Washington State Auditor's Office

Troy Kelley

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## Financial Statements and Federal Single Audit Report

# Puget Sound Regional Council

**King County**

**For the period July 1, 2013 through June 30, 2014**

**Published March 23, 2015**

**Report No. 1013805**

# Washington State Auditor
# Troy Kelley

March 23, 2015

Executive Board
Puget Sound Regional Council
Seattle, Washington

## Report on Financial Statements and Federal Single Audit

Please find attached our report on the Puget Sound Regional Council's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Troy X. Kelley

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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# FEDERAL SUMMARY

**Puget Sound Regional Council**
**King County**
**July 1, 2013 through June 30, 2014**

The results of our audit of the Puget Sound Regional Council are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

## Financial Statements

An unmodified opinion was issued on the financial statements of the governmental activities and the major fund.

Internal Control Over Financial Reporting:

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

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

## Federal Awards

Internal Control Over Major Programs:

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

We issued an unmodified opinion on the Council's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

## Identification of Major Programs:

The following were major programs during the period under audit:

| CFDA No. | Program Title |
|---|---|
| 14.703 | Sustainable Communities Regional Planning Grant Program |
| 11.307 | Economic Development Cluster - Economic Adjustment Assistance |
| 20.505 | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research |

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was $300,000.

The Council qualified as a low-risk auditee under OMB Circular A-133.

# 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*

**Puget Sound Regional Council**
**King County**
**July 1, 2013 through June 30, 2014**

Executive Board
Puget Sound Regional Council
Seattle, 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 governmental activities and the major fund of the financial statements of the Puget Sound Regional Council, King County, Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 20, 2015. As discussed in Note 1 to the financial statements, during the year ended June 30, 2014, the Council implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

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

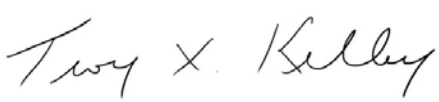
## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 20, 2015

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**Puget Sound Regional Council**
**King County**
**July 1, 2013 through June 30, 2014**

Executive Board
Puget Sound Regional Council
Seattle, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Puget Sound Regional Council, King County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The Council's major federal programs are identified in the accompanying Federal Summary.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.  An audit includes examining, on a test basis, evidence about the Council’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.  In planning and performing our audit of compliance, we considered the Council’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.  Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

## PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. 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.

Troy X. Kelley

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 20, 2015

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

**Puget Sound Regional Council**
**King County**
**July 1, 2013 through June 30, 2014**

Executive Board
Puget Sound Regional Council
Seattle, Washington

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and the major fund of the Puget Sound Regional Council, King County, Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed on page 14.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Puget Sound Regional Council, as of June 30, 2014, and the changes in financial position of the governmental activities and the major fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2014, the Council adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 19 and budgetary comparison information on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Troy X. Kelley

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 20, 2015

# FINANCIAL SECTION

**Puget Sound Regional Council**
**King County**
**July 1, 2013 through June 30, 2014**

## REQUIRED SUPPLEMENTARY INFORMATION



## BASIC FINANCIAL STATEMENTS



## REQUIRED SUPPLEMENTARY INFORMATION



## SUPPLEMENTARY AND OTHER INFORMATION

**PUGET SOUND REGIONAL COUNCIL**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**For the Fiscal Year Ended June 30, 2014**

Management's Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the Puget Sound Regional Council (PSRC) for the fiscal year ended June 30, 2014. As this information is presented in summary form, it should be read in conjunction with the financial statements and footnotes as a whole. A significant change in the presentation of statement of net position and fund balance sheet is the recognition of deferred outflows and deferred inflows of resources as distinct elements, separate from assets or liabilities, under Governmental Accounting Standards Board (GASB) Statement No. 65, - *Items Previously Reported as Assets and Liabilities*.

The PSRC is the regional transportation, economic and growth planning coordinating agency for the central Puget Sound region of Washington State. It serves as a forum for cities, counties, ports, transit agencies, tribes, and the state to work together on important regional issues.

The PSRC has an agreement with the Central Puget Sound Economic Development District (CPSEDD) to make the best use of public resources. CPSEDD is reported as a blended component unit in the financial statements of PSRC because PSRC bears a financial burden in providing support funding to CPSEDD as well as PSRC management is responsible for the activities of CPSEDD. The financial highlights and the comparative financial information in this analysis include the blended component unit data.

### Financial Highlights

The following are the PSRC's financial highlights for fiscal year 2014:

- As of June 30, 2014 the government-wide net position of PSRC was $4,735,111, which was an increase of $203,194 from the prior year. Of this amount $4,397,351 was unrestricted.
- PSRC's governmental fund had a balance of $4,546,376 as of June 30, 2014, which was an increase of $16,569 from the prior year. The governmental fund balance included $125,960 attributable to non-spendable prepaid expenses, $1,000,000 assigned for contingencies. The remaining portion of the balance, $3,420,416, was unassigned and available to support future operations.

### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the PSRC's basic financial statements which include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains required supplementary information is presented in addition to the basic financial statements.

<u>Government-wide Financial Statements</u>

The government-wide financial statements are designed to provide readers with a broad overview of PSRC's finances in a manner similar to a private sector business. The statements provide short-term and long-term perspective regarding PSRC's financial position, which assists in assessing PSRC's financial condition at the end of the fiscal year.

These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. All revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. The government-wide financial statements include two statements.

