828)
Changes of assumptions	\$0	\$0

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Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	\$55,208	\$0
TOTAL	\$55,208	\$(11,828)

<i>PERS Plan 2/3</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$200,056	\$(815)
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$(100,894)
Changes of assumptions	\$194,416	\$(22,307)
Changes in proportion and differences between contributions and proportionate share of contributions	\$137,347	\$(51,395)
Contributions subsequent to the measurement date	\$138,439	\$0
TOTAL	\$670,258	\$(175,411)

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, 2025. 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>
2025	\$(19,574)
2026	\$ 10,056
2027	\$ (1,065)
2028	\$ (1,245)
Thereafter	\$ 0
Total	\$(11,828)

Year ended June 30:	<i>PERS 2/3</i>
2025	\$ (58,044)
2026	\$ 172,387

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2027	\$ 81,394
2028	\$ 88,627
2029	\$ 46,435
Thereafter	\$ 25,608
Total	\$ 356,407

**C. DEFINED CONTRIBUTION PENSION PLAN**

PacMtn participates in two separate defined contribution pension plans, both structured as 457(b) plans, which are designed to provide retirement savings for eligible employees.

The plans are:

- A 457(b) plan managed by Corebridge Financial (formerly VALIC): This plan was adopted on May 1, 2011, and covers a segment of PacMtn's employees.
- The Washington State Deferred Compensation Plan (DCP): This plan is administered by the Department of Retirement Systems (DRS). PacMtn joined this program on May 5, 2023, following board approval on April 13, 2023.

A matching program for both the Corebridge Financial and DRS plans was adopted by PacMtn on December 13, 2023. The matching policy applies to contributions made from an employee's regular payroll earnings, excluding contributions from bonuses. The matching formula is as follows:

The matching formula is as follows:

PacMtn will match employee pre-tax contributions at 100% for the first 3% of an employee's pre-tax regular payroll earnings contribution. For employee contributions above 3%, PacMtn matches at 0.5% for each additional 1% contributed by the employee, up to a maximum employer match of 5% of the employee's pre-tax regular payroll earnings.

For illustrative purposes, the matching formula is shown below:

Employee contribution	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%
Employer match	1.0%	2.0%	3.0%	3.5%	4.0%	4.5%	5.0%

All employer contributions are immediately vested. Employer contributions are made pre-tax but are subject to Social Security and Medicare taxes (FICA), with the employee's FICA portion deducted from their paycheck.

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

For the fiscal year ended June 30, 2025, PacMtn's required and actual employer contributions to the Corebridge Financial 457(b) plan totaled \$6,984.86.

For the fiscal year ended June 30, 2025, PacMtn's required and actual employer contributions to the State of Washington Deferred Compensation Plan (DCP) totaled \$23,410.39.

The assets of both defined contribution plans are held in trust for the exclusive benefit of participants and their beneficiaries and are not reported as assets of PacMtn.

**NOTE 5 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Employer Provided Subsidies In Public Employee Benefits Board (PEBB) medical Plans**

PacMtn is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority (HCA). The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.

Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available annual PEBB OPEB Actuarial Valuation report. It is available for download from the Office of the State Actuary at:

<https://leg.wa.gov/osa/additionalservices/pages/OPEB.aspx>

**GASB 75 Alternative Measurement Method for PEBB**

The total OPEB liability generally is required to be determined through an actuarial valuation. However, if fewer than 100 employees (active and inactive) are provided with OPEB through the plan, use of a specified alternative measurement method (AMM) in place of an actuarial valuation is permitted. The Office of the State Actuary (OSA) created an online tool to help small employers calculate their individual reporting requirements. PacMtn adopted the AMM provided by OSA.

**Actuarial Assumptions**

OSA published the 2024 PEBB OPEB Actual Valuation produced GASB 75 accounting results based on a June 30, 2023, valuation date. For purposes of this analysis, they rolled forward those results to a measurement date of June 30, 2024, reflecting service cost, assumed interest, and actual

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

benefit payments. Since there is no established trust fund dedicated to these benefits, OSA relied on the Bond Buyer General Obligation 20-Bond Municipal Index at the measurement date for the discount rate. Additionally, in providing the tool for use the OSA provided approaches to calculation and simplifying assumptions reasonable for the purposes of the AMM. They performed internal testing on the Total OPEB Liability to ensure a reasonable relationship between the latest actuarial valuation and the tool.

