



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Spokane Area Workforce Development Council

For the period July 1, 2024 through June 30, 2025

Published March 26, 2026

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

March 26, 2026

Board of Directors
Spokane Area Workforce Development Council
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Spokane Area 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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Spokane Area Workforce Development Council July 1, 2024 through June 30, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
11.307	COVID 19 - Economic Development Cluster - Economic Adjustment Assistance

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Spokane Area Workforce Development Council July 1, 2024 through June 30, 2025

Board of Directors
Spokane Area Workforce Development Council
Spokane, 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 Spokane Area 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 12, 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.

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*.

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.



Pat McCarthy, State Auditor

Olympia, WA

March 12, 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

Spokane Area Workforce Development Council July 1, 2024 through June 30, 2025

Board of Directors
Spokane Area Workforce Development Council
Spokane, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Spokane Area 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.

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 12, 2026

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Spokane Area Workforce Development Council July 1, 2024 through June 30, 2025

Board of Directors
Spokane Area Workforce Development Council
Spokane, 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 Spokane Area 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 Spokane Area 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2025, the Council adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. Our opinion is not modified with respect to this matter.

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 12, 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, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

March 12, 2026

FINANCIAL SECTION

Spokane Area 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 Fund – 2025

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in the Fund
Balances Governmental Fund to Statement of Activities – 2025

Notes to the Financial Statements – 2025

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund – 2025

Schedule of Proportionate Share of the Net Pension Liability – 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 – 2025

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2025

Notes to the Schedule of Expenditures of Federal Awards – 2025

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
For the Year Ended June 30, 2025

The management of the Spokane Area Workforce Development Council, dba Spokane Workforce Council (SWC) is pleased to provide the users of the SWC's financial statements this narrative overview and analysis of the financial activities of the SWC for the fiscal year ended June 30, 2025 (FY25). We encourage users to consider the information presented here in conjunction with additional information that we have furnished in our financial statements and notes to the financial statements.

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the SWC's basic financial statements. These audited financial statements cover the twelve months ending June 30, 2025. The SWC was created by Spokane County and the City of Spokane to provide workforce services starting July 1, 2013. The SWC operates on a fiscal year from July 1 to June 30. The most recent prior year's financials are provided for comparison purposes.

The basic financial statements are comprised of the following components:

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

Government-wide Financial Statements

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

The statement of activities presents information showing how the SWC's net position changed for the twelve months ended June 30, 2025. It separates program revenue generated by its functions and program: grants, contracts, contributions and miscellaneous sources. All changes in net position are reported as soon as the underlying event gives rise to the change to occur, regardless of the timing of related cash flows. Items such as unpaid invoices and earned but unused vacation are included in the statement as income and expenses even though the cash associated with these items will not be received or distributed until sometime in the future.

Fund Financial Statements

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

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
For the Year Ended June 30, 2025

The Balance Sheet Governmental Funds and the Statement of Revenues, expenditures and Changes in Fund Balance Governmental Funds present a single column of financial data for the general fund. This fund is considered to be a major fund based on criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 34.

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

Notes to Financial Statements

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

Budgetary Comparison and Schedule and Related Note

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

A Budgetary comparison schedule provides the following types of information:

1. The original budget – the first complete legally appropriated budget for the fiscal year.
2. The final budget – the original budget adjusted for all formally adopted changes applicable for the fiscal year.
3. Actual inflows, outflows, and balances.

A note to the budgetary comparison schedule is also provided.

CONDENSED COMPARATIVE FINANCIAL DATA

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the SWC's financial position. The SWC's assets exceeded liabilities by \$945,242 at June 30, 2025. The SWC obtains its employee medical, dental, life and long-term disability through the Public Employees' Benefits Board (PEBB). Upon retirement employees have the option to purchase continued benefits through PEBB. As PEBB is able to negotiate a reduced market price for these services, the savings represents a postemployment benefit to the current and retired employees. GASB 75 requires that the measurable dollar value equated with these benefits be reported as a liability on the SWC's Statement of Net Position. Please see Note 6 in the Notes

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management’s Discussion and Analysis
For the Year Ended June 30, 2025

to Financial Statements for a more detailed explanation of the calculation. As of June 30, 2025 the SWC reported a liability for OPEB in the amount of \$126,490 which is a decrease of \$29,387 from the prior year.

The SWC has implemented the GASB 68 requirement, beginning July 1, 2014, that local governments that participate in one or more of the state’s cost-sharing multiple employer pension plans must present their proportionate share of the present value of the net pension liability or asset attributed to current and past employees. This asset as calculated by the State of Washington Department of Retirement Systems (PERS) was \$213,684 as of June 30, 2025 which is a decrease from the prior year by \$106,177. The pension liability of \$90,050 is a decrease from the prior year liability by \$47,781 . Deferred Outflows of \$391,618 defined as a consumption of net assets by the SWC that are applicable to a future reporting period and Deferred Inflows of \$116,461 defined as an acquisition of net assets by the SWC that are applicable to a future reporting period are reported as a result of the SWC’s participation in the PERS retirement program and accounting for leases per GASB 87.

The SWC has also implemented GASB 87 Accounting for Leases that requires the capitalization of certain leases as both a lessor and a lessee. The SWC leases two office spaces and several pieces of office equipment that met the requirements to capitalize. The SWC also subleases out office space at one of these locations. This requires that the net present value of the leases be reported as an asset and reported as a liability on the Statement of Net Position with payments being applied to principal and interest and the net present value of the leases being amortized over the life of the lease. In the current year the SWC reported net leased assets of \$1,040,003 and net lease liabilities of \$1,157,298.

The Council provides compensated absences in the form of vacation and sick leave. Under GASB Statement No. 101, *Compensated Absences*, liabilities are recognized for leave that (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or paid to employees.

- **Vacation** accumulates and is paid out upon separation; therefore, the Council recognizes a liability for all unused, accrued vacation.
- **Sick leave** accumulates but is **not** paid out at separation. A liability is recognized for the portion more likely than not to be used for time off, based on historical usage patterns.

Adoption of new standard. The Council implemented GASB Statement No. 101 in the fiscal year ended June 30, 2025. Implementation did not require restatement of beginning net position.

Balances at June 30, 2025. The liability for compensated absences is summarized below:

Leave type	Current portion	Long-term portion	Total
Vacation	\$52,100	\$36,267	\$88,367
Sick	\$14,029	\$32,873	\$46,902
Total compensated absences	\$66,129	\$69,140	\$135,269

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Change in Compensated Absences. The total compensated absences liability at June 30, 2025 is \$135,269 compared to a prior-year balance of \$88,403, an increase of \$46,866 due almost entirely to the inclusion of eligible sick leave into the calculation as required by GASB 101. Sick leave had not been included in the past as it is not the Council's policy to pay out unused sick leave at the end of employment.