The statement of net position presents all of PSRC's assets and liabilities, deferred inflows and outflows of resources with the residual reported as net position. Over time, increases or decreases in PSRC's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The statement of activities presents information showing how PSRC's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

Typically, both of these government-wide financial statements would distinguish functions of the reporting entity principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). PSRC, however, has and reports only governmental activities.

Fund Financial Statements

The fund financial statements are designed to report financial information about our funds. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives.

PSRC, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. PSRC has and reports one governmental fund, which is its sole major fund.

The Governmental fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining whether there will be sufficient near-term financial resources available to meet PSRC's current needs.

Because the focus on governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information is also presented. The required supplementary information immediately follows the notes to the financial statements.

## Government-wide Financial Analysis

The statement of net position represents information regarding all PSRC's assets, liabilities, deferred inflows and outflows of resources and net position. The net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Over time, net position may serve as a useful indicator of PSRC's financial position.

Current and other assets comprise 96 percent of total assets as of June 30, 2014, and decreased by 2 percent from the prior fiscal year. The decrease was primarily due to more timely collection of grants receivable during the fiscal year, and the funds collected were used to pay current liabilities. As a result, liabilities were reduced by 8 percent from the prior fiscal year. There were no deferred outflows or inflows of resources in fiscal years 2014 or 2013.

Net position increased by $203,194 in fiscal year 2014. 93 percent of net position is unrestricted and available to support future operations. The overall financial position improved from prior fiscal year. Condensed financial statements with comparative data are presented below:

| | FY 2014 | FY 2013 |
|---|---|---|
| ***Condensed Statements of Net Position:*** | | |
| *Capital assets, net* | $ 271,212 | $ 125,537 |
| *Current and other assets* | 6,261,841 | 6,364,311 |
| Total assets | 6,533,053 | 6,489,848 |
| Deferred outflows of resources | - | - |
| *Current liabilities* | 1,797,942 | 1,957,931 |
| Total liabilities | 1,797,942 | 1,957,931 |
| Deferred inflows of resources | - | - |
| *Invested in capital assets* | 271,212 | 125,537 |
| *Restricted* | 66,548 | 66,547 |
| *Unrestricted* | 4,397,351 | 4,339,833 |
| Net position | $ 4,735,111 | $ 4,531,917 |

Program revenues accounted for approximately 37 percent of PSRC's total revenues while approximately 59 percent of program revenues were from operating grants and contributions. Program revenues decreased by $574,826 from fiscal year 2013 because of the reduction in HUD grant revenue.

Member dues are assessed to local governments and through special contractual arrangements. These member dues are first distributed to match the basic grants and are then used to support administrative costs and various projects. Member dues had a slight decrease compared to fiscal year 2013.

Unrestricted grants and contributions increased by $734,361 primarily because of a net overall increase in grant activities, including an approximately $1.5 million increase in the FHWA Planning grant, which was offset by less grant revenues from FTA 5303, STP Planning and other grants. Other revenues included $271,980 lease incentive received as a provision for renewing the facility lease agreement. These increases resulted in the increase in total revenue.

All of PSRC's expenses are program expenses. Total program expenses increased by $420,959, primarily due to the increase in activities of the FHWA Planning. Most of expenses were reimbursed by grants and thus, the fluctuations in grant revenues and expenses were consistent.

The net change in revenues and expenses resulted in an increase in net position of $194,640. See condensed statement of activities below:

| | FY 2014 | | FY 2013 | |
|---|---|---|---|---|
| ***Condensed Statements of Activities:*** | | | | |
| Dues and other service revenue | $ | 1,908,297 | $ | 1,930,382 |
| Operating grants and contributions | | 2,786646 | | 3,339,386 |
| Total program revenues | | 4,694,943 | | 5,269,768 |
| Unrestricted grants and contributions | | 7,506,824 | | 6,772,463 |
| Interest and other revenues | | 399,102 | | 64,306 |
| Total general revenues | | 7,905,926 | | 6,836,769 |
| Total revenues | | 12,600,868 | | 12,106,537 |
| Regional planning and development | | 11,409,148 | | 11,231,997 |
| CPSEDD | | 988,526 | | 744,718 |
| Total expenses | | 12,397,674 | | 11,976,715 |
| Changes in net position | | 203,194 | | 129,822 |
| Ending net position | $ | 4,735,111 | $ | 4,531,917 |

**Governmental Fund Financial Analysis**
Fund balances increased by $16,569 in FY 2014, and approximately $3.4 million of the total fund balance of approximately $4.5 million is unassigned and available for spending in future years at PSRC's discretion. Total revenues for FY 2014 were $12,600,868, an increase of $553,074 over FY 2013 revenues. This increase is due to an overall increase in grants and contributions revenue, including the lease incentive revenue. Deferred Inflows of Resources is recognized in the governmental fund financial statements when funds are not received within 60 days after year end and therefore not available resources.

**Budget Variance in the General Fund**
Amounts for certain line items were revised from original budget to final budget resulting in an increase in total budgeted revenues and expenditures of $4.7 million for the biennial budget. This is primarily due to an increase in carryover funds as well as additional Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) grants associated with the metropolitan planning that were awarded for the biennium. The expenditures budget for consultants and other direct expenditures was increased to reflect additional costs associated with the new grant awards. Encumbered revenue was increased as new grants were awarded for work to be completed in fiscal year 2014.