**PacMtn’s share for the fiscal year ended June 2025.**

Fiscal year ended June 30:	
Number of Active Plan Members	25
Number of Retired Plan Members	2
Contributions Made	\$360,665.99
*Total OPEB Liability	\$667,484

*\*Measured using the alternative measurement method*

The Total OPEB Liability for the fiscal year ended June 30, 2024, includes a current portion of \$11,234 for projected benefit payments expected to be made between July 1, 2024, and June 30, 2025. The remaining liability of \$656,250 is classified as a long-term OPEB liability

**PEBB OPEB Changes in Total OPEB Liability (TOL), OPEB Expense, Deferred Outflows, and Related Ratios.**

<b>Schedule of Changes in Total OPEB Liability and Related Ratios</b>	
<i>Measurement Date of June 30, 2024</i>	
<b>Total OPEB Liability (TOL)</b>	
Service Cost	\$28,884
Interest Cost	\$24,025
Changes in Experience Data and Assumptions	(\$9,094)
Changes in Benefit Terms	\$0
Benefit Payments	(\$11,234)
Other	\$0
<b>Net Change in Total OPEB Liability</b>	<b>\$32,581</b>
Total OPEB Liability – Beginning	\$634,903
<b>Total OPEB Liability – Ending</b>	<b>\$667,484</b>

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

Covered Employee Payroll	\$2,192,765
<b>TOL as a Percentage of Covered Payroll</b>	<b>30.44%</b>

<b>OPEB Expense for Fiscal Year Ending June 30, 2024</b>	
Service Cost	\$28,884
Interest Cost	\$24,025
Changes in Experience Data and Assumptions	(\$9,094)
Changes in Benefit Terms	\$0
Other Changes in Fiduciary Net Position	\$0
<b>Total OPEB Expense</b>	<b>\$43,815</b>
Transactions Subsequent to Measurement Date	\$13,380

**Transactions Subsequent to Measurement Date:** Subsequent to the measurement date of 6/30/2024, the estimated transactions related to benefit payments amounted to \$13,380. This represents the projected benefits paid from 7/1/2024 to 06/30/2025, based on the projected subsidy of \$1,115 per month. These amounts are for informational purposes and are included in the Required Supplementary Information, but do not affect the Total OPEB Liability for the fiscal year ended 06/30/2024. These transactions relate to benefits paid between 07/01/2024 and PacMtn’s financial statement end date of 06/30/2025 and will be reflected in the calculation of the OPEB liability for the next fiscal year.

<b>Sensitivity Analysis</b>			
<b>Total OPEB Liability</b>	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
<b>Discount Rate</b>	\$803,291	<b>\$667,484</b>	\$560,381
<b>Healthcare Trend</b>	\$547,569	<b>\$667,484</b>	\$824,082

<b>Methodology</b>	
<b>Actuarial Valuation Date</b>	6/30/2024
<b>Actuarial Measurement Date</b>	6/30/2024
<b>Actuarial Cost Method</b>	Entry Age
<b>Amortization Method</b>	Recognized Immediately
<b>Asset Valuation Method</b>	N/A (No Assets)
<b>Assumptions</b>	
<b>Discount Rate</b>	
Beginning of Measurement Year	3.65%

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

End of Measurement Year	3.93%
<b>Projected Salary Changes</b>	<b>3.25% + Service-Based Increases</b>
<b>Healthcare Trend Rates</b>	Initial rate ranges from about 2-16%, reaching an ultimate rate of approximately 3.8% in 2075.
<b>Mortality Rates</b>	
Base Mortality Table	PubG.H-2010 (General)
Age Setback	0 years
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational
<b>Inflation Rate</b>	<b>2.35%</b>
<b>Post-Retirement Participation Percentage</b>	<b>60.00%</b>
<b>Percentage with Spouse Coverage</b>	<b>45.00%</b>

**NOTE 6 – PARTICIPANT CUSTODIAL ACCOUNTS (MISA PROGRAM)**

PacMtn maintains custodial savings accounts on behalf of participants in the Economic Security for All (EcSA) Community Reinvestment Funds, Matched Investment Savings Account (MISA) program. These accounts are established to help participants save for approved asset-building purposes, including education and training, housing and move-in costs, business start-up or expansion, essential technology, transportation, and other eligible investments authorized under State Program Policy 7010 (Revision 4). Under program requirements, PacMtn administers the accounts and approves withdrawals based on compliance with State policy and the participant spending plan. The funds in these accounts are the property of the participants.