The following table reflects the condensed **Government-Wide Statement of Net Position** of the SWC:

Governmental Activities	Year ended June 30, 2025	Year ended June 30, 2024
Assets:		
Current and Other Assets	\$3,434,204	\$3,607,599
Total Assets	<u>3,434,204</u>	<u>3,607,599</u>
Deferred Outflows of Resources:		
Pension- PERS	391,618	298,653
Total Deferred Outflows of Resources	<u>391,618</u>	<u>298,653</u>
Liabilities:		
Current and Other Liabilities	2,764,119	2,787,042
Total Liabilities	<u>2,764,119</u>	<u>2,787,042</u>
Deferred Inflows of Resources:		
Leases	-0-	55,404
Pension-PERS	116,461	210,653
Total Deferred Inflows of Resources	<u>116,461</u>	<u>266,057</u>
Net Position:		
Investment in Capital Assets	(117,295)	(16,807)
Restricted Net Pension	488,841	407,861
Unrestricted	573,696	462,099
Total Net Position	<u>\$945,242</u>	<u>\$853,153</u>

Statement of Activities

The following table summarizes the SWC's overall operating results for the years ended June 30, 2025 and 2024:

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management’s Discussion and Analysis
For the Year Ended June 30, 2025

	Year Ending June 30, 2025	Year Ending June 30, 2024
Revenues:		
Operating	\$12,284,578	\$8,767,023
Non-Operating	1,831	4,949
Total Revenues	12,286,409	8,771,972
Expenses:		
Program Expenses	12,194,320	8,699,857
Total Expenses	12,194,320	8,699,857
Change in Net Position	92,089	72,115
Net Position – Beginning	853,153	781,038
Net Position- Ending	\$945,242	\$853,153

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The SWC’s capitalized assets consist of software, equipment and leasehold improvements equal to the SWC’s share of the buildout for the WorkSource Spokane services center downsizing and redesign and the youth center Next Generation Zone expansion. The capital asset schedule can be found in the Note 4 of the Financial Statements. The liability section includes lease liabilities for capitalized leases with the implementation of GASB 87 Accounting for Leases. The long-term liability schedule can be found in Note 10 of the Financial Statements. The SWC will be reviewing their future capital asset needs in conjunction with the updating of their Strategic and Operations Plans.

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As the preceding analysis indicates, this was the twelfth full year of operations from July 1, 2024 to June 30, 2025. The ending net position of \$945,242 is comprised of net investment in capital assets, including leases, of \$(117,295), restricted assets-net pension \$488,841 and unrestricted assets of \$573,696

FUND ANALYSIS

As noted earlier, the SWC uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The SWC has only one fund: the general fund, a governmental fund.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
For the Year Ended June 30, 2025

The following represents general fund revenues for the years ending June 30, 2025 and 2024:

	Year Ending June 30, 2025	Year Ending June 30, 2024
Intergovernmental Revenues	\$10,907,416	\$8,259,815
Local & Private Grants	919,391	-0-
Contributions and Donations	115,348	240,746
Contracted Services	233,180	139,928
Lease Revenue	109,243	126,534
Interest Earnings	1,831	4,949
Total Revenues	\$12,286,409	\$8,771,972

Intergovernmental revenue realized an increase from the prior year of \$2,647,601. Local and private grants in the current year is almost entirely due to a contract modification for childcare initiative that was funded through a federal grant and modified to local funding during the fiscal year. Contributions and Donations were down \$125,398 due to a decrease in private grant donations. Contracted services were up \$93,258 as a result of contracted services for refugee populations and FAFSA award service contracts. Sublease income was down \$17,291 due to fewer FTE counts.

The following represents general fund expenditures for the years ended June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Salaries and Wages	\$1,097,530	\$1,015,270
Personnel Benefits	506,284	473,550
Debt Service	297,533	287,410
Supplies	91,525	281,634
Services	10,212,242	6,783,313
Total Expenditures	\$12,205,114	\$8,841,177

Salaries and benefits increased \$82,260 with the addition of one staff member and annual staff evaluation increase. Supplies increased \$190,109 due to technology upgrades at the Next Generation Zone and the splitting out of an account in the current year that used to capture both service and supply elements. Services increased \$3,428,929 as a direct result of increased awards. Debt Service reflects the fourth year of implementation and reporting required by GASB 87 Accounting for Leases implemented in the current year as addressed in the revenue section of the fund analysis.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
For the Year Ended June 30, 2025

BUDGET VARIANCES IN THE GENERAL FUND

The original budget reflects the preliminary budget adopted prior to the start of the fiscal year. The final budget is the original budget adjusted by all changes applicable for the fiscal year.

Net revenue and expenditures came in under budget. The revenue variance is directly related to the under-expenditure of cost-reimbursement grants. Under-expenditures mainly occurred on the subcontract and participant side due to anticipating a shift of spending forward into FY26.

OTHER POTENTIALLY SIGNIFICANT MATTERS

Workforce Investment Act History

The SWC currently operates primarily under the authorization of Title 1 of the Workforce Innovation and Opportunity Act of 2014.

President Barack Obama signed the Workforce Innovation and Opportunity Act (WIOA) into law on July 22, 2014. WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. Congress passed the Act by a wide bipartisan majority; it is the first legislative reform in 15 years of the public workforce system.

Every year the key programs that form the pillars of WIOA help tens of millions of job seekers and workers to connect to good jobs and acquire the skills and credentials needed to obtain them. The enactment of WIOA provides opportunity for reforms to ensure the American Job Center system is job-driven—responding to the needs of employers and preparing workers for jobs that are available now and in the future.

WIOA supersedes the Workforce Investment Act of 1998 and amends the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1973. In general, the Act took effect on July 1, 2015, the first full program year after enactment, unless otherwise noted. The U.S. Department of Labor (DOL) issued final regulations on June 30, 2016 and has continued to issue further guidance on the timeframes for implementation of these changes and regulations reflecting the changes in WIOA.

The House Education and Workforce Committee advanced a bipartisan reauthorization bill, called the A Stronger Workforce for America Act (ASWA), in late 2023. The full House considered the legislation in early 2024 and passed it in April 2024.

The Senate Committee on Health, Education, Labor and Pensions (HELP) has been discussing WIOA reauthorization. On June 21, 2024, the Senate released a discussion draft of a bill to reauthorize WIOA. The Senate Committee intends to solicit feedback before finalizing a bill. **At present the reauthorization has yet to be finalized and voted into law.**

The SWC has and will continue to direct significant resources and staff time into ensuring that this organization is compliant with the new regulations, as well as, the overall intent of the act.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Local Integrated Workforce Plan 2024-2028

A large component of the WIOA act is the submittal and approval of a Local Integrated Workforce Plan to the State Governor's Office which is required every five years. Below is a link to the full plan and an excerpt from the introduction of the plan approved by the SWC Board and submitted to the State Governor's office awaiting approval at this time.