The variance between actual and budget was primarily due to the basis used. The budget was prepared based on available funding, including total amounts of grants were awarded, regardless of the actual spending, for the biennium. Actuals reflected all costs incurred during the fiscal year 2014, which were reimbursed by grants and/or supported by contributions and local matching. The unspent amounts will be carried over to next biennial budget.

**Capital Assets**
PSRC's net investment in capital assets as of June 30, 2014 amounted to $271,212. This investment in capital assets includes computers, equipment, software, and leasehold improvements. Capital assets increased by $145,675 from fiscal year 2013 due to current year additions of a new conference room projector and an upgrade of the communication system. For further information regarding capital assets, see Note 4 to the financial statements.

**Request for Information**
This financial report is designed to provide a general overview of the Puget Sound Regional Council's finances for all those with an interest in the Council's finances. Questions concerning any information provided in this report should be addressed to: Puget Sound Regional Council, Chief Financial Officer, 1011 Western Ave, Suite 500, Seattle, Washington 98104.

**PUGET SOUND REGIONAL COUNCIL**
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**
**STATEMENT OF NET POSITION**
**JUNE 30, 2014**

| **ASSETS** | Governmental Activities |
|---|---|
| Current assets: | |
| Cash (Notes 1 and 3) | $ 3,573,984 |
| Grants receivable (Note 1) | 2,509,127 |
| Accounts receivable (Note 1) | 6,307 |
| Prepaids (Note 1) | 125,960 |
| Total current assets | 6,215,379 |
| Noncurrent assets: | |
| Capital assets, being depreciated (Notes 1 and 4): | |
| Equipment and software | 1,031,125 |
| Leasehold improvements | 131,973 |
| Less: accumulated depreciation | (891,886) |
| Total capital assets, being appreciated, net | 271,212 |
| Security deposits (Note 9) | 46,463 |
| Total noncurrent assets | 317,675 |
| **Total assets** | 6,533,053 |
| **DEFERRED OUTFLOWS OF RESOURCES** | - |
| **LIABILITIES** | |
| Liabilities: | |
| Accounts payable | 914,001 |
| Accrued liabilities (Notes 1 and 6) | 836,055 |
| Unearned revenue (Note 1) | 47,886 |
| **Total liabilities** | 1,797,942 |
| **DEFERRED INFLOWS OF RESOURCES** | - |
| **NET POSITION (NOTE 1)** | |
| Net investment in capital assets | 271,212 |
| Restricted for CPSEDD | 66,548 |
| Unrestricted | 4,397,351 |
| **Total net position** | $ 4,735,111 |

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

**PUGET SOUND REGIONAL COUNCIL**
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2014**

| | | | Program Revenues | | | |
|---|---|---|---|---|---|---|
| Functions/Programs | Expenses | Indirect Expense Allocation | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net Governmental Activities |
| **GOVERNMENTAL ACTIVITIES:** | | | | | | |
| Regional planning and development | $ (8,235,728) | $ (3,173,420) | $ 1,789,441 | $ 2,291,375 | | $ (7,328,332) |
| Central Puget Sound Economic Development District (CPSEDD) | $ (793,766) | $ (194,760) | $ 118,856 | $ 495,271 | | $ (374,399) |
| Total governmental activities | (9,029,494) | (3,368,180) | 1,908,297 | 2,786,646 | - | (7,702,731) |
| **GENERAL REVENUES** | | | | | | |
| Unrestricted grants and contributions | | | | | | 7,506,824 |
| Interest income and other revenues | | | | | | 399,102 |
| Total general revenues | | | | | | 7,905,926 |
| **CHANGES IN NET POSITION** | | | | | | 203,194 |
| **NET POSITION AS OF JULY 1, 2013** | | | | | | 4,531,917 |
| **NET POSITION AS OF JUNE 30, 2014** | | | | | | $ 4,735,111 |

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

## PUGET SOUND REGIONAL COUNCIL
## BALANCE SHEET
## GOVERNMENTAL FUND
## JUNE 30, 2014

| | | GENERAL FUND |
|---|---|---|
| **ASSETS and DEFERRED OUTFLOWS of RESOURCES** | | |
| Cash (Notes 1 and 3) | $ | 3,573,984 |
| Grants receivable (Note 1) | | 2,509,127 |
| Accounts receivable (Note 1) | | 6,307 |
| Prepaids (Note 1) | | 125,960 |
| Total assets | | 6,215,379 |
| Deferred Outflows of Resources | | - |
| Total assets and deferred outflows of resources | $ | 6,215,379 |
| **LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES** | | |
| Liabilities: | | |
| Accounts payable | | 914,001 |
| Accrued liabilities (Note 1) | | 338,775 |
| Unearned revenue (Note 1) | | 47,886 |
| Total liabilities | | 1,300,662 |
| Deferred Inflows of Resources (Note 1) | | 368,340 |
| Fund Balances (Note 1): | | |
| Nonspendable | | 125,960 |
| Restricted | | - |
| Committed | | - |
| Assigned for Contingencies | | 1,000,000 |
| Unassigned | | 3,420,416 |
| Total fund balances | | 4,546,376 |
| Total liabilities, deferred inflows of resources and fund balances | $ | 6,215,379 |

| | | |
|---|---|---|
| Total fund balances - governmental fund | $ | 4,546,376 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Security deposits are not current financial resources and therefore not reported in governmental fund | | 46,463 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental fund | | 271,212 |
| Deferred inflows of resources due to revenue recognition criteria not being met | | 368,340 |
| Accrued compensated absences not reported in governmental fund | | (497,280) |
| Total net position of governmental activities | $ | 4,735,111 |