The program began in fiscal year PY24, and therefore there was no beginning balance. Contributions to MISAs are derived from participant earnings or incentive payments that participants elect to have deposited into their custodial accounts.

For fiscal year PY24, the vast majority of participant contributions originated from incentives earned for meeting program goals. Participants elected to transfer \$82,800 of their incentives into their MISA accounts. In addition, one participant contributed \$40 of personal funds; however, this deposit did not qualify for matching because PacMtn could not verify that it met the program’s earnings-based requirements. In accordance with program rules, PacMtn provided matching contributions at a 2:1 ratio only for the eligible incentive-based participant contributions, resulting in an additional \$165,600 being contributed to the MISAs during PY24.

The activity in these custodial accounts for the year ended June 30, 2025, was as follows (in dollars):

<b>Custodial Accounts – Consolidated Activity</b>	
Beginning Balance	0.00
Additions	

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

Participant Contributions	\$ 82,840
Fund Match	\$165,600
Interest	\$.77
Deductions	-
Cash Payments to Participants	\$(0.00)
Payments to Third Parties	\$(0.00)
Administrative Fees	\$(0.00)
Ending Balance	\$248,440.77

For financial reporting, the cash held in these participant custodial accounts is included in PacMtn’s governmental activities as restricted cash, with an offsetting liability (amounts held payable to participants). At year-end, participant custodial savings accounts held \$80,440.77, and an additional \$48,000 was held in a separate legally established MISA holding (transfer) account pending allocation to participant custodial accounts. Accordingly, the total custodial MISA cash reported at June 30, 2025, was \$128,440.77.

Because these amounts are owned by participants and are restricted for participant-approved uses, PacMtn records deposits, contributions, and withdrawals as changes in restricted cash and the related liability. Accordingly, activity in these accounts does not affect the Statement of Activities.

**NOTE 7 – 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 8 – LEASES**

PacMtn has implemented GASB 87 for lease accounting. PacMtn holds a lease for its administrative office. Total cost for the lease was \$174,849.84 for the year ended June 30, 2025.

The following table provides the current and future minimum lease payments for these leases:

Term	Administrative Office Olympia*	Mason County YMCA
July 1, 2024 – June 30, 2025	\$174,849.84	\$8,926.47
July 1, 2025 – June 30, 2026	\$181,843.88	\$0.00

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

July 1, 2026 – June 30, 2027	\$189,117.60	\$0.00
July 1, 2027 – June 30, 2028	\$97,063.98	\$0.00

\* Lease agreement from 11/1/2022 – 12/31/2027

**Lease Termination – YMCA Shelton Facility (Unusual Item)**

PacMtn previously maintained a long-term sub-lease with the South Sound YMCA for the Shelton youth program facility (originally April 1, 2021 – March 31, 2028). Due to pandemic-related changes in service delivery, the facility remained largely unused. In accordance with Uniform Guidance (2 CFR Part 200, Subpart E), PacMtn attempted to identify a replacement tenant but was unsuccessful. On January 30, 2025, PacMtn entered into an early termination agreement with the YMCA, making a one-time settlement payment of \$25,000 to be released from all remaining lease obligations. The YMCA termination letter confirming the settlement amount is included in PacMtn’s records and was executed by both parties. All future financial commitments under the YMCA lease were extinguished as of that date.

This lease was previously disclosed as part of PacMtn’s long-term lease commitments in the June 30, 2024 financial statements.

No future minimum payments remain under this lease.

