



FRANCIS & COMPANY PLLC

**SEATTLE-KING COUNTY  
WORKFORCE DEVELOPMENT COUNCIL**

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**AUDITOR'S REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL  
AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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# **Independent Auditor's Report**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Seattle-King County Workforce Development Council  
Seattle, Washington

### Report on the Financial Statements

We have audited the accompanying financial statements of Seattle-King County Workforce Development Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seattle-King County Workforce Development Council as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Seattle-King County Workforce Development Council's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

Our audit was conducted for forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 January 23, 2020, on our consideration of Seattle-King County Workforce Development 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 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 Seattle-King County Workforce Development Council's internal control over financial reporting and compliance.



Seattle, Washington  
January 23, 2020

# **Statement of Financial Position**

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$1,119,100	\$ 22,246
Grants and other receivable	1,923,486	2,145,738
Prepaid expenses	42,343	49,795
Total current assets	3,084,929	2,217,779
<b>NONCURRENT ASSETS</b>		
Software and equipment, net	7,102	11,066
Total assets	\$3,092,031	\$ 2,228,845
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$1,724,380	\$ 1,781,593
Accrued payroll and relates taxes	97,649	117,185
Accrued vacation and sick leave (Note 3)	149,607	189,509
Total current liabilities	1,971,636	2,088,287
Total liabilities	1,971,636	2,088,287
<b>NET ASSETS</b>		
Unrestricted net assets	56,283	114,828
Temporarily restricted net assets	1,064,112	25,730
Total net assets	1,120,395	140,558
Total liabilities and net assets	\$3,092,031	\$ 2,228,845

The accompanying notes are an integral part of these financial statements

**Statement of Activities and  
Changes in Net Assets**



**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Unrestricted	Temporarily Restricted	2019	2018
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public/Government Grants	\$12,557,388	12,000	<b>\$12,569,388</b>	\$ 13,639,977
Contributions	5,879	1,312,468	<b>\$1,318,347</b>	38,204
Miscellaneous revenue	2,048	-	<b>\$2,048</b>	8,495
Total public support and revenue	12,565,314	1,324,468	<b>\$13,889,782</b>	13,686,676
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Satisfaction of purpose restriction	286,086	(286,086)	-	-
Total public support and revenue	12,851,400	1,038,382	<b>\$13,889,782</b>	13,686,676
<b>EXPENSES</b>				
Program services	11,884,138	-	<b>\$11,884,138</b>	12,628,463
Management and general	1,025,807	-	<b>\$1,025,807</b>	1,132,590
Total expenses	12,909,945	-	<b>\$12,909,945</b>	13,761,053
<b>CHANGES IN NET ASSETS</b>	(58,545)	1,038,382	<b>\$979,837</b>	(74,377)
<b>NET ASSETS, BEGINNING OF YEAR</b>	114,828	25,730	<b>\$140,558</b>	214,935
<b>NET ASSETS, END OF YEAR</b>	\$56,283	\$1,064,112	<b>\$1,120,395</b>	\$ 140,558

The accompanying notes are an integral part of these financial statements

# **Statement of Functional Expenses**

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services	Management & General	2019	2018
<b>PAYROLL AND RELATED EXPENSES</b>				
Salaries	1,322,095	619,992	<b>1,942,087</b>	\$ 2,075,604
Employee benefits and taxes (Note 4)	336,534	122,386	<b>458,920</b>	534,252
<b>Total Payroll Expenses</b>	<b>1,658,629</b>	<b>742,378</b>	<b>2,401,007</b>	<b>2,609,856</b>
<b>OTHER EXPENSES</b>				
Sub recipients	9,939,827	0	<b>9,939,827</b>	10,598,181
Occupancy	144,643	69,883	<b>214,526</b>	156,949
Professional services	32,663	67,828	<b>100,491</b>	96,064
Supplies, office furniture and fixtures	4,119	4,536	<b>8,655</b>	16,347
Non-capital equipment	6,856	4,171	<b>11,027</b>	13,331
Telephone	15,205	10,921	<b>26,126</b>	31,675
Equipment rental	15,685	11,178	<b>26,863</b>	32,180
Postage	315	330	<b>645</b>	1,518
Travel	38,255	8,471	<b>46,726</b>	46,066
Printing and publication	8,724	13,065	<b>21,789</b>	20,828
Insurance	0	27,032	<b>27,032</b>	28,344
Dues and memberships	1,500	30,697	<b>32,197</b>	41,136
Staff training and council meetings	17,717	31,353	<b>49,070</b>	64,614
Depreciation	0	3,964	<b>3,964</b>	3,964
<b>Total expenses</b>	<b>11,884,138</b>	<b>1,025,807</b>	<b>12,909,945</b>	<b>\$ 13,761,053</b>