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

**PUGET SOUND REGIONAL COUNCIL**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUND**
**FOR THE YEAR ENDED JUNE 30, 2014**

| | | GENERAL FUND |
|---|---|---|
| **Revenues** | | |
| Member dues (Note 1) | $ | 1,908,297 |
| Grant revenue | | 10,237,558 |
| Contributions | | 20,000 |
| Interest income | | 18,851 |
| Other miscellanous revenues | | 380,251 |
| Total revenues | | 12,564,957 |
| **Expenditures** | | |
| Salaries and benefits | | 7,916,421 |
| Consulting | | 2,788,024 |
| Rent (Note 9) | | 775,603 |
| Other operating expenditures | | 835,969 |
| Capital outlay (Notes 1 & 4) | | 232,371 |
| Total expenditures | | 12,548,388 |
| **Changes in fund balances** | | 16,569 |
| **Total fund balances as of July 1, 2013** | | 4,529,807 |
| **Total fund balances as of June 30, 2014** | $ | 4,546,376 |
| Changes in fund balances | $ | 16,569 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Depreciation expense not reported in governmental fund but reported in government-wide statement of activities | | (86,696) |
| Expenditures for acquisitions of equipment which were capitalized in the government-wide financial statements | | 232,371 |
| Net change in accrued expenses for compensated absences not reported in governmental fund but reported in government-wide financial statements | | 5,039 |
| Net change in unearned revenue over periods | | 35,911 |
| Changes in net position of governmental activities | $ | 203,194 |

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

# PUGET SOUND REGIONAL COUNCIL
# NOTES TO FINANCIAL STATEMENTS
# JUNE 30, 2014

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Puget Sound Regional Council (PSRC) have been prepared in conformity with accounting principles generally accepted in the United States of America (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:

### Reporting Entity

PSRC began operations on October 1, 1991. It is the third in a series of regional planning agencies that have served the people of the central Puget Sound region continuously since 1957. Its immediate predecessor, the Puget Sound Council of Governments (PSCOG), was legally dissolved in 1991 to make way for a stronger agency whose members will better achieve collective regional goals.

PSRC is a special purpose government, and serves as the regional planning and decision-making body for growth and transportation issues in King, Kitsap, Pierce and Snohomish counties. Regular membership in PSRC is open to all local governments in the four-county Puget Sound region.

PSRC is governed by a General Assembly and Executive Board. The General Assembly is composed of all member jurisdictions and agencies, and meets at least annually. Executive Board members are appointed by their General Assembly constituents to represent the member governments. The Executive Board meets monthly to conduct the ongoing business of the agency and to provide a forum for discussing regional issues.

As required by generally accepted accounting principles, the financial statements present PSRC, the primary government, and its blended component unit, the Central Puget Sound Economic Development District (CPSEDD). CPSEDD was organized in 1971 to promote economic development and long-term employment within the member jurisdictions. CPSEDD is a legally separate entity, but PSRC management is responsible for the activities of CPSEDD. PSRC also bears a financial burden in providing support funding to CPSEDD. Additionally, 24 of 36 Board members of CPSEDD are members of PSRC.

Separately issued financial statements for CPSEDD can be obtained by contacting CPSEDD at the following address:

Central Puget Sound Economic Development
1011 Western Ave., Suite 500
Seattle, WA 98104

**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 nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. PSRC reports its governmental activities, which normally are supported by grants, contributions and member dues. PSRC does not have business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by the program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. PSRC's policy is to allocate general and administrative costs to all specific functions based on its indirect cost plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Unrestricted grants and other items not included among program revenues are reported as general revenues.

Separate fund financial statements are provided for the governmental fund. Governmental fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. The general fund, the only major fund, is used to account for all financial resources and activities associated with the primary purpose for which PSRC was created. PSRC has no non-major funds.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are based on the flow of 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. Revenues and receivables resulting from exchange and exchange-like transactions, such as member dues are recognized when the exchange takes place. Revenues and receivables from non-exchange transactions, such as federal and state grants and contributions, are recognized in conformity with GASB Statement No. 33, which requires recognition of grants and other similar items as soon as all applicable eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenue 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, PSRC considers revenues, including grants and member dues, to be available if they are collected within 60 days of the end of current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compenstated absences and claims and judgments are recorded only when payment is due.

**New Accounting Pronouncements**

A significant change in the presentation of statement of net position and fund balance sheet is the recognition of deferred outflows and deferred inflows of resources as distinct elements, separate from assets or liabilities, under Governmental Accounting Standards Board (GASB) Statement No. 65, - *Items Previously Reported as Assets and Liabilities*. The statement is effective for periods beginning after December 15, 2012. It provides supplemental guidance to

GASB Statement 63, - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as it expands the list of transactions that could result in the recognition of deferred outflows or deferred inflows of resources.

**Budget Information**

PSRC adopts a two-year budget. Grant revenues are recognized in the budget when they are awarded, regardless of whether the work will be performed in the current biennium. Grant revenues for work to be completed in the next biennium are reflected as encumbered revenues in the expenditures section of the budget. Amounts budgeted for salaries and benefits, overhead, consultants and other direct expenditures reflect the amounts related to grant work to be completed in the current biennium. The biennial budget includes the option for adjustment after the first year with a supplemental budget or simple budget amendment.