**Lease Assets and Amortization**

At June 30, 2025, the total amount of lease assets, and the related accumulated amortization are as follows:

	<b>Beginning Balance 07/01/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 6/30/25</b>
Leased Buildings	\$820,930	\$0	\$78,148	\$742,782
Total	\$820,930	\$0	\$78,148	\$742,782
Accum. Amor. Leased Buildings	\$250,017	\$156,484	\$35,110	\$371,391
Total	\$250,017	\$156,484	\$35,110	\$371,391

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

At June 30, 2025, the principal and interest requirements to maturity are as follows:

Year ended June 30	Principal	Interest	Total
2026	155,180	26,664	181,844
2027	174,754	14,364	189,118
2028	94,960	2,104	97,064
Total	424,894	43,132	468,026

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 9 – CHANGES IN LONG TERM LIABILITIES**

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	Beginning Balance July 1, 2024	Additions	Reductions	Ending Balance June 30, 2025	Due Within One Year
<b>Governmental Activities</b>					
OPEB Liability	\$634,903	\$43,815	\$11,234	\$667,484	\$11,234
Pension Liability	\$183,189	\$0	\$35,374	\$147,815	\$0
Lease Liability	\$617,026	\$0	\$192,132	\$424,894	\$155,180

**Note 10 – Subscription-Based Information Technology Arrangements (SBITAs)**

PacMtn Workforce Development Council enters into subscription-based information technology arrangements (SBITAs) to support program operations and administrative functions. All of PacMtn’s SBITAs qualify as short-term arrangements under the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. A short-term SBITA is defined as a subscription with a maximum possible term of 12 months (including any options to extend), regardless of the likelihood of renewal.

Because PacMtn’s SBITAs are short-term, no subscription liability or related intangible right-to-use asset has been recognized in the financial statements. Instead, subscription payments are recognized as expenses in the period incurred.

**PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL**  
**Note to Financial Statements**  
**Year Ending June 30, 2025**

For the fiscal year ended June 30, 2025, PacMtn recognized \$102,019.96 in subscription expense related to short-term SBITAs.

**NOTE 11 – CONTINGENCIES AND LITIGATIONS**

PacMtn's financial statements include all material liabilities and there are no contingent liabilities to record. PacMtn is not currently involved in any lawsuits or other legal action nor is it aware of any pending litigation.

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 12 – 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 \$14,667, restricted funds in the amount of \$128,441, which represent MISA funds restricted for program purposes and held as cash in bank accounts, and unassigned funds comprised of unrestricted earnings in the amount of \$832,871. 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, restricted, 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.

**REQUIRED SUPPLEMENTARY INFORMATION - Budgetary Comparison Schedule**

Pacific Mountain Workforce Development Council  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2025

Description	Original Budget (Preliminary)	Final Budget	Actual (Budgetary Basis)	Variance: Final to Actual
Budgetary Fund Balance - Beginning	<u>904,310.00</u>	<u>904,310.00</u>	<u>904,310.00</u>	<u>0.00</u>
<b>Resources (Inflows)</b>				
Grant and Contract Revenue	14,814,083.55	14,579,422.13	11,092,441.82	(3,486,980.31)
Investment and Other Income	<u>0.00</u>	<u>0.00</u>	<u>10,072.43</u>	<u>10,072.43</u>
<b>Amounts Available for Appropriation</b>	<b><u>14,814,083.55</u></b>	<b><u>14,579,422.13</u></b>	<b><u>11,102,514.25</u></b>	<b><u>(3,476,907.88)</u></b>
<b>Charges to Appropriations (Outflows)</b>				
Payroll, Taxes & Benefits	2,344,116.76	2,269,623.62	2,805,842.06	536,218.44
Program Sub-Contractors	5,955,586.58	5,930,361.06	4,736,959.47	(1,193,401.59)
Participant Payments/In-house programs	2,685,946.82	2,541,300.04	2,808,003.54	266,703.50
Facilities	262,545.64	262,734.25	249,888.73	(12,845.52)
Professional Services	317,616.51	280,046.91	280,735.53	688.62
Training & Travel	140,052.51	140,052.51	70,595.56	(69,456.95)
Insurance	11,161.99	11,161.99	13,634.63	2,472.64
Prepaid	0.00	0.00	0.00	0.00
Other	227,526.00	227,526.00	142,266.67	(85,259.33)
Lease	0.00	0.00	0.00	0.00
Capital Outlay	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Charges to Appropriations</b>	<b>11,944,552.81</b>	<b>11,662,806.38</b>	<b>11,107,926.19</b>	<b>(554,880.19)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>2,869,530.74</b>	<b>2,916,615.75</b>	<b>(5,411.94)</b>	<b>(2,922,027.69)</b>
Budgetary Fund Balance - Ending	3,773,840.74	3,820,925.75	898,898.06	

**Notes to Required Supplementary Information – Budgetary Comparison Schedule**

**Budgetary Information:**

PacMtn adopts an annual budget for its General Fund, encompassing all governmental activities. The budget is prepared on a modified accrual basis consistent with the fund financial statements, and approved by the Board. Amendments may occur during the year to reflect final federal and state allocations, grant carry-ins, or reprogrammed funds.