The accompanying notes are an integral part of these financial statements

# **Statement of Cash Flows**

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 979,837	\$ (74,377)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation	3,964	3,964
Decrease (increase) in grants receivable	222,252	(310,777)
Decrease (increase) in prepaid expenses	7,452	(5,194)
Increase (decrease) in accounts payable	(57,214)	225,403
Increase (decrease) in accrued payroll and related taxes	(19,535)	18,896
Increase (decrease) in accrued vacation and sick leave	(39,902)	8,626
Net cash from operations	1,096,854	(133,459)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,096,854</b>	<b>(133,459)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>22,246</b>	<b>155,705</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$1,119,100</b>	<b>\$ 22,246</b>

The accompanying notes are an integral part of these financial statements

# **Notes to the Financial Statements**

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1      DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Description of Organization**

The Seattle-King County Workforce Development Council (the Council), organized in March 2000, began operating on July 1, 2000 as a nonprofit corporation under the provision of RCW 24.03 of the state of Washington. The Council replaced the Seattle-King County Private Industry Council, under the Workforce Investment Act of 1998, as the Department of Labor pass-through agency to receive employment and training funds for the Seattle-King County area. The Council is dedicated to producing a competitive workforce and a competitive local economy. The Council serves as a research and development center for workforce issues, sharing its expertise with the community. The Council invests and participates in strategic initiatives to strengthen the economy and ensure that all King County residents have the opportunity to achieve success.

**Basis of Presentation**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Council and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets not subjected to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subjected to donor-imposed stipulations that will be met either by actions of the Council or the passage of time. Temporarily restricted net assets in the amount of \$ 1,064,112 as of June 30, 2019 are purpose restricted.

Permanently Restricted Net Assets - Net assets subjected to donor-imposed stipulations that they will be maintained permanently by the Council. The Council had no permanently restricted net assets as of June 30, 2019.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

**Cash and Cash Equivalents**

The Council considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1      DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**Federal Income Tax**

The Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the financial statements. The Council files income tax returns with the U.S. government. The Council is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Council to concentrations of credit risk include cash and cash equivalents. The Council places its temporary cash deposits with a major financial institution. At times, deposits in the institution may exceed federally insured limits. The maximum loss that would have resulted from that risk totaled \$869,100 at the end of 2019 for the excess of deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance coverage limits.

**Grant Revenue and Receivables**

The Council recognizes revenue from grant contracts when eligible costs are incurred; revenue from performance-based contracts is recognized when performance is completed. If revenue recognized exceeds cash advances received, a receivable is recorded. However, if cash advances exceed revenue recognized, deferred revenue is recorded.

A substantial portion of the public support of the Council is derived from grants and contracts administered by various government agencies. Revenue from these grants and contracts are subject to audits, which could result in adjustments to revenue. Any adjustments would be recorded at the time that such amounts could first be reasonably determined, normally upon notification by the government agency. During the year ended June 30, 2019, no such adjustments were made.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. All receivables are considered fully collectible by management.

For the year ended June 30, 2019, 90% of total revenue was from public/government grants with approximately 83% from the Department of Labor. Contributions amounted to \$1,318,347, 10% of total revenue. The amount in grants receivable from the Department of Labor totaled \$636,634 or approximately 33% at June 30, 2019.



**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1**      **DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**Software, Equipment, and Depreciation**

Software and equipment acquisitions in excess of \$5,000 are capitalized at cost or in the case of donated assets, at estimated fair value at the date of contribution. Depreciation is recorded using the straight-line method. The estimated useful lives of software and equipment are three to five years.