The budgetary comparison schedule contains the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, allocations, supplemental appropriations, and other legally authorized changes applicable for the year. Significant variances exist between actual and budgeted revenues and expenditures. These differences are most significant in the first year of the biennial budget cycle.

PSRC may over expend appropriations in those instances where no specific limit is identified. In these cases, services that have been appropriately authorized are considered to be eligible for payment and revenue is available to pay for the service.

**Cash**

Cash consists of cash and pooled investements. All PSRC funds and its component unit participate in the King County Investment Pool (the Pool) maintained by the King County Treasury Operation Section. The King County Treasurer acts as custodian for PSRC's cash. The Pool functions essentially as a demand deposit account where PSRC receives an allocation of its proportionate share of pooled earnings. Interest earnings distributed are used for PSRC's operations. The cash balance at the fiscal year end is reported at cost, which approximates the fair market value of pool shares.

Cash also includes $10,000 in a revolving cash account which is maintained at U. S. Bank for small purchases and payments that must be made more quickly than King County's processing time allows.

**Grants and Accounts Receivable**

Grants receivable represents revenues and contracts for the current period that have been recorded but not received. Accounts receivable represents contributions and dues for the current period that have been recorded but not received. PSRC uses the allowance method to account for uncollectible receivables. No allowance for uncollectible amounts has been recorded since management considers the balance in grants and accounts receivable to be fully collectible.

**Prepaids**

PSRC accounts for prepaid assets using the consumption method. The purchase is reported as an asset and the recognition of the expenditures is deferred until the period in which the expense is actually incurred.

**Capital Assets**
Capital assets, including computers, equipment and software, are reported in the government-wide financial statements. Capital assets are defined by PSRC as assets with an initial individual cost of more than $ 5,000 and an estimated useful life in excess of two years. 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.

The costs for normal maintenance and repairs are not capitalized.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Software | 3 years |
| Computers and equipment | 5-8 years |
| Leasehold improvements | 10 years |

In the governmental fund financial statements capital asset purchases, including improvements, are recorded as expenditures in the year of acquisition, using the same measurement criteria as that used for the government-wide financial statements. Donated assets are not recorded in the governmental fund.

**Accrued Liabilities and Compensated Absences**
Accrued liabilities consist of accrued salaries, accrued employee benefits and compensated absences.

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

Employees hired after June 30, 1999 are only eligible for the Personal Time Bank Program (PTB) which combines vacation and sick leave into one bank of hours. Employees hired prior to July 1, 1999 may choose to retain a vacation and sick leave program. During open enrollment, employees with the vacation sick leave program may switch to the PTB program. Once they switch, they are not allowed to transfer back.

Employees earn PTB hours based upon their date of hire and years of service and may accumulate earned PTB hours up to a maximum of 360 hours. Unused PTB hours at retirement or normal termination are considered vested and payable to the employee. Earned but unused PTB hours are accrued as a liability of PSRC in the government-wide financial statements.

Employees earn vacation based upon their date of hire and years of service and may accumulate earned vacation up to a maximum of 240 hours. Unused vacation at retirement or normal termination is considered vested and payable to the employee. Earned but unused vacation is accrued as a liability of PSRC in the government-wide financial statements.

Employees also earn hours of sick leave for their services and may accumulate sick leave balances up to a limit of 960 hours. Employees will not be paid for unused sick leave if they leave before retirement. Earned but unused sick leave is accrued as a liability of PSRC in the government-wide financial statements.

**Membership Dues**

Funding of PSRC is provided through federal, state and local grants and contributions, and membership dues assessed to local governments through special contractual arrangements. Membership dues are first distributed to match the grants and are then used for the general support of agency functions as allocated in the biennial budget and work program.

**Deferred Inflows of Resources**

In governmental fund, deferred inflows of resources include grants that did not meet the availability criterion under the modified accrual basis.

**Unearned Revenue**

Unearned revenue are liabilities and should be distinguished from deferred inflows of resources. Amounts reported as unearned revenues are true obligations that PSRC has little or no discretion to avoid, including grant advance subject to eligibility requirements.

**Fund Balance Classification and Details**

In the fund financial statements, governmental funds report the following classes of fund balances in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Nonspendable fund balances are amounts that cannot be spent because they are either in a non-spendable form or are legally/constractually required to be maintained intact, including inventories, prepaid expenses, advances, etc. As of June 30, 2014, PSRC had nonspendable fund balances of $125,960, resulting from prepaids.

Restricted fund balances are amounts that can be spent only for specific purposes stipulated by donors, grantors, creditors or by law. As of June 30, 2014, PSRC had no restricted fund balance.

Committed fund balances are amounts that are constrained for a specific purpose determined by a formal action of PSRC's General Assembly and Executive Board, PSRC's highest level of decision-making authority. The same action is required to remove or change the constraint as it did to impose the constraint. As of June 30, 2014, PSRC had no committed fund balance.

Assigned fund balances are amounts constrained by the PSRC's intent that they will be used for specific purposes. PSRC has adopted its policy to delegate the authority to assign amounts to be used for specific purposes to its Policy Boards and Executive Director. PSRC's General Assembly adopted its budget, including $1,000,000 which was assigned for contingency purposes.

Unassigned fund balances are amounts not classified as nonspendable, restricted, committed or assigned in the general fund. PSRC reported an unassigned fund balance of $3,420,416 as of June 30, 2014.