<https://spokaneworkforce.org/workforce-resources/plans-mous/>

Introduction

The public workforce system serves as a cornerstone of our nation's economic well-being by providing workers and businesses with an array of resources and services they need to adapt to the fast-changing landscape of careers and shifting industry demands. The COVID-19 pandemic revealed deep disparities that persist in the ability of different members of our communities to obtain the skills and credentials they need to advance into family wage jobs. At the same time, businesses face ongoing workforce shortages across almost all sectors of the economy and struggle to attract and retain their workers. As a local workforce development board, the Spokane Workforce Council (SWC) is charged with actively collaborating with our local elected officials to engage business, labor, and community leaders in designing and implementing effective strategies that connect people to economic opportunities and businesses to the talent pipeline they need to grow and prosper.

We recognize that the environment we work in is complex and requires listening to our stakeholders and customers to ensure our investments and services take into account the dynamic factors impacting the diverse people and businesses of our region. The SWC operates on the principles of human-centered design and integrated service delivery that first seeks to understand our customers' needs and then craft solutions that leverage all system resources to achieve outcomes. The process to develop our Local Integrated Workforce Plan for 2024-2028 over the past six months has afforded us the opportunity to examine our local workforce system and hear from an extensive mix of voices. We will use this vital feedback to drive transformation, fuel innovation, and improve service delivery as we build an infrastructure that leads our workers and our businesses to increasing prosperity and long-term stability.

Funding Factors

The SWC ended the Fiscal Year (July 1, 2024 – June 30, 2025) with less revenue than budgeted for WIOA Formula programs. These funds are carried forward and are available to use in the next fiscal year. Discretionary grants are added throughout the year and help supplement WIOA formula funds. The SWC continues to increase the percentage of non WIOA federal, state, local and private funding through grant writing and community outreach activities. The SWC has been successful in being awarded consecutive non WIOA grants based on its reputation for meeting and exceeding program performance requirements.

The Council is going into the next program year beginning July 1, 2025 with a significantly decreased budget compared to PY24 due to decreased federal and state funding. The PY25 budget approved by the board back in May of 2025 for this next program year reflected a 56% decrease from PY24. As of November 2025 that decrease has been adjusted to 47% with the Council's work to bring in additional

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
For the Year Ended June 30, 2025

funding outside of state and federal funding. The Council will continue to pursue other grants and revenue sources to support the mission.

Awards and Recognition

Spokane, WA – The Spokane Workforce SWC (SWC) was presented with the *2020 WIOA Trailblazer Award* by the National Association of Workforce Boards (NAWB). The *WIOA Trailblazer Award* recognizes a local workforce development board that has been a leader in adopting the system changes envisioned in the Workforce Innovation and Opportunity Act of 2014 (WIOA) and expanding its ability to develop comprehensive workforce solutions for its community. NAWB represents approximately 550 Workforce Development Boards nationwide and recognizes only one local SWC for achieving excellence in the workforce development industry each year.

The award was presented to Nadine Woodward, Mayor, City of Spokane, and Dan Evans, SWC Board Chair, at The Forum 2020, NAWB's annual conference delivered virtually for the first time. The Forum is the premier event for leaders in workforce development to gather and gain insights into the current state of our nation's workforce system and consider the goals and policy framework affecting the future of human capital development.

The passage of WIOA provided the workforce system with the opportunity to make changes to significantly improve its ability to meet the needs of residents and employers through partnerships with government agencies, business and industry, economic development, training and education, and community-based organizations. The SWC board and system partners embraced the opportunities in the new law, and in 2016 began a three-year re-design process of WorkSource Spokane, using the concepts of human-centered design and integrated service delivery. The newly designed center provides equitable access to services for all members of the community and enabled our area to implement virtual services quickly during the COVID-19 crisis. Spokane's unique service delivery model has caught the attention of many Workforce Development Boards around the country. Leaders from various regions have requested guidance from the SWC in implementing integrated service delivery in their areas.

“Our staff, service providers, and community partners have truly been Trailblazers in developing innovative approaches to meeting our business and job seeking customers' needs,” said SWC CEO Mark Mattke.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the SWC's finances operations for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Chief Executive Officer, Spokane Area Workforce Development SWC, 140 S. Arthur Street, Suite 300A, Spokane, WA 99202.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	314,172
Receivables	1,846,320
Prepaid Expenses	20,025
Leased Assets (net of amortization)	1,040,003
Capital Assets (net of accumulated depreciation)	-
Pension Asset	<u>213,684</u>
TOTAL ASSETS	<u><u>3,434,204</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension -PERS	<u>391,618</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>391,618</u></u>
CURRENT LIABILITIES	
Accounts Payable	1,195,112
Accrued Wages and Benefits Payable	59,900
Compensated Absences	66,129
Lease Liability	<u>234,805</u>
TOTAL CURRENT LIABILITIES	<u><u>1,555,946</u></u>
LONG TERM LIABILITIES	
Compensated Absences	69,140
OPEB Liability	126,490
Lease Liability	922,493
Pension Liability	<u>90,050</u>
TOTAL LONG TERM LIABILITES	<u><u>1,208,173</u></u>
TOTAL LIABILITIES	<u><u>2,764,119</u></u>
DEFERRED INFLOWS OF RESOURCES	
Leases	-
Pension- PERS	<u>116,461</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>116,461</u></u>
NET POSITION	
Investment in Capital Assets	(117,295)
Restricted - Net Pension	488,841
Unrestricted	<u>573,696</u>
TOTAL NET POSITION	<u><u>945,242</u></u>

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

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Statement of Activities
For the Year Ended June 30, 2025

	Expenses	Program Revenues	Changes in Net Position
		Operating Grants, Contributions & Services	Capital Grants and Contributions
			Governmental Activities
Governmental Activities			
Employment Opportunity	\$ 12,194,320	\$ 12,284,578	\$ 90,258
Total Governmental Activities	\$ 12,194,320	\$ 12,284,578	\$ 90,258
General Revenues			
Unrestricted Interest Income			1,831
Total General Revenues			1,831
Change in Net Position			92,089
Net Position - Beginning of Year			853,153
Net Position - End of Year			\$ 945,242

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

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL

**Balance Sheet
Governmental Fund
As of June 30, 2025**

	GENERAL FUND
	<u>#001</u>
ASSETS	
Cash and Cash Equivalents	\$ 314,172
Receivables	1,846,320
Prepayments	<u>20,025</u>
TOTAL ASSETS	<u><u>2,180,517</u></u>
LIABILITIES	
Accounts Payable	1,195,112
Accrued Wages and Benefits Payable	<u>59,900</u>
TOTAL LIABILITIES	<u><u>1,255,012</u></u>
DEFERRED INFLOWS	<u><u>-</u></u>
FUND BALANCE	
Restricted-Compensated Absences	88,367
Unassigned	<u>837,138</u>
TOTAL FUND BALANCE	<u><u>925,505</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u><u>\$ 2,180,517</u></u>