**Reconciliation to Statement of Activities:**

Differences between budgetary and GAAP-basis results arise from timing of recognition for nonfinancial resources, including prepaid expenses, compensated absences, pension/OPEB adjustments, and lease expenses.

**Original to Final Budget Variances:**

The total final budget for FY24 decreased by \$234,661 (-1.6%) compared to the original budget. Adjustments were made after receipt of final state and federal allocations and included:

- A \$138 thousand reduction in WIOA Title I formula funds to reflect final allocations.
- A \$90 thousand reduction in discretionary and Commerce-funded projects due to program closures.
- A \$47 thousand increase in anticipated carryforward balances to PY25.

**Final Budget to Actual Variances:**

Revenues were below the final budget primarily due to two factors. First, approximately \$1.5 million of anticipated new grant awards included in the adopted budget was not received before year-end. These grants were awarded effective July 1, 2025, and therefore were not recognized as revenue during FY25. Second, several multi-year grants were budgeted at higher levels based on projected carryforward balances that did not fully materialize. These items collectively account for the majority of the \$2.9 million deficiency of revenues over expenditures.

Program Sub-Contractors were under budget primarily due to two factors. PacMtn announced in January that WIOA-funded Business Services would transition from a contracted model to an in-house model beginning in PY25. In response, the contractor reduced expenditures late in the year to preserve funds to support the transition, contributing approximately \$178,000 of the underspending. In addition, contracted youth program providers underspent their awards due to the timing of service delivery and lower caseload levels.

Participant Payments / In-House Programs exceeded budget largely due to two supplemental funding modifications issued by the Washington State Employment Security Department (ESD) under the Community Reinvestment Program. These modifications totaled \$164,158 and \$109,189 and required rapid deployment to support expanded participant services and business engagement activities aligned with statewide Poverty Reduction efforts.

Payroll, Taxes & Benefits exceeded the final budget due to staffing expansions and higher-than-anticipated benefit costs. During the fiscal year, PacMtn added one Quality Assurance position and two Business and Sector Engagement Leads to support expanded business-services activities and prepare for the transition of business services from a contracted model to internal operations. Payroll expenditures were also affected by increases in medical premiums, PERS contributions, and employer-paid benefit rates.

**Compliance Statement:**

No expenditures exceeded legally adopted appropriations for the fiscal year ended June 30, 2025. PacMtn remained compliant with all budgetary and grant requirements.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Pacific Mountain Workforce Development Council  
 Schedule of Proportionate Share of the Net Pension Liability (Asset)  
 Public Employees Retirement System - Plan 1  
 As of June 30, 2024  
 Last 10 Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	0.008319%	0.010825%	0.013656%	0.016791%	0.015456%	0.014123%	0.018272%	0.015500%	0.015517%
Employer's proportionate share of the net pension liability (asset)	\$	147,815	183,189	301,408	166,772	592,813	630,738	867,021	832,423	811,683
TOTAL	\$	147,815	183,189	301,408	166,772	592,813	630,738	867,021	832,423	811,683
Covered payroll	\$	1,720,486	1,422,975	1,682,195	2,078,712	2,566,232	2,045,260	2,135,123	1,888,229	1,791,829
Employer's proportionate share of the net pension liability as a percentage of covered payroll	%	8.59%	12.87%	17.92%	8.02%	23.10%	30.84%	40.61%	44.08%	45.30%
Plan fiduciary net position as a percentage of the total pension liability	%	84.05%	80.16%	76.56%	88.74%	68.64%	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:

Contributions are calculated based on rates set each fiscal year by the Washington State Department of Retirement Systems.

Contribution amounts vary from year to year depending on the rates in effect and the amount of covered payroll.

Covered payroll fluctuates based on staffing levels, which are influenced by the number and type of grants administered in a given year.

