August 4, 2008

Board of Directors
Southwest Clean Air Agency
Vancouver, Washington

**Report on Financial Statements**

Please find attached our report on the Southwest Clean Air Agency’s financial statements.

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

In addition to this work, we look at other areas of our audit client’s operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR
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Southwest Clean Air Agency  
Clark County  
July 1, 2005 through June 30, 2007

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<tr>
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<th>Page</th>
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<tbody>
<tr>
<td>Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with Government Auditing Standards</td>
<td>1</td>
</tr>
<tr>
<td>Independent Auditor’s Report on Financial Statements</td>
<td>3</td>
</tr>
<tr>
<td>Financial Section</td>
<td>5</td>
</tr>
</tbody>
</table>
Independent Auditor’s Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters in Accordance
with Government Auditing Standards

Southwest Clean Air Agency
Clark County
July 1, 2005 through June 30, 2007

Board of Directors
Southwest Clean Air Agency
Vancouver, Washington

We have audited the financial statements of the Southwest Clean Air Agency, Clark County, Washington, as of and for the years ended June 30, 2007 and 2006, and have issued our report thereon dated May 19, 2008.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits, we considered the Agency’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free of material misstatement, we performed tests of the Agency’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.

This report is intended for the information and use of management and the Board of Directors. 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.

BRIAN SONNTAG, CGFM
STATE AUDITOR

May 19, 2008
Independent Auditor’s Report on Financial Statements

Southwest Clean Air Agency
Clark County
July 1, 2005 through June 30, 2007

Board of Directors
Southwest Clean Air Agency
Vancouver, Washington

We have audited the accompanying financial statements of the Southwest Clean Air Agency, Clark County, Washington, for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the Agency’s management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1b to the financial statements, the Agency prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the Budgeting, Accounting and Reporting System (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Southwest Clean Air Agency, for the years ended 2007 and 2006, on the basis of accounting described in Note 1b.

In accordance with Government Auditing Standards, we have also issued our report on our consideration of the Agency’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 internal control over financial reporting.
or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

BRIAN SONNTAG, CGFM
STATE AUDITOR

May 19, 2008
Financial Section

Southwest Clean Air Agency
Clark County
July 1, 2005 through June 30, 2007

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2007
Fund Resources and Uses Arising from Cash Transactions – 2006
Notes to Financial Statements – 2007
Notes to Financial Statements – 2006
Southwest Clean Air Agency

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
Statement C-4
For The Year Ended June 30, 2007

<table>
<thead>
<tr>
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<th>Fund Number And Name</th>
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<td>6901 Operating</td>
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<table>
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<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
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<tbody>
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<tr>
<td>Revenues and Other Sources</td>
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<tr>
<td>310  Taxes</td>
<td></td>
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<td>2,354,048</td>
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<td>570 Culture and Recreational</td>
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<tr>
<td>Total Operating Expenditures</td>
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<tr>
<td>591-93 Debt Service</td>
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<tr>
<td>504-96 Capital Outlay</td>
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<td>597-599 Other Financing Uses</td>
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<td>Total Expenditures &amp; Other Uses</td>
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<td>Excess (Deficit) of Resources Over Uses</td>
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</table>

The accompanying notes are an integral part of this financial statement.
## FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
### Statement C-4
#### For The Year Ended June 30, 2006

<table>
<thead>
<tr>
<th>BARS COD</th>
<th>Fund Number And Name</th>
<th>Fund Number And Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>CODE</td>
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<td>6901 Operating</td>
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<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
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<td>1,480,645</td>
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<td>Revenues and Other Sources</td>
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<tr>
<td>310 Taxes</td>
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<td></td>
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<tr>
<td>320 Licenses and Permits</td>
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<td>3,529,354</td>
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<td>Operating Expenditures</td>
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<tr>
<td>510 General Government</td>
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<td>520 Security of Persons and Property</td>
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<td>530 Physical Environment</td>
<td>2,241,311</td>
<td>1,765,297</td>
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<tr>
<td>540 Transportation</td>
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<td>279</td>
</tr>
<tr>
<td>Total Expenditures &amp; Other Uses</td>
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<td>1,765,576</td>
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<tr>
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</tr>
<tr>
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<td>1,763,778</td>
<td>1,763,778</td>
</tr>
</tbody>
</table>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southwest Clean Air Agency herein after referred to as the Agency uses the revenue and expenditure classifications contained in the Budgeting Accounting and Reporting System (BARS) manual. The manual is prescribed by the State Auditor’s Office under the authority of Washington State law, Chapter 43.09 RCW. The Agency was incorporated on May 7, 1968 and operates under the laws of the State of Washington applicable to an Air Pollution Agency. The Agency is a general purpose governmental entity and provides a program to achieve and maintain levels of ambient air quality to protect public health and safety for Southwest Washington. The Agency uses a single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the Agency are organized on the basis of one fund, of which is considered a separate accounting entity. The fund is accounted for with a separate set of single-entry accounts that comprise its cash, investments, revenues and expenditures, as appropriate. The Agency's resources are allocated to and accounted for the individual fund depending on intended purpose. The following is the fund type and account group used by the Agency.