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

FUND BALANCE - GOVERNMENTAL FUND	\$ 925,505
Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the fund.	-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	-
Deferred pension outflows are not financial resources in the current period and are therefore not reported in the fund.	391,618
Leased Assets used in governmental activities are not financial resources and therefore are not reported in the fund.	1,040,003
Compensated absence liabilities are not due and payable in the current period and therefore are not reported in the fund.	(135,269)
Net Lease liabilities are not due and payable in the current period and therefore are not reported in the fund.	(1,157,298)
Net OPEB liabilities are not due and payable in the current period and therefore are not reported in the fund.	(126,490)
Net pension assets (liabilities) are not due and payable in the current period and therefore are not reported in the fund.	123,634
Deferred pension inflows are not financial commitments in the current period and are therefore not reported in the fund.	(116,461)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 945,242</u></u>

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

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2025

	GENERAL FUND #001
REVENUES	
Intergovernmental Revenues	\$ 10,907,416
Local & Private Grants	919,391
Contributions and Donations	115,348
Contracted Services	233,180
Lease Revenue	109,243
Interest Earnings	1,831
TOTAL REVENUES	12,286,409
EXPENDITURES	
Current:	
Employment Opportunity	
Salaries & Wages	1,097,530
Personnel Benefits	506,284
Supplies	91,525
Services	10,212,242
Debt Service	297,533
TOTAL EXPENDITURES	12,205,114
EXCESS OF REVENUES OVER EXPENDITURES	81,295
NET CHANGE IN FUND BALANCE	81,295
FUND BALANCE - BEGINNING	844,210
FUND BALANCE - ENDING	\$ 925,505

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

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Reconciliation of the Statement of Revenues, Expenditures and Changes
in the Fund Balances Governmental Fund to Statement of Activities
For the Year Ended June 30, 2025

NET CHANGES IN FUND BALANCE - GENERAL FUND	\$	81,295
Amounts reported for governmental activities in the statement of activities are different because:		
Net OPEB expense amounts used in governmental activities are not financial resources and therefore are not reported in the fund.		\$29,387
Net pension expense amounts used in governmental activities are not financial resources and therefore are not reported in the fund.		\$128,761
Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the funds.		-
Net debit service for leases reported in funds is capitalized in governmental activities		\$215,016
Compensated absences used in governmental activities are not financial resources and therefore not reported in the funds.		(\$46,866)
Net Capital assets (including leased assets) used in governmental activities are not financial resources and therefore are not reported in the funds.		(\$315,504)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	92,089

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

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Notes to the Financial Statements
Year Ended June 30, 2025

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

The Council began operations as a stand-alone entity on July 1, 2013.

On June 21, 2013, in accordance with the Workforce Investment Act (WIA) of 1998, P.L. 105-220, U.S.C. section 2801 et. Seq., the Spokane County (County) and the City of Spokane (City) entered into an interlocal agreement, forming the Spokane Area Consortium (Consortium) to oversee workforce activities and authorizing the establishment of the Spokane Area Workforce Development Council (Council). In accordance with RCW 39.34.030(3)(b), the Council was incorporated as a Washington non-profit corporation. The Internal Revenue Service issued a determination of tax exempt status to the Council under section 501(c)(3) of the Internal Revenue Code and a further determination of Public Charity Status under section 170(b)(1)(A)(vi) of the Internal Revenue Code.

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 the Interlocal Cooperation Act of 1967 (RCW 39.34), the Council was designated as the local grant recipient and local fiscal agent.

The Council is operated by a twenty-nine-member board of directors (Board). The City and County, acting through the Consortium appoint one representative each, which may include an alternate, to sit on the board of directors, and appoint the remaining members of the board of directors pursuant to nomination and appointment processes established under the WIOA and in accordance with Council bylaws. The Consortium approves or rejects the Board's recommendation for employment or termination of the Council's Chief Executive Officer.

B. Basis of Presentation -Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the general fund, a governmental fund.

C. Measurement Focus, Basis of Accounting

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Notes to the Financial Statements
Year Ended June 30, 2025

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Council.

The Council reports one major governmental fund:

The general (or current expense) fund is the Council's operating fund. It accounts for all financial resources of the general government.

Amounts reported as program revenues include 1) charges to customers, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues.

D. Budgetary Information

1. Scope of Budget

Annual appropriated budgets are adopted for the general fund on the modified accrual basis of accounting. Appropriations for the general fund lapse at year-end.

The budget is adopted at the fund level in the general (current expense) fund, and the budget constitutes the legal authority for expenditures at that level.

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.

2. Amending the Budget

The Chief Executive Officer is authorized to transfer budgeted amounts between object classes; however, any revisions that substantially alter the total expenditures of the general fund, or the compensation of the CEO must be approved by the Board.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL

Notes to the Financial Statements

Year Ended June 30, 2025

When the Council's Board determines that it is in the best interest of the Council to increase or decrease the appropriation for the general fund, the Board shall provide the Consortium with a copy of the proposed budget amendment for comment. The Board approves budget amendment resolutions with a simple majority during public meetings.

3. Excess of Expenditures over Appropriations

Expenditures did not exceed appropriations in the general fund.

E. Assets, Liabilities, Fund Balance, Net Position

1. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits.

The Council may place demand deposits only with banks and savings and loan institutions approved as qualified depositories by the Washington State Public Deposit Protection Commission (WSPDPC). Qualified public depositories are limited to banks operating within Washington State, which have executed a Deposit Pledge Agreement with the WSPDPC. Under Washington State statute, members of the WSPDPC, a multiple financial institution collateral pool, may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss.

It is the Council's policy to invest all temporary cash surpluses. At June 30, 2025, the Council was holding \$314,172 in short-term residual investments of surplus cash on deposit with Umpqua bank. This amount is classified on the balance sheet as cash and cash equivalents.

The amounts reported as cash and cash equivalents also include compensating absences maintained with certain banks in lieu of payments for services rendered in the amount of \$88,367.

2. Receivables

Receivables consist of amounts owed from government agencies, and private organizations for goods and services, including amounts owed for which billings had not been prepared, as of June 30, 2025.

3. Capital Assets See Note 4

Capital assets, which consist of intangible assets (e.g. software) equipment and leasehold improvements, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset and have a cost of \$15,000 or more.

The costs for normal maintenance and repairs are not capitalized.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Notes to the Financial Statements
Year Ended June 30, 2025

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method, over the following estimated useful lives:

Assets	Months
Software	60
Leasehold Improvements WorkSource	118/100
Leasehold Improvements NGZ	63
Equipment & Signage	84

4. Leases

Lessee: The Council is a lessee for noncancelable leases. The Council recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The Council recognizes lease liabilities with an initial, individual value of \$30,000 or more.