Staffing levels increased in FY24 and FY25 due to cost-of-living adjustments and the transition of Business Services positions from contracted support to PacMtn employees. Future staffing levels may begin to stabilize as additional programs are contracted out rather than staffed directly by PacMtn.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Pacific Mountain Workforce Development Council  
 Schedule of Proportionate Share of the Net Pension Liability (Asset)  
 Public Employees Retirement System - Plan 2/3  
 As of June 30, 2024  
 Last 10 Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	0.0106800%	0.0103730%	0.0140640%	0.0175700%	0.0217880%	0.0182180%	0.0235030%	0.019837%	0.020046%
Employer's proportionate share of the net pension liability (asset)	\$	(352,074)	(425,156)	(521,603)	(1,750,255)	278,656	311,056	816,617	998,777	716,255
TOTAL	\$	(352,074)	(425,156)	(521,603)	(1,750,255)	278,656	311,056	816,617	998,777	716,255
Covered payroll	\$	1,720,486	1,422,975	1,682,195	2,078,712	2,566,232	2,045,260	2,135,123	1,888,229	1,791,829
Employer's proportionate share of the net pension liability as a percentage of covered payroll	%	-20.46%	-29.88%	-31.01%	-84.20%	10.86%	15.21%	38.25%	52.89%	39.97%
Plan fiduciary net position as a percentage of the total pension liability	%	105.17%	107.02%	106.73%	120.29%	97.22%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:  
 Contributions are calculated based on rates set each fiscal year by the Washington State Department of Retirement Systems. Contribution amounts vary from year to year depending on the rates in effect and the amount of covered payroll.  
 Covered payroll fluctuates based on staffing levels, which are influenced by the number and type of grants administered in a given year. Staffing levels increased in FY24 and FY25 due to cost-of-living adjustments and the transition of Business Services positions from contracted support to PacMtn employees. Future staffing levels may begin to stabilize as additional programs are contracted out rather than staffed directly by PacMtn.

**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, 2025  
 Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required contributions	\$ 55,208	50,824	54,432	62,409	100,829	122,153	111,264	102,883	101,845	90,068
Contributions in relation to the statutorily or contractually required contributions	\$ 55,208	50,824	54,432	62,409	100,829	122,153	111,264	102,883	101,845	90,068
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 2,176,709	1,720,486	1,422,975	1,682,195	2,078,712	2,566,232	2,175,717	2,045,260	2,135,123	1,888,229
Contributions as a percentage of covered payroll	% 2.54%	2.95%	3.83%	3.71%	4.85%	4.76%	5.11%	5.03%	4.77%	4.77%

Notes to Schedule:

Contributions are calculated based on rates set each fiscal year by the Washington State Department of Retirement Systems.

Contribution amounts vary from year to year depending on the rates in effect and the amount of covered payroll.

Covered payroll fluctuates based on staffing levels, which are influenced by the number and type of grants administered in a given year.

Staffing levels increased in FY24 and FY25 due to cost-of-living adjustments and the transition of Business Services positions from

contracted support to PacMtn employees. Future staffing levels may begin to stabilize as additional programs are contracted out

rather than staffed directly by PacMtn.

**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily or contractually required contributions	\$ 138,439	109,423	90,501	106,988	164,634	203,246	163,509	153,224	133,018	117,637
Contributions in relation to the statutorily or contractually required contributions	\$ 138,439	109,423	90,501	106,988	164,634	203,246	163,509	153,224	133,018	117,637
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 2,176,709	1,720,486	1,422,975	1,682,195	2,078,712	2,566,232	2,175,717	2,045,260	2,135,123	1,888,229
Contributions as a percentage of covered payroll	% 6.36%	6.36%	6.36%	6.36%	7.92%	7.92%	7.52%	7.49%	6.23%	6.23%

**Notes to Schedule:**

Contributions are calculated based on rates set each fiscal year by the Washington State Department of Retirement Systems. Contribution amounts vary from year to year depending on the rates in effect and the amount of covered payroll. Covered payroll fluctuates based on staffing levels, which are influenced by the number and type of grants administered in a given year. Staffing levels increased in FY24 and FY25 due to cost-of-living adjustments and the transition of Business Services positions from contracted support to PacMtn employees. Future staffing levels may begin to stabilize as additional programs are contracted out rather than staffed directly by PacMtn.