PSRC's spending policy of its general fund is restricted, assigned, committed, and unassigned. Restricted fund balances are spent first according to the purposes for which restricted funds are received. Unassigned funds are spent after committed and assigned funds have been exhausted.

**Classification of Net Position**
In the government-wide financial statements, net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2014, PSRC's net position invested in capital assets was $271,212.

Restricted – This component of net position consists of external constraints imposed by creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restrict the use of net assets. As of June 30, 2014, PSRC had a restricted net position of $66,548 for CPSEDD.

Unrestricted – This component of net position consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt". As of June 30, 2014, PSRC had an unrestricted net position of $4,397,351.

**Accounting Estimates**
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

## NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of financial-related legal or contractual provisions.

## NOTE 3 DEPOSITS AND INVESTMENTS

It is PSRC's policy to invest all temporary cash surpluses in the King County Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission as an investment company. Ovesight is provided by the King County Executive Finance Committee (EFC) pursuant to RCW 36.29.020. All investments are subject to written policies and procedures adopted by EFC.

The Pool functions as a demand deposit account where PSRC receives an allocation of its proportionate share of pooled earnings. Unrealized gains and losses due to changes in the fair values are not distributed to PSRC. As of June 30, 2014, PSRC had pooled investments totaling $3,563,984 which approximates fair market value of the pooled investments.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2014, the Pool's average duration was 1.32 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains or losses are not distributed. The Pool distributes earnings monthly using an amortized cost methodology.

*Credit Risk* is the chance that an issuer will fail to pay principal or interest in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause the price of the investment to decline. As of June 30, 2014, PSRC's investments in the Pool were not rated by a nationally recognized statistical rating organization (NRSPO). In compliance with state statutes, the Pool is authorized to invest in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by two NRSROs), certificates of deposits issued by qualified public depositaries, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

*Custodial Credit Risk* is the risk that in the event of the failure of the counterparty, PSRC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pool represents an interest in a group of securities and has no specific security subject to custodial risk.

The cash account at U. S. Bank is secured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. Deposits are not exposed to custodial credit risk since all deposits are covered by FDIC insurance.

## NOTE 4 CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2014 were as follows:

| | Beginning Balance 7/1/2013 | Increases | Decreases | Ending Balance 6/30/2014 |
|---|---|---|---|---|
| Capital assets being depreciated: | | | | |
| Computers, equipment and software | $ 798,755 | $ 232,370 | $ - | $ 1,031,125 |
| Leasehold improvements | 131,973 | | | 131,973 |
| Total capital assets being depreciated | 930,728 | 232,370 | - | 1,163,098 |
| Less accumulated depreciation for: | | | | |
| Computers, equipment and software | (675,512) | (86,144) | | (761,656) |
| Leasehold improvements | (129,679) | (551) | | (130,230) |
| Total accumulated depreciation | (805,191) | (86,695) | - | (891,886) |
| Total capital assets being depreciated, net | $ 125,537 | $ 145,675 | $ - | $ 271,212 |

Depreciation expense of $86,695 was charged to PSRC's regional planning and development program in the government-wide financial statements.

In the governmental fund capital outlay expense of $232,371 was recorded for computers and equipment purchased during the year.

## NOTE 5 EMPLOYEE RETIREMENT PLANS

Substantially all PSRC 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 Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also included higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either February 28, 2002 for state and higher education employees, or August 31, 2002 (for local government employees), are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS's Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of services, or at the age of 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 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 reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 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 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 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 services.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 investments are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were $99.0 million, and plan refunds paid out were $69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year

before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 defined benefit retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

<u>Funding Policy</u>
Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.
The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

Members not participating in JBM:

| | PERS Plan 1 | PERS Plan 2 | PERS Plan 3 |
|---|---|---|---|
| Employer* | 9.21%** | 9.21%** | 9.21%*** |
| Employee | 6.00%**** | 4.92%**** | ***** |

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** The employer rate for state elected officials is 13.73%for Plan 1 and 9.21% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members Participating in JBM:

| | PERS Plan 1 | PERS Plan 2 | PERS Plan 3 |
|---|---|---|---|
| Employer-State Agency* | 11.71% | 11.71% | 11.71%** |
| Employer-Local Govt. * | 9.21% | 9.21% | 9.21%** |
| Employee-State Agency | 9.76% | 9.80% | 7.50%*** |
| Employee-Local Govt. | 12.26% | 12.30% | 7.50%*** |

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** Plan 3 defined benefit portion only.
*** Minimum rate.

Both PSRC and the employees made the required contributions. The PSRC's required contributions for the years ending June 30 were as follows:

| | PERS Plan 1 | PERS Plan 2 | PERS Plan 3 |
|---|---|---|---|
| 2014 | $ 18,094 | $ 444,283 | $ 57,130 |
| 2013 | $ 15,789 | $ 338,206 | $ 46,402 |
| 2012 | $ 24,593 | $ 316,495 | $ 48,063 |

**Deferred Compensation Plan**
PSRC offers all full-time employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits them to defer portions of their compensation until future years. All amounts of compensation deferred under the plan are held in trust by a third party administrator, ICMA Retirement Corporation, for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

**NOTE 6 COMPENSATED ABSENCES**

Accrued compensated absences are reported in the government-wide financial statements as current liabilities. Changes in these liabilities were as follows:

| | 7/1/2013 | Increases | Decreases | 6/30/2014 |
|---|---|---|---|---|
| Accrued vacation | $ 12,476 | - | (1,143) | $ 11,333 |
| Accrued personal time | 463,918 | 113,395 | (116,157) | 461,156 |
| Accrued sick leave | 25,925 | - | (1,134) | 24,791 |
| Total accrued leave | $ 502,319 | 113,395 | (118,434) | $ 497,280 |