At the commencement of a lease, the Council initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis method over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related to lease include how the Council determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Council uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Council generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Council is reasonably certain to exercise.

The Council monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Notes to the Financial Statements
Year Ended June 30, 2025

Lessor: The Council is a lessor for noncancelable leases. The Council recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the Council initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measure as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis method.

Key estimates and judgements related to lease include how the Council determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Council uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are compose of fixed payments from the lessee.

The Council monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

5. Compensated Absences

Policy: The Council provides compensated absences in the form of vacation and sick leave. Under GASB Statement No. 101, *Compensated Absences*, liabilities are recognized for leave that (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or paid to employees.

- Vacation accumulates and is paid out upon separation; therefore, the Council recognizes a liability for all unused, accrued vacation.
- Sick leave accumulates but is not paid out at separation. A liability is recognized for the portion more likely than not to be used for time off, based on historical usage patterns.

Measurement and significant assumptions.

- Hourly rates include the base rate plus employer FICA.
- For vacation, a current-year lookback of usage patterns was used to estimate the amount expected to be used within the next 12 months (short-term) with the remainder classified as long-term.
- For sick leave, expected usage is estimated using an average of the most recent three years (or months employed if shorter) of experience; employees are assumed to retire at age 65.
- Sick leave is not paid upon termination.

Adoption of new standard. The Council implemented GASB Statement No. 101 in the fiscal year ended June 30, 2025. Implementation did not require restatement of beginning net position.

6. Unearned Revenue

When the Council receives funding from private non-federal sources with the likely event of funds recapture if expectations are not met, those advance funds are recorded as unearned revenues.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Notes to the Financial Statements
Year Ended June 30, 2025

7. Net Pension Liability

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

For purposes of calculating the restricted net position related to the net pension asset, the Council includes the net pension asset and the related deferred outflows and deferred inflows.

8. Other Accrued Liabilities

These accounts consist of accrued wages and employee benefits.

9. Fund Balance Classifications

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- Non-spendable fund balance: amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance: amounts constrained to specific purposes by their providers (such as grantors, bondholders) through contractual requirements, constitutional provisions, or by enabling legislation.
- Committed fund balance: amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action, by passing a resolution, to remove or change the constraint.
- Assigned fund balance: amounts a government intends to use for a specific purpose. Intent can be expressed by the governing board or by an official to whom the governing body delegates the authority.
- Unassigned fund balance: amounts that are available for any purpose; positive amounts are reported only in the general fund.

10. Fund Balance Details

The government considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed and assigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

11. Net Position Classification

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For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

12. Subscription-Based Information Technology Arrangements (SBITAs)

The Council implemented GASB 96, covering Subscription-Based Information Technology Arrangements (SBITAs), was released by the Governmental Accounting Standards Board (GASB) in May 2020. It requires government entities to recognize a right-to-use subscription asset and corresponding subscription liability for such contracts with a specified term. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Council gathered information, analyzed and prepared a schedule of subscription based software and found all were exempt from reporting for the current year ending June 30, 2025.

Note 2 – Reconciliation of Government-wide and Fund Financial Statements

Government-wide financial statements are prepared using the economic resources measurements focus and full accrual accounting; fund financial statements are prepared using the flow of resources measurements focus and modified accrual method of accounting. The different measurement focuses and methods of accounting result in certain differences between government-wide and fund financial statements. The differences are summarized and included as part of the governmental fund financial statements.

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation of differences between total governmental fund balances and Net Position of governmental activities reported in the government-wide Statement of Net Position. The schedule presents detailed explanations for the major elements of the reconciliation including certain entity-wide assets, liabilities and Net Position not included in the governmental fund balance sheet.

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in Net Position of governmental activities as recorded in the government-wide statement of activities

Note 3 – Deposits and Investments

The Council's deposits are entirely covered by federal depository insurance (FDIC) or federal savings and loan insurance (FSLIC).

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Note 4 – Capital Assets

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

Governmental Activities	Beginning Balance 7/1/2024	Increases	Decreases	Ending Balance 6/30/2025
Capital assets, being depreciated:				
Intangible assets	\$9,359	\$0	\$0	\$9,359
Equipment & Signage	\$7,598	\$0		\$7,598
Leasehold Improvements	\$117,869	\$0	\$0	\$117,869
Total capital assets, being depreciated	\$134,826	\$0	\$0	\$134,826
Less accumulated depreciation for:				
Intangible assets	\$9,359	\$0	\$0	\$9,359
Equipment & Signage	\$7,596	\$2		\$7,598
Leasehold Improvements	\$113,204	\$4,665	\$0	\$117,869
Total accumulated depreciation	\$130,159	\$4,667	\$0	\$134,826
Governmental activities capital assets, net	\$4,667			\$0

Depreciation expense was charged to programs as follows:

Governmental Activities:	
Economic Environment	\$4,667
Total Depreciation – Governmental Activities	\$4,667

Note 5 – Pension Plans

The following table represents the aggregate pension amounts for all plans for the year 2025:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$(90,050)
Pension assets	\$ 213,684
Deferred outflows of resources	\$391,618
Deferred inflows of resources	\$(116,461)
Pension expense/expenditures	\$(32,174)

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State Sponsored Pension Plans

Substantially all the Council's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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

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

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

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

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PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – June		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.2%	
Total	9.53%	6.00%
July-August		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.47	
Administrative Fee	0.20%	
Total	9.03%	6.00%
September – December		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55	
Administrative Fee	0.20%	
Total	9.11%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%.

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

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

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

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – June		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
Total	9.53%	6.36%
July - August		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
Total	9.03%	6.36%
September – December		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
Total	9.11%	6.36%

* For employees participating in JBM, the contribution rate was 15.90%.

The Council’s actual PERS plan contributions were \$27,543 to PERS Plan 1 and \$69,044 to PERS Plan 2/3 for the year ended June 30, 2025.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2013-2018 Demographic Experience Study* and the *2023 Economic Experience Study*.

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Notes to the Financial Statements
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Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **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 (e.g. active, retiree, or survivor), as the 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.

Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

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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, 2024 are summarized in the table below. The inflation component used to create the table is 2.5 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

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

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Council’s proportionate share* of the net pension liability calculated using the discount rate of 7 percent, as well as what the Council’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6 percent) or 1-percentage point higher (8 percent) than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	\$132,462	\$90,050	\$52,854
PERS 2/3	\$385,206	\$(213,684)	\$(705,540)

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, 2024 measurement date the Council reported its proportionate share of the net pension liabilities as follows

	Liability (or Asset)
PERS 1	\$90,050
PERS 2/3	\$(213,684)

The Council’s proportionate share of the collective net pension liabilities was as follows:

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	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	%.006038	%.005068	(%.00097)
PERS 2/3	%.007804	%.006482	(%.001322)

Employer contribution transmittals received and processed by the 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 the 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, the Council recognized pension expense as follows:

	Pension Expense
PERS 1	\$(26,633)
PERS 2/3	\$(5,541)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Net difference between projected and actual investment earnings on pension plan investments	\$	\$(7,206)
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$27,543	\$
TOTAL	\$27,543	\$(7,206)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$121,420	\$(495)
Net difference between projected and actual investment earnings on pension plan investments	\$	\$(61,236)
Changes of assumptions	\$117,997	\$(13,539)
Changes in proportion and differences between contributions and proportionate share of contributions	\$55,614	\$(33,986)

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Notes to the Financial Statements

Year Ended June 30, 2025

Contributions subsequent to the measurement date	\$69,044	\$
TOTAL	\$364,075	\$(109,255)

Deferred outflows of resources related to pensions resulting from the Council’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:	PERS 1
2025	\$(11,925)
2026	\$6,126
2027	\$(649)
2028	\$(759)
2029	\$0
Thereafter	\$0

Year ended June 30:	PERS 2/3
2025	\$(44,568)
2026	\$95,988
2027	\$43,455
2028	\$42,417
2029	\$23,717
Thereafter	\$24,767

Note 6 – Defined Benefit Other Post-Employment Benefit (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year end June 30, 2025:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ 126,490
OPEB assets	\$
Deferred outflows of resources	\$
Deferred inflows of resources	\$
OPEB expense/expenditures	\$ (29,387)

The Council implemented Statement No. 75 of the Governmental Accounting Standards Board (GASB) Accounting and Financial Reporting for Postemployment Benefits Other Than Pension for fiscal year 2025 financial reporting. The state, consisting of state agencies and its component units as well as higher education institutions, is considered a single employer based on guidance provided in GASB Statement

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No.75. The State Health Care Authority (HCA) administers this single employer defined benefit other postemployment benefit (OPEB) plan.

Per RCW 41.05.065, the Public Employees’ Benefits Board (PEBB), created within HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

The PEBB OPEB plan is funded on a pay-as-you-go basis with contributions set by the Legislature each biennium as a part of the budget process. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees’ access to the PEBB plan depends on the retirement eligibility of their respective retirement system.

Employees covered by benefit terms – At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	11
Total	11

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state’s non-Medicare community-rated health insurance risk pool on a self- pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on the claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state’s Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year’s explicit subsidy for inclusion in the Governor’s budget. The final amount is approved by the state Legislature.

Net OPEB Liability

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Notes to the Financial Statements
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The Council’s total OPEB liability was measured as of June 30, 2025 using the alternative measurement method.

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate (beginning of measurement year): 3.93%

Discount rate (end of measurement year): 5.20%

Salary Changes: 3.25% + service-based increases

Healthcare trend rates: Initial rate is approximately (4.5%)-9.5%, trends up to about 3.8% in 2080

Mortality rates were based on RP 2000 Mortality tables, with mortality improvement scales applied

Inflation rate: 2.40%

Post-retirement participation percentage: 60%

Percentage with spouse coverage: 45%

Changes in the Total OPEB Liability

PEBB	
Total OPEB Liability at 7/1/2024	\$155,877
Service Cost	\$ 12,532
Interest	\$ 6,607
Changes in Experience Data and Assumptions	\$ (60,049)
Changes in Benefit Terms	\$ 12,105
Benefit Payments	\$ (582)
Other	\$ -0-
Total OPEB Liability at 6/30/2025	\$126,490

The following presents the total OPEB liability of the Council calculated using the current healthcare cost trend rate of (4.5%)-9.5% percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

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Notes to the Financial Statements

Year Ended June 30, 2025

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$102,643	\$126,490	\$158,275

The following presents the total OPEB liability of the Council calculated using the discount rate of 5.20 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$152,204	\$126,490	\$106,259

Note 7 – Compensated Absences

The Council provides compensated absences in the form of vacation and sick leave. Under GASB Statement No. 101, *Compensated Absences*, liabilities are recognized for leave that (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or paid to employees.

- **Vacation** accumulates and is paid out upon separation; therefore, the Council recognizes a liability for all unused, accrued vacation.
- **Sick leave** accumulates but is **not** paid out at separation. A liability is recognized for the portion more likely than not to be used for time off, based on historical usage patterns.

Measurement and significant assumptions.

- Hourly rates include the base rate plus employer FICA.
- For **vacation**, a current-year lookback of usage patterns was used to estimate the amount expected to be used within the next 12 months (short-term) with the remainder classified as long-term.
- For **sick leave**, expected usage is estimated using an average of the most recent three years (or months employed if shorter) of experience; employees are assumed to retire at age 65.
- Sick leave is not paid upon termination.

Adoption of new standard. The Council implemented GASB Statement No. 101 in the fiscal year ended June 30, 2025. Implementation did not require restatement of beginning net position.

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Notes to the Financial Statements
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Balances at June 30, 2025. The liability for compensated absences is summarized below:

Leave type	Current portion	Long-term portion	Total
Vacation	\$52,100	\$36,267	\$88,367
Sick	\$14,029	\$32,873	\$46,902
Total compensated absences	\$66,129	\$69,140	\$135,269

Change in Compensated Absences. The total compensated absences liability at June 30, 2025 is \$135,269 compared to a prior-year balance of \$88,403, an increase of \$46,866 due almost entirely to the inclusion of eligible sick leave into the calculation as required by GASB 101. Sick leave had not been included in the past as it is not the Council’s policy to pay out unused sick leave at the end of employment.

Maturity/Classification. Amounts expected to be liquidated within 12 months of year-end are classified as current; the remainder is reported as noncurrent.

Note 8 – Risk Management

The Council has obtained insurance through private companies. The insurance policies cover the Council for equipment (at replacement cost), general liability, employee dishonesty, travel/accident liability, directors and officers liability, and fiduciary liability. No settlements exceeded insurance coverage in each of the past three years.

The Council enforces several human resource policies designed to limit exposure to litigation in employment practices. The Worker’s Compensation fund covers on-the-job injuries to employees.

Note 9 – Leases

Lessor

The Council sub-leases out a portion of the Next Generation Zone (Center) office space under a non-cancelable operating lease. The sub-lease monthly obligation of the tenants is determined by the Infrastructure Funding Agreement in place between the Center partners and is calculated using staff count located at the Center compared to total staff at the Center. Total sub-lease income, principal and interest income respectively for this lease was \$32,416, \$31,095 and \$1,321 for the year ended June 30, 2025. The subleases expired November of 2024 and were not renewed as the continuation of the sub-lease partnerships is under consideration and review due to program changes and space needs.