REQUIRED SUPPLEMENTARY INFORMATION For OPEB NOT Administered Through a Qualifying Trust

Pacific Mountain Workforce Development Council  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Public Employee Benefits Board Retiree Medical Plans  
 For the year ended June 30, 2025  
 Last 10 Fiscal Years\*

	2024	2023
<b>Total OPEB liability - beginning</b>		
Service cost	\$ 634,903	\$ 603,210
Interest	28,884	30,674
Changes in benefit terms	24,025	22,309
Differences between expected and actual experience	0	0
Changes of assumptions	0	0
Benefit payments	(9,094)	(13,874)
Other	(11,234)	(7,416)
<b>Total OPEB liability - ending</b>	<u>667,484</u>	<u>634,903</u>
<b>Covered-employee payroll</b>	2,192,765	1,736,654
<b>Total OPEB liability as a % of covered-employee payroll</b>	30.44%	36.56%

**Notes to Schedule:**

No assets are accumulated in a qualifying trust.

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.

Subsequent to the measurement date of 6/30/2024, the estimated transactions related to benefit payments amounted to \$13,380. This represents the projected benefits paid from 7/1/2024 to 06/30/2025, based on the projected subsidy of \$1,115 per month. These amounts are for informational purposes and are included in the Required Supplementary Information, but do not affect the Total OPEB liability for the fiscal year ended 06/30/2024.

The Total OPEB Liability for the fiscal year ended June 30, 2024, includes a current portion of \$13,380 for projected benefit payments expected to be made between July 1, 2024, and June 30, 2025. The remaining liability of \$654,104 is classified as a long-term OPEB liability

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

**Pacific Mountain Workforce Development Council  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>WIOA Cluster</b>								
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6102-7103	424,727	-	424,727	325,176	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	7104-01-02	1,225,690	-	1,225,690	865,879	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6102-7303	84,731	-	84,731	-	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	7104-01-02	70,057	-	70,057	-	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6102-7622-07	4,990	-	4,990	3,913	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	7624-07-02	31,122	-	31,122	13,376	2,3,4, 5

*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, 2025**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			<b>Total ALN 17.258:</b>	<b>1,841,317</b>	<b>-</b>	<b>1,841,317</b>	<b>1,208,344</b>	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6102-7003	578,188	-	578,188	320,302	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	7004-01-02	684,436	-	684,436	454,089	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6102-7303	84,549	-	84,549	-	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	7104.01-02	69,906	-	69,906	-	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6102-7622-07	29,938	-	29,938	23,477	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	7624-07-02	165,126	-	165,126	70,968	2,3,4, 5

*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, 2025**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			<b>Total ALN 17-259:</b>	<b>1,612,143</b>	<b>-</b>	<b>1,612,143</b>	<b>868,836</b>	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7203	372,467	-	372,467	267,755	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	7204-01-02	793,287	-	793,287	447,950	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7303	86,247	-	86,247	-	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	7104-01-02	71,311	-	71,311	-	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6102-7622-07	6,653	-	6,653	5,217	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	7624-07-02	30,843	-	30,843	13,256	2,3,4, 5

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, 2025**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			<b>Total ALN 17.278:</b>	<b>1,360,808</b>	<b>-</b>	<b>1,360,808</b>	<b>734,178</b>	
			<b>Total WIOA Cluster:</b>	<b>4,814,268</b>	<b>-</b>	<b>4,814,268</b>	<b>2,811,358</b>	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF	Reentry Employment Opportunities	17.270	PE-38619-22- 60-A-53	-	420,601	420,601	-	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	6102-7542-02	144,894	-	144,894	99,752	2,3,4, 5
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	6102-7572-03	226,365	-	226,365	47,739	2,3,4, 5
			<b>Total ALN 17.277:</b>	<b>371,259</b>	<b>-</b>	<b>371,259</b>	<b>147,491</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington Thurston County)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	0032022001000 00000	261,417	-	261,417	1,156	2,3,4, 5
			<b>Total Federal Awards Expended:</b>	<b>5,446,944</b>	<b>420,601</b>	<b>5,867,545</b>	<b>2,960,005</b>	

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, 2025**

**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 – FEDERAL DE MINIMIS INDIRECT COST RATE**

Federal regulations under 2 CFR Part 200 permit non-federal entities that do not have a negotiated indirect cost rate to elect to use a de minimis indirect cost rate. For federal awards issued **prior to October 1, 2024**, the allowable de minimis rate is **10 percent** of modified total direct costs (MTDC). For federal awards issued **on or after October 1, 2024**, the allowable de minimis rate increases to **up to 15 percent** of MTDC. PacMtn has not elected to use the de minimis indirect cost rate for any federal awards.