GOVERNMENTAL FUND TYPES:

Governmental fund operating statements focus on measuring changes in financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

General Fund – 6901 Operating Fund

This fund is the primary operating fund of the Agency. It accounts for all financial resources except those required or elected to be accounted for in another fund. In August 2004, with Board of Director’s approval, the Diesel School Bus Reserve was established to identify revenues received in advance from the Diesel School Bus Retrofit Grant awarded by Washington State Department of Ecology.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.
C. Budgets

1. Scope of Budget

Annual appropriated budget is adopted for fund 6901.

Annual appropriated budgets are adopted by the Board of Directors and constitute the legal authority for expenditures. Annual appropriations for the general fund lapse at year end.

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

2. Procedures for Adopting the Original Budget

The Agency's budget procedures are mandated by Chapters (35.33/35A.33) RCW. The steps in the budget process are as follows:

a. Prior to May 1, the Executive Director submits a proposed budget to the Board of Directors. The budget is based on priorities established by the Board and estimates provided by the Director, during the preceding months, and balanced with revenue estimates made by the Director.

b. The Board of Directors conducts hearings on the proposed budget in May and June.

c. The Board of Directors makes its adjustments to the proposed budget and adopts by resolution a final balanced budget no later than June 30.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

D. Cash

It is the Agency's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments are posted to the General Fund 6901.

E. Deposits

The Agency's deposits are covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

F. Capital Assets

General fixed assets are long-lived assets of the Agency as a whole and are recorded as expenditures when purchased. No general fixed assets account group is established which a departure from generally accepted accounting principles is.
G. Compensated Absences

Vacation pay, which may be accumulated up to a maximum of 320 hours payable upon resignation, retirement or death. Sick leave pay, which may be accumulated up to a maximum of 1,200 hours is payable after 10 years of service, upon resignation, retirement, or death at a rate described in the personnel manual for PERS 1 Employees. The same provisions apply to PERS 2 Employees except they are not entitled to include sick leave payoff in their retirement pay calculations.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions. There have been no expenditures exceeding legal appropriations in any of the funds of the Agency.

NOTE 3 – INVESTMENTS

The Agency investments are either insured, registered or held by Agency or its agent in the Agency's name. At June 30, 2007, the Clark County Treasurer was holding $1,773,873.45 in short-term residual investments in the Clark County Investment Pool and $5,065.29 of surplus cash.

NOTE 4 - RECEIVABLES

The Southwest Clean Air Agency has no material open receivables as of June 30, 2007.

NOTE 5 – ACCUMULATED UNPAID EMPLOYEE LEAVE BENEFITS

For governmental funds, the Agency's liability for accumulated unused vacation on June 30, 2007 for 2226.08 hours was $68,734.07. Accumulated unused sick leave on June 30, 2007 for 7439.45 hours was valued at $240,717.46 but is limited by the sick leave payout provision in Note 1, Section G – Compensated Absences.

NOTE 6 - PENSION PLANS

All of the Agency's full-time and qualifying part-time employees participate in the statewide local government 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. Actuarial information is on a system-wide basis and is not considered pertinent to the Agency's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

NOTE 7 - RISK MANAGEMENT

The Agency is a member of the Washington Governmental Entity Insurance Pool (WGEP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entity to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act.
The Pool was formed July 10, 1987, when two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool now services health districts, port districts, public utility districts, water districts, sewer districts, irrigation districts, reclamation districts, diking districts, drainage districts, flood control districts, fire protection districts, mosquito control districts, weed districts, conservation districts, library districts, regional mental health support networks, cemetery districts, park and recreation districts, air pollution districts, public development authorities, public facility districts, metropolitan municipal corporation, and other political subdivision, governmental subdivision, municipal corporations, and quasi-municipal corporations.

The Pool allows members to jointly purchase excess insurance coverage, share in the self-insured retention, establish a plan for total self-insurance, and provide excellent risk management services and other related services. The Pool provides “occurrence” policies for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk” basis, blanket form using current Statement of Values. The Property coverage includes mobile equipment, electronic data processing equipment, valuable papers, building ordinance coverage, property in transit, extra expense, consequential loss, accounts receivable, fine arts, inventory or appraisal cost, automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of $100 million for all members. The Pool offers employee dishonesty coverage up to a liability limit of $500,000.