**NOTE 7 RELATED PARTY**

CPSEDD and PSRC entered into a Memorandum of Agreement dated June 27, 2002 to cooperate and support economic planning activities within the region. The agreement allows both agencies to make the most efficient use of resources. PSRC bills CPSEDD for the services performed by PSRC staff and indirect costs based on its indirect cost plan approved by the Federal Transit Administration. Total PSRC contracted staff service expenses and related indirect costs incurred during the period amounted to $583,422. PSRC also processes all CPSEDD's dues transactions, bill payments and cash receipts. CPSEDD reimburses PSRC for the net amount of transactions processed on its behalf. In the fiscal year June 30, 2014, PSRC provided grant match funding and other contribution of $274,051 to CPSEDD. The net balance due from CPSEDD as of June 30, 2014 was $95,135. These related party transactions are eliminated in the financial statements.

**NOTE 8 RISK MANAGEMENT**

PSRC is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in the Washington State Department of Labor and Industries program for workers compensation coverage. Settlements of claims did not exceed insurance coverage for any of the past three years.

**NOTE 9 LEASES**

PSRC leases various postage equipment and office facility. The lease for office facility was renewed on March 1, 2003, extending the agreement through May 31, 2014. The terms of the office facilities lease provide for the lessor to retain a security deposit. PSRC signed the third amendment to the lease beginning June 1, 2014 and extending the agreement through May 31, 2024. The security deposit is refundable to PSRC at the end of the amended lease agreement.

The future minimum payments for the office facility lease are as follows:

| | | |
|---|---|---|
| 2015 | $ | 845,405 |
| 2016 | | 872,603 |
| 2017 | | 899,801 |
| 2018 | | 926,999 |
| 2019 | | 954,197 |
| Thereafter, | | 5,086,026 |
| Total | $ | 9,585,029 |

**NOTE 10 CONTINGENCIES AND LITIGATIONS**

PSRC 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 reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

**PUGET SOUND REGIONAL COUNCIL**
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**
**BUDGETARY COMPARISON SCHEDULE**
**FOR THE YEAR ENDED JUNE 30, 2014**

| | Original Budget | Final Budget (Note 1) | Actual (Note 2) | Variance (Note 4) |
|---|---|---|---|---|
| Budgetary fund balance, July 1, 2013 | | | 4,529,807 | |
| Resources (inflows): | | | | |
| Carryover | $ 7,162,756 | $ 7,924,066 | $ - | $ (7,924,066.00) |
| Participating member dues | 2,708,866 | 2,710,914 | 1,473,449 | (1,237,465) |
| Local transit dues | 869,698 | 869,698 | 434,848 | (434,850) |
| Federal and state grants | 15,543,690 | 19,256,265 | 10,237,558 | (9,018,707) |
| Other services and support | - | 271,982 | 419,102 | 147,120 |
| Anticipated revenue | 315,000 | 225,000 | - | (225,000) |
| Amounts available for appropriation | 26,600,010 | 31,257,925 | 12,564,957 | (18,692,968) |
| Expenditures (outflows): | | | | |
| Salaries and benefits | 12,876,603 | 13,259,303 | 7,916,421 | 5,342,882 |
| Overhead | 7,098,995 | 6,809,418 | 3,368,180 | 3,441,238 |
| Consultants and other direct expenditures | 4,468,059 | 7,676,344 | 1,263,787 | 6,412,557 |
| Encumbered revenue | 1,156,354 | 2,512,859 | | 2,512,859 |
| Contingency (Note 3) | 1,000,000 | 1,000,000 | | 1,000,000 |
| Total charges to appropriations | $ 26,600,011 | $ 31,257,925 | 12,548,388 | $ 18,709,535.02 |
| Excess of revenues over expenditures | | | 16,569 | |
| Budgetary fund balance, June 30, 2014 | | | $ 4,546,377 | |

Notes:

Note 1 - PSRC prepares its budget on a GAAP basis. PSRC prepares a biennial budget, which estimates future revenues and expenditures. Each year PSRC amends the biennial budget to the actual amount of carry forward revenues, which will be used for work in subsequent years. See Financial Statement Note 1 for further discussion of the policy of budget preparation.

Note 2 - CPSEDD is a blended component unit of PSRC and thus included in the PSRC budget.

Note 3 - Contingency represents funds set aside for future unanticipated events; its use is subject to approval by the Executive Board.

Note 4 - See variance analysis in Management's Discussion and Analysis.