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Notes to the Financial Statements
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Lessee

The Council leases office space at two locations and equipment under non-cancelable operating leases. As of June 30, 2025, the total amount of lease assets, and related accumulated amortization are as follows:

	Beg. Bal.	Increases	Decreases	End. Bal.
Leased Buildings	\$1,391,233	577,866		\$1,969,099
Leased Equipment	\$34,653	51,560		\$86,213
Total	\$1,425,886	629,426		\$2,055,312
Accumulated Amortization Leased Buildings	\$678,483	\$293,580		\$972,063
Accumulated Amortization Equipment	\$25,989	\$17,257		\$43,246
Total	\$704,472	\$310,837		\$1,015,309

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

Year ended June 30	Principal	Interest	Total
2026	\$234,805	\$71,731	\$306,536
2027	257,869	57,497	315,366
2028	282,701	41,763	324,464
2029	309,435	24,403	333,838
2030	64,500	5,286	69,786
Thereafter			
Total	\$1,149,310	\$200,680	\$1,349,990

Note 10 – Changes in Long-Term Liabilities

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

	Beginning Balance 7/1/2024	Additions	Reductions	Ending Balance 6/30/2025	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 88,403	46,866	-0-	\$ 135,269	\$ 66,129
Total OPEB Liability	155,877	-0-	29,387	126,490	-0-
Pension Liability	137,831	-0-	47,781	90,050	-0-
Lease Liability	742,888	414,410	-0-	1,157,298	234,805
Governmental activity long-term liabilities:	<u>\$ 1,124,999</u>	<u>\$ 461,276</u>	<u>\$ 77,168</u>	<u>\$1,509,107</u>	<u>\$ 300,934</u>

For the governmental activities, compensated absences are liquidated by the general fund.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL
Notes to the Financial Statements
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Note 11 – Contingencies and Litigations

The Council has recorded in its financial statements all material liabilities and there are no contingent liabilities to record.

The Council participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The Council's management believes that such disallowances, if any, will be immaterial.

Note 12- Related Party Transactions

The Council's 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 is required to 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. During FY25, the Council did not enter into any related-party transactions.



**SPOKANE
WORKFORCE
COUNCIL**

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2025

	PY24/FY25 ORIGINAL BUDGET	PY24/FY25 FINAL BUDGET	PY24/FY25 ACTUALS	OVER/(UNDER) FINAL BUDGET
GRANT FUNDING				
WIOA FORMULA ADULT/DW/YOUTH FUNDS	3,539,367	3,457,239	2,911,771	(545,468)
WIOA FORMULA ADMINISTRATIVE FUNDS	324,988	293,880	363,066	69,186
WIOA NON-FORMULA GRANTS	1,085,831	1,295,727	1,178,457	(117,270)
OTHER FEDERAL GRANTS	3,140,702	3,924,981	3,770,346	(154,635)
STATE GRANTS	3,014,574	3,651,534	3,711,535	60,001
PRIVATE AND LOCAL GRANTS AND CONTRIBUTIONS	20,587	90,533	75,811	(14,722)
TOTAL GRANT FUNDING	11,126,049	12,713,894	12,010,986	(702,908)
OTHER INCOME	145,000	145,000	275,423	130,423
TOTAL FUNDING SOURCES	11,271,049	12,858,894	12,286,409	(572,485)
TOTAL PERSONNEL COSTS	1,665,479	1,665,479	1,603,814	(61,665)
OCCUPANCY COSTS	326,828	326,828	336,972	10,144
OPERATING COSTS	557,201	674,120	666,096	(8,024)
SUBCONTRACTED SERVICES	8,721,541	10,192,467	9,598,232	(594,235)
TOTAL NON-PERSONNEL COSTS	9,605,570	11,193,415	10,601,300	(592,115)
TOTAL COSTS	11,271,049	12,858,894	12,205,114	(653,780)
NET CHANGE IN FUND BALANCE	-	-	81,295	81,295

Note 1 Basis of Accounting:

The budgetary comparison schedule is prepared using a modified accrual basis of accounting.

REQUIRED SUPPLEMENTARY INFORMATION

Spokane Area Workforce Development Council
 Schedule of Proportionate Share of the Net Pension Liability
 PERS
 As of the Measurement Date 6/30/2024
 Last 10 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PERS 1 Employer's proportion of the net pension liability (asset)	% 0.003667%	0.003538%	0.003959%	0.004323%	0.004605%	0.004502%	0.004376%	0.004631%	0.005112%	0.006038%	0.005068%
PERS 1 Employer's proportionate share of the net pension liability	\$ 184,727	185,070	212,617	205,130	205,661	173,118	154,496	56,555	142,337	137,831	90,050
PERS 2/3 Employer's proportion of the net pension liability (asset)	% 0.004721%	0.004571%	0.005068%	0.005610%	0.005885%	0.005816%	0.005667%	0.005953%	0.006654%	0.007804%	0.006482%
PERS 2/3 Employer's proportionate share of the net pension liability (asset)	\$ 95,428	163,324	255,170	193,218	100,481	56,493	72,478	(593,015)	(246,782)	(319,861)	(213,684)
TOTAL	\$ 280,155	348,394	467,787	398,348	306,142	229,611	226,974	(536,460)	(104,445)	(182,030)	(123,634)
Covered Payroll**	\$ 480,308	406,946	483,270	551,439	616,155	637,416	660,869	718,070	843,240	1,086,153	999,773
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	% 58.33%	85.61%	96.80%	72.24%	49.69%	36.02%	34.34%	-74.71%	-12.39%	-16.76%	-12.37%
PERS 1 Plan fiduciary net position as a percentage of the total pension liability	% 65.94%	53.12%	45.45%	51.50%	67.18%	75.40%	68.07%	-10.54%	-136.28%	-75.72%	-72.84%
PERS 2/3 Plan fiduciary net position as a percentage of the total pension liability	% 34.06%	46.88%	54.55%	48.50%	32.82%	24.60%	31.93%	110.54%	236.28%	175.72%	172.84%

Notes to Schedule:

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

** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

REQUIRED SUPPLEMENTARY INFORMATION

Spokane Area Workforce Development Council
 Schedule of Employer Contributions
 PERS 1

For the Year Ended June 30, 2025
 Last 10 Fiscal Years*

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions	\$ 23,052	26,303	30,993	32,597	31,457	34,849	31,284	41,540	29,491	27,543
Contributions in relation to the contractually required contributions ***	\$ (23,052)	(26,303)	(30,993)	(32,597)	(31,457)	(34,849)	(31,284)	(41,540)	(29,491)	(27,543)
Contribution deficiency (excess)	\$ 0	0	0	0	0	0	0	0	0	0
Covered Payroll**	\$ 483,270	551,439 #	616,155	637,416	660,869	718,070	843,240	1,086,153	999,773	1,085,599
Contributions as a percentage of covered employee payroll	% 4.77%	4.77%	5.03%	5.11%	4.76%	4.85%	3.71%	3.82%	2.95%	2.54%

Notes to Schedule:

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

** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

*** Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contributions that fund the PERS 1 UAAL. Contributors do not include employer-paid member contributions (GASB 82, Par. 8)