**NOTE 3 – INDIRECT COST RATE**

PacMtn allocates indirect costs to programs each month based on each program's proportion of total direct labor costs incurred during that month. For the year ended June 30, 2025, PacMtn allocated \$598,481 in indirect program costs and \$260,910 in indirect administrative costs based on \$2,720,676 in total direct wages and benefits.

PacMtn has a provisional indirect cost rate of 35.74 percent, approved by the U.S. Department of Labor for use during the fiscal year. The provisional rate is used for planning purposes, and indirect costs charged to federal programs are based on actual indirect costs incurred. The approved provisional rate is applied to total direct wages and benefits for awards to which the rate is authorized. PacMtn will submit a final indirect cost rate proposal after year-end in accordance with 2 CFR 200.414(c)(1).

**NOTE 4 – 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 **2 CFR 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. PacMtn has determined that it complied with all applicable cost principles for the federal awards presented.

**NOTE 5 – FEDERAL AWARD CLASSIFICATION**

Federal awards are classified for reporting purposes in accordance with **2 CFR Part 200** and the **Office of Management and Budget's Compliance Supplement**. Federal awards are grouped into clusters of programs when such programs share common compliance requirements. All other federal awards that

are not part of a cluster or identified as program-specific awards are reported as **general awards (non-cluster awards)**.

For the year ended June 30, 2025, PacMtn administered the following federal award groupings:

- **WIOA Cluster:** CFDA 17.258, 17.259, 17.278
- **National Dislocated Worker Grant (NDWG) Cluster:** CFDA 17.277
- **ARPA Cluster:** CFDA 21.027
- **General Award:** Reintegration of Ex-Offenders (REO), CFDA 17.270
  - *CFDA 17.270 is not identified as part of any federal cluster in the OMB Compliance Supplement and is therefore classified as a general award.*

PacMtn had **no program-specific awards** during the year.



**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER  
UNIFORM GUIDANCE**

**Pacific Mountain Workforce Development Council  
July 1, 2024 through June 30, 2025**

This schedule presents the corrective action planned by the Council for findings reported in this report 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).

<b>Finding ref number:</b> 2025-001	<b>Finding caption:</b> The Council did not have adequate internal controls ensuring accurate reporting of its financial statements.
<b>Name, address, and telephone of Council contact person:</b> Melody Pajaro, Finance Director 201 5th Avenue SW Olympia, WA 98501 (206) 910-3174	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>Pacific Mountain Workforce Development Council concurs with the finding and has already corrected the significant financial statement errors identified during the audit. To prevent similar issues in future reporting periods, the Council will strengthen its year-end financial reporting controls as follows:</i>  <ol style="list-style-type: none"> <li><i>1. Formalize year-end financial statement procedures. Management will implement a documented closing and financial statement preparation checklist that includes review of new or unusual transactions, balance sheet classifications, note disclosures, and government-wide net position classifications.</i></li> <li><i>2. Document technical accounting conclusions. The Council will require written GAAP and BARS analyses for nonroutine or complex transactions, including evaluation of whether activity should be reported in governmental or fiduciary statements.</i></li> <li><i>3. Strengthen Secondary Review for New GASB Implementation.</i></li> </ol> <i>The Council will implement a secondary review process focused on the adoption and application of new GASB standards. Prior to submission of the annual financial statements for audit, an independent external reviewer and/or qualified external peer will perform a targeted</i>	

*review of financial statement presentation, note disclosures, and related schedules impacted by new GASB requirements to ensure accuracy, completeness, and compliance with applicable guidance.*

*4. Provide targeted training. Finance staff will complete training on governmental financial reporting requirements, including GASB and BARS guidance applicable to new standards and nonroutine transactions.*

*5. Monitor new standards and reporting changes. Management will maintain an annual process to identify new GASB pronouncements and other reporting requirements, assess their applicability, and incorporate needed changes into the Council's year-end reporting process.*

*6. Maintain adequate staffing and oversight. The Council will continue to align finance staffing and management oversight to support timely preparation, review, and correction of financial reporting matters.*

**Anticipated date to complete the corrective action: June 30, 2026 and ongoing**

## 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](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

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