**PUGET SOUND REGIONAL COUNCIL**
**Schedule of Expenditures of Federal Awards**
**For The Year Ending June 30, 2014**

| Type of Assistance / Federal Agency | Program Name | Federal CFDA Number | Other Identification Number | Current Year Federal Expenditures | Description |
|---|---|---|---|---|---|
| **Direct Assistance** | | | | | |
| Dept. of Housing and Urban Development | | | | | |
| Office of Sustainable Housing and Community | Sustainable Communities Regional Planning Grant Program | 14.703 | WARIP0042-10 | $ 1,300,665 | Sustainable Communities |
| Department of Transportation | | | | | |
| Federal Transit Administration (FTA) | Job Access Reverse Commute Program | 20.516 | WA-37-6041-01 | 42,599 | Job Access Reverse Commute |
| Department of Transportation | | | | | |
| Federal Transit Administration (FTA) | New Freedom Program | 20.521 | WA-57-6020-01 | 5,905 | New Freedom |
| Department of Transportation | | | | | |
| Federal Transit Administration (FTA) | Federal Transit Formula Grants | 20.507 | WA-90-2554-01 | 314,364 | Regional Planning/Bremerton UZA Block C |
| Department of Transportation | | | | | |
| Federal Transit Administration (FTA) | Federal Transit Formula Grants | 20.507 | WA-90-2498-01 | 495,250 | Regional Planning/Seattle-Tacoma UZA |
| Department of Transportation | | | | | |
| Federal Transit Administration (FTA) | Federal Transit Formula Grants | 20.507 | WA-90-2499-01 | 322 | Regional Planning/Marysville UZA |
| Department of Transportation | | | | | |
| Federal Transit Administration (FTA) | Federal Transit Formula Grants | 20.507 | WA-90-2500-01 | 12,188 | Regional Planning/Bremerton UZA |
| Subtotal | | | | 822,124 | |
| Department of Commerce | | | | | |
| Economic Development Administration | Economic Adjustment Assistance | 11.307 | 07-79-06777 | 460,712 | Washington Clean Energy Partnership Project |
| Department of Commerce | | | | | |
| Economic Development Administration | Economic Adjustment Assistance | 11.307 | 07-79-06636 | 14,559 | Technical Assistance Grant - Regional Economic Study |
| Subtotal | | | | 475,271 | |
| Department of Commerce | | | | | |
| Economic Development Administration | Economic Development Support for Planning Organizations | 11.302 | 07-83-06841-02 | 25,000 | EDA Planning |
| Department of Commerce | | | | | |
| Economic Development Administration | Economic Development Support for Planning Organizations | 11.302 | 07-83-06841-01 | 75,000 | EDA Planning |
| Subtotal | | | | 100,000 | |
| Total direct assistance | | | | $ 2,746,563 | |
| **Indirect Assistance** | | | | | |
| **Pass Through - WA State Dept. of Transportation** | | | | | |
| Department of Transportation | | | | | |
| Federal Transit Administration (FTA) | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505 | GCB 1535 | $ 1,540,808 | FTA Planning (Note 3) |
| | | | | $ 1,540,808 | |
| Department of Transportation | | | | | |
| Federal Highway Administration (FHWA) | Highway Planning and Construction | 20.205 | GCB 1535 | $ 5,063,804 | FHWA Planning |
| Department of Transportation | | | | | |
| Federal Highway Administration (FHWA) | Highway Planning and Construction | 20.205 | STPUL-9999(572)/LA7054 | 182,473 | Regional Transportation Planning & Programming |
| Total Federal Highway Administration | | | | $ 5,246,277 | |
| Subtotal | | | | $ 6,787,085 | |
| **Pass Through - Seattle Children's Hospital** | | | | | |
| Department of Health and Human Services | | | | | |
| Centers for Disease Control and Prevention | PPHF: Community Transformation Grants - Small Communities Program financed solely by Public Prevention and Health Funds | 93.737 | PO-415087 | $ 69,468 | Transforming the Heath of So. King County to Reduce Regional Health Inequities |
| Total Department of Health and Human Services | | | | $ 69,468 | |
| Total indirect assistance | | | | $ 6,856,553 | |
| **Total Schedule of Expenditures of Federal Awards** | | | | **$ 9,603,117** | |

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

NOTES:

NOTE 1 - BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133 "Audits of States, Local Governments and Non-profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of the basic financial statements.

NOTE 2 - PROGRAM COST

The amounts shown as current year expenditures represent only the Federal grant portion of the program cost. Entire program cost, including Puget Sound Regional Council's portion, may be more than shown.

NOTE 3 - MPO PLANNING FUNDS

For purposes of this report, these have been reported separately, although the state consolidates these under agreement number GCB 1535.

NOTE 4 - AMOUNTS PROVIDED TO SUBRECIPIENTS

The amounts shown below represent federal funds passed on to subrecipients.

| **Grant** | **CFDA** | **Subrecipient** | | **Amount** |
|---|---|---|---|---|
| Sustainable Communities Regional Planning Grant Program | 14.703 | ARCH | $ | 24,608 |
| Sustainable Communities Regional Planning Grant Program | 14.703 | Forterra | $ | 44,153 |
| Sustainable Communities Regional Planning Grant Program | 14.703 | Impact Capital | $ | 179,122 |
| Sustainable Communities Regional Planning Grant Program | 14.703 | Impact Capital | $ | 173,285 |
| Sustainable Communities Regional Planning Grant Program | 14.703 | King County | $ | 15,617 |
| Sustainable Communities Regional Planning Grant Program | 14.703 | City of Seattle | $ | 26,096 |
| Sustainable Communities Regional Planning Grant Program | 14.703 | City of Tacoma | $ | 29,587 |
| Economic Adjustment Assistance | 11.307 | Innovate Washington | $ | 143,248 |
| Economic Adjustment Assistance | 11.307 | Cleantech Open | $ | 24,515 |
| Economic Adjustment Assistance | 11.307 | Seattle Economic Development District | $ | 185,084 |
| Economic Adjustment Assistance | 11.307 | South Seattle Community College | $ | 40,924 |
| | | **Total Federal Funds Passed Through to Subrecipients** | **$** | **886,240** |

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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