REQUIRED SUPPLEMENTARY INFORMATION

Spokane Area Workforce Development Council
 Schedule of Employer Contributions
 PERS 2/3

For the Year Ended June 30, 2025
 Last 10 Fiscal Years*

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions (Includes Admin Fee)	\$ 30,108	34,355	46,150	47,903	52,341	56,871	53,630	69,086	63,586	69,044
Contributions in relation to the contractually required contributions (Includes Admin Fee)***	\$ (30,108)	(34,355)	(46,150)	(47,903)	(52,341)	(56,871)	(53,630)	(69,086)	(63,586)	(69,044)
Contribution deficiency (excess)	\$ 0	0	0	0	0	0	0	0	0	0
Covered Payroll**	\$ 483,270 #	551,439	616,155 #	637,416	660,869	718,070	843,240	1,086,153	999,773	1,085,599
Contributions as a percentage of covered employee payroll	% 6.23%	6.23%	7.49%	7.52%	7.92%	7.92%	6.36%	6.36%	6.36%	6.36%

Notes to Schedule:

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

** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)

*** Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contributions that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions (GASB 82, Par.8)

Spokane Area Workforce Development Council
Schedule of Changes in Total OPEB Liability and Related Ratios
Required Supplementary Information
For the year ended June 30, 2025
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 155,877	\$ 165,202	\$ 227,676	\$ 235,684	\$ 269,660	\$ 223,537	\$ 165,924	\$ 152,288
Service cost	12,532	15,157	20,805	26,358	30,144	20,260	13,560	20,062
Interest	6,607	6,580	8,793	5,660	6,626	8,532	6,946	6,170
Changes in benefit terms	12,105	0	0	0	0	0	0	0
Changes in experience data and assumptions	(60,049)	(30,893)	(91,916)	(39,983)	(70,746)	17,358	37,107	(12,596)
Benefit payments	(582)	(169)	(156)	(43)	0	(27)	0	0
Other changes	0	0	0	0	0	0	0	0
Total OPEB liability - ending	<u>126,490</u>	<u>155,877</u>	<u>165,202</u>	<u>227,676</u>	<u>235,684</u>	<u>269,660</u>	<u>223,537</u>	<u>165,924</u>
Covered-employee payroll [1]	1,097,530	1,015,270	1,053,516	909,829	752,521	666,331	637,416	616,155
Total OPEB liability as a % of covered payroll	11.52%	15.35%	15.68%	25.02%	31.32%	40.47%	35.07%	26.93%

Notes to Schedule:

* Until a full 10-year trend is compiled, only information for those years available is presented. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GSB 75.

[1] Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246)

**Spokane Area 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		
SNAP Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via DSHS-BFET)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2312-50535	24,790	-	24,790	35,109	1,2,3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via DSHS-BFET)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2412-58183	45,590	-	45,590	13,576	1,2,3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via DSHS-BFET)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2412-58642	14,514	-	14,514	-	1,2,3
			Total SNAP Cluster:	84,894	-	84,894	48,685	
Economic Development Cluster								
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Washington State Employment Security)	COVID 19 - Economic Adjustment Assistance	11.307	K8336	1,258,089	-	1,258,089	1,046,347	1,2,3
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Workforce Central)	COVID 19 - Economic Adjustment Assistance	11.307	PY23-Good Jobs Construction	266,818	-	266,818	222,289	1,2,3
			Total Economic Development Cluster:	1,524,907	-	1,524,907	1,268,636	
WIOA Cluster								

The accompanying notes are an integral part of this schedule.

**Spokane Area 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		
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6112-7104	872,691	-	872,691	389,525	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6112-7103	206,651	-	206,651	206,651	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6112-7304	98,960	-	98,960	-	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6112-7303	28,570	-	28,570	8,048	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	6112-7621-07	11,275	-	11,275	11,275	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	K8486	33,251	-	33,251	30,920	1,2,3

The accompanying notes are an integral part of this schedule.

**Spokane Area 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		
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	K8486	33,261	-	33,261	30,929	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Adult Program	17.258	K8486	33,251	-	33,251	30,920	1,2,3
			Total ALN 17.258:	1,317,910	-	1,317,910	708,269	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6112-7004	822,408	-	822,408	595,043	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6112-7003	140,979	-	140,979	140,979	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6112-7304	102,565	-	102,565	-	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6112-7303	30,113	-	30,113	8,483	1,2,3

The accompanying notes are an integral part of this schedule.

**Spokane Area 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		
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Youth Activities	17.259	6112-7621-07	11,275	-	11,275	11,275	1,2,3
		Total ALN 17.259:			1,107,340	-	1,107,340	755,780
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6112-7204	657,881	-	657,881	439,284	1,2,3
		17.278	6112-7203	211,160	-	211,160	211,160	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	9112-7304	75,433	-	75,433	-	1,2,3
		17.278	6112-7303	27,425	-	27,425	7,726	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA Dislocated Worker Formula Grants	17.278	6112-7621-07	11,278	-	11,278	11,278	1,2,3

The accompanying notes are an integral part of this schedule.

**Spokane Area 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		
			Total ALN 17.278:	983,177	-	983,177	669,448	
			Total WIOA Cluster:	3,408,427	-	3,408,427	2,133,497	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	K7828	682,549	-	682,549	614,497	1,2,3
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via Washington State Employment Security)	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	K8253	362,318	-	362,318	329,896	1,2,3
			Total ALN 17.277:	1,044,867	-	1,044,867	944,393	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Spokane County)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22-ARP1129	220,915	-	220,915	190,703	1,2,3
HEALTH AND HUMAN SERVICES, DEPARTMENT OF, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via South Central Workforce)	Congressional Directives	93.493	PY23-SCW- ACF-SWC	534,991	-	534,991	460,989	1,2,3
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via South Central Workforce)	Social Services Research and Demonstration	93.647	PY23-SCW- ACF-SWC	534,991	-	534,991	460,989	1,2,3

The accompanying notes are an integral part of this schedule.

**Spokane Area 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		
Total Federal Awards Expended:				7,353,992	-	7,353,992	5,507,892	

The accompanying notes are an integral part of this schedule.

Spokane Area Workforce Development Council
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Council's government-wide financial statements, which are prepared on the accrual basis, and in accordance with the requirements contained in Uniform Guidance.

NOTE 2 – INDIRECT COSTS

The Council has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The Council allocates indirect costs pro-rata to programs each month based on a negotiated indirect rate as a subrecipient of the federal award pass-through agency. This rate is based on direct labor hours incurred by programs during the month. During the year ended June 30, 2025, \$364,659 was allocated to Federal grant programs based on 13,913 total direct labor hours.

NOTE 3 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Council's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Included in the total amounts expended for federal programs were costs passed through to subrecipients in the amount of \$5,507,892.

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.

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