**Allocation of Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on the benefits derived.

**Fair Value Measurements**

In September 2006, the Financial Accounting Standards Board ("FASB") issued FASB ASC 820 (formerly Statement No. 157 ("SFAS")), *Fair Value Measurements*. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The organization's significant financial instruments are cash and certificates of deposit. The carrying values of these financial instruments approximate their fair values.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Comparative Totals**

For comparative purposes, the financial statements include certain prior year summarized information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Subsequent Events**

The Council has evaluated subsequent events through January 23, 2020, the date on which the financial statements were available to be issued.

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 2**      **OPERATING LEASES**

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The Council has operating lease agreements for office space and copy machines. Future minimum lease payments for fiscal years ending June 30 are as follows:

2020	233,632
2021	238,981
2022	244,330
2023	249,679
2024	237,131
	\$ 1,203,751

Rent expense related to these lease agreements was \$241,390 for year ended June 30, 2019.

**NOTE 3**      **COMPENSATED ABSENCES PAYABLE**

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The Council's employees earn 15 to 20 days of vacation per year based on the employees' length of service. Employees also earn 12 days of sick leave per year. Unused sick leave can be accrued without limitation. Unused vacation can be accrued up to 240 hours. Accrued vacation is payable to terminating employees at 100 percent of the amount accrued. Sick leave is payable at 25 percent of the accrued balance if an employee, who has more than one year's service, is laid off. Upon retirement, sick leave is payable at 30 percent of its accrued value, not to exceed the employee's existing salary for one month.

**NOTE 4**      **PENSION PLANS**

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Employees are eligible to participate in the Council's 401(k) tax deferred savings plan (the plan) after they have reached age 18 and have completed a consecutive three-month period of service. The plan allows employees to contribute up to \$19,000 of their gross pay. The Council makes a matching contribution equal to 100 percent of the deferrals of all active participants up to eight percent of their compensation with more than six years of employment. The Council also matches contributions up to six percent for employees with less than six years employment. The Council's contribution for the year ended June 30, 2019 was \$96,147.

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 5**      **RELATED PARTY TRANSACTIONS**

The Council is a joint venture between King County and the City of Seattle. It functions as the Department of Labor pass-through agency to receive employment and training funds for the Seattle-King County area. The King County Executive and the Mayor of the City of Seattle, serving as the chief elected officials of the local area, have the joint power to appoint the members of the Council's board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because the chief elected officials are potentially liable to the grantor for disallowed costs. If expenditure of funds is disallowed by the grantor agency, the Council can recover the funds in order from: 1) the agency creating the liability; 2) the insurance carrier; 3) future program years; and 4) as a final recourse, from King County and the City of Seattle who each will be responsible for one half of the disallowed amount.

The Council contracts with King County and the City of Seattle which provide programs related to the Workforce Innovation and Opportunity Act (WIOA). During the year ended June 30, 2019, the Council incurred sub-recipient expense from King County and the City of Seattle of \$1,853,124 and \$55, respectively.

# **Supplementary Information**

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal CFDA Number	Agency or pass-through number	Federal disbursement/ expenditures	Expenditures to sub-recipients
<b>US Department of Labor</b>				
Reentry Employment opportunities	17.270	PE-29747-16- 60-A-53	115,184	86,687
Washington State Employment Security Dept.				
WIOA Cluster				
WIOA Adult Program	17.258	6105- 1107/7106	38,064	38,064
		6105- 7108/1109	1,937,535	1,573,460
WIOA Dislocated Worker Formula Grants	17.278	6105- 7206/1207	129,607	129,607
		6105- 7208/1209	1,949,534	1,624,612
WIOA Youth Activities	17.259	6105-7007	(6,868)	(6,868)
		6105-7008	2,205,198	1,767,746
WIOA Dislocated Worker Formula Grants	17.278, 17.258, 17.259	6105- 7307/1308*	1,195	1,195
		6105- 7308/1309*	763,132	16,134
WIOA Dislocated Worker Formula Grants	17.278	6105-7506-10	-	(5,803)
		6105-7507-10	705,923	598,143
		6105-7508-10	231,700	149,755
Career Connect Washington - Youth build	17.278, 17.258, 17.259	6105-7627-04	1,021,218	918,151
Economic Security for All	17.278, 17.258, 17.259	6105-7628-10	15,000	14,000
Upskill Backfill - Construction	17.258, 17.259, 17.278	6105-7626-16	158,453	158,453
Upskill Backfill - Health Care	17.258, 17.259, 17.278	6105-7626-13	135,288	135,288
Upskill Backfill - Manufacturing	17.258, 17.259, 17.278	6105-7626-14	177,487	177,461
Subtotal WIA/ WIOA Cluster			9,462,466	7,289,398
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	17-WDCSK-X- 333-BNDWG	229,045	184,064
Employment Service/Wagner-Peyser Funded Activities	17.207	K4258	285,727	206,167
Disability Employment Policy Development	17.720	K6147	105,817	31,893
H-1B Job Training Grants	17.268-H-18	C700210	1,195	-
<b>Total Department of Labor</b>			<b>10,199,434</b>	<b>7,798,209</b>

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal CFDA Number	Agency or pass-through number	Federal disbursement/ expenditures	Expenditures to sub-recipients
<b>US Department of Health &amp; Human Services</b>				
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	90FX0037-02- 02	-	(8)
		90FX0037-02- 03	678,902	515,425
		90FX0037-02- 04	1,376,724	1,140,778
<b>Total Department of Health &amp; Human Services</b>			<b>2,055,626</b>	<b>1,656,195</b>
<b>US Department of Education</b>				
Performance Partnership Pilots for Disconnected Youth	84.420	V420A150017	106,424	97,469
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	1612-66115	1,964	1,964
<b>Total Department of Education</b>			<b>108,388</b>	<b>99,433</b>
<b>US Department of Housing and Urban Development</b>				
Seattle Housing Authority				
Choice Neighborhoods Implementation Grants	14.889	4613	1,733	8,713
<b>Total Department of Housing and Urban Development</b>			<b>1,733</b>	<b>8,713</b>
<b>US Social Security Administration</b>				
WA State Employment Security Department				
Social Security – Work Incentives Planning and Assistance Program	96.008	MOU	103,315	71,010
<b>Total US Social Security Administration</b>			<b>103,315</b>	<b>71,010</b>
<b>Total Federal Awards</b>			<b>\$ 12,468,496</b>	<b>\$ 9,633,560</b>

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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\*Funds for WIOA 10% Governor's Discretionary and WIOA Admin Cost Pool grants, are funded with a combination of WIOA Adult, WIOA Youth, and WIOA Dislocated Worker funds (CFDA #17.258/17.259/17.278) but are available to all WIOA programs. It is not possible to identify amounts used by individual CFDA numbers; therefore, the total amount is shown as CFDA number 17.278.

**NOTE A—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Seattle-King County Workforce Development Council under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Seattle-King County Workforce Development Council., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Seattle-King County Workforce Development Council.

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Seattle-King County Workforce Development Council did not elect to use the 10 percent de minimis indirect cost rate, rather it has a negotiated indirect cost rate agreement issued through the US Dept of Labor.

**Report in Accordance with  
Government Auditing Standards**





## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors  
Seattle-King County Workforce Development Council  
Seattle, WA

We have audited, in accordance with the 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 Seattle-King County Workforce Development Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Seattle-King County Workforce Development Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Seattle-King County Workforce Development 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions were 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Francis Company". The signature is written in black ink and is positioned above the typed text.

Seattle, Washington  
January 23, 2020

**Report in Accordance with  
Uniform Guidance**



## **Independent Auditor's Report on Compliance for Each Major Program and On Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Seattle-King County Workforce Development Council  
Seattle, WA

### **Report on Compliance for Each Major Federal Program**

We have audited Seattle-King County Workforce Development Council's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Seattle-King County Workforce Development Council's major federal programs for the year ended June 30, 2019. Seattle-King County Workforce Development Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Seattle-King County Workforce Development Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Seattle-King County Workforce Development Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Seattle-King County Workforce Development Council's compliance.

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

In our opinion, Seattle-King County Workforce Development 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, 2019.

**Report on Internal Control Over Compliance**

Management of Seattle-King County Workforce Development Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance we considered Seattle-King County Workforce Development Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Seattle-King County Workforce Development Council's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Seattle, Washington  
January 23, 2020

# **Schedule of Findings and Questioned Costs**

**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major program:	
CFDA Number 17.258/17.259/17.278	WIOA Cluster
CFDA Number 17.207	Employment Service/Wagner- Peyster Funded Activities
CFDA Number 17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

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No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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No matters were reported.

**SECTION IV - PRIOR YEAR AUDIT FINDINGS**

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No matters were reported.