Members make an annual contribution to fund the Pool. The Pool acquires insurance from unrelated underwriters that are subject to a “per occurrence” $500,000 deductible on liability loss, $100,000 deductible on property loss, and $5,000 deductible on boiler and machinery loss. The member is responsible for the first $1,000 of the deductible amount of each claim, while the Pool is responsible for the remaining $499,000 on liability losses, $99,000 on property loss, $4,000 on boiler and machinery loss. Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since the Pool is a cooperative program, there is a joint liability among the participating members.

The contract requires members to remain in the pool for a period of not less than on (1) year and must give notice 60 days before terminating participation. The Intergovernmental Contract is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to the Pool for any unresolved, unreported and in-process claims for the period they were a signatory to the Intergovernmental Contract.

The Pool is fully funded by its member participants. Claims are filed by members with the Washington Governmental Entity Pool, and are administered in house.

A Board of Directors consisting of seven (7) members governs the Pool. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of the Pool.

NOTE 8 - LONG TERM DEBT
The Southwest Clean Air Agency has no material or long term debt obligations.

NOTE 9 – SUBSEQUENT EVENTS
The Southwest Clean Air Agency has no Subsequent Events.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southwest Clean Air Agency herein after referred to as the Agency uses the revenue and expenditure classifications contained in the Budgeting Accounting and Reporting System (BARS) manual. The manual is prescribed by the State Auditor’s Office under the authority of Washington State law, Chapter 43.09 RCW. The Agency was incorporated on May 7, 1968 and operates under the laws of the State of Washington applicable to an Air Pollution Agency. The Agency is a general purpose governmental entity and provides a program to achieve and maintain levels of ambient air quality to protect public health and safety for Southwest Washington. The Agency uses a single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the Agency are organized on the basis of one fund, of which is considered a separate accounting entity. The fund is accounted for with a separate set of single-entry accounts that comprise its cash, investments, revenues and expenditures, as appropriate. The Agency's resources are allocated to and accounted for the individual fund depending on intended purpose. The following is the fund type and account group used by the Agency.

GOVERNMENTAL FUND TYPES:

Governmental fund operating statements focus on measuring changes in financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

General Fund – 6901 Operating Fund

This fund is the primary operating fund of the Agency. It accounts for all financial resources except those required or elected to be accounted for in another fund. In August 2004, with Board of Director’s approval, the Diesel School Bus Reserve was established to identify revenues received in advance from the Diesel School Bus Retrofit Grant awarded by Washington State Department of Ecology.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.
C. Budgets

1. Scope of Budget

Annual appropriated budget is adopted for fund 6901.

Annual appropriated budgets are adopted by the Board of Directors and constitute the legal authority for expenditures. Annual appropriations for the general fund lapse at year end.

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

2. Procedures for Adopting the Original Budget

The Agency's budget procedures are mandated by Chapters (35.33/35A.33) RCW. The steps in the budget process are as follows:

a. Prior to May 1, the Executive Director submits a proposed budget to the Board of Directors. The budget is based on priorities established by the Board and estimates provided by the Director, during the preceding months, and balanced with revenue estimates made by the Director.

b. The Board of Directors conducts hearings on the proposed budget in May and June.

c. The Board of Directors makes its adjustments to the proposed budget and adopts by resolution a final balanced budget no later than June 30.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

D. Cash

It is the Agency's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments are posted to the General Fund 6901.

E. Deposits

The Agency's deposits are covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

F. Capital Assets

General fixed assets are long-lived assets of the Agency as a whole and are recorded as expenditures when purchased. No general fixed assets account group is established which is a departure from generally accepted accounting principles.
G. Compensated Absences

Vacation pay, which may be accumulated up to a maximum of 320 hours payable upon resignation, retirement or death. Sick leave pay, which may be accumulated up to a maximum of 1,200 hours is payable after 10 years of service, upon resignation, retirement, or death at a rate described in the personnel manual for PERS 1 Employees. The same provisions apply to PERS 2 Employees except they are not entitled to include sick leave payoff in their retirement pay calculations.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions. There have been no expenditures exceeding legal appropriations in any of the funds of the Agency.

NOTE 3 – INVESTMENTS

The Agency investments are either insured, registered or held by Agency or its agent in the Agency's name. At June 30, 2006, the Clark County Treasurer was holding $1,762,926.10 in short-term residual investments in the Clark County Investment Pool and $851.92 of surplus cash.

NOTE 4 - RECEIVABLES

The Southwest Clean Air Agency has no material open receivables as of June 30, 2006.

NOTE 5 – ACCUMULATED UNPAID EMPLOYEE LEAVE BENEFITS

For governmental funds, the Agency's liability for accumulated unused vacation on June 30, 2006 for 2178.4 hours was $65,513.09. Accumulated unused sick leave on June 30, 2006 for 6756.58 hours was valued at $212,187.66 but is limited by the sick leave payout provision in Note 1, Section G – Compensated Absences.

NOTE 6 - PENSION PLANS

All of the Agency's full-time and qualifying part-time employees participate in the statewide local government 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. Actuarial information is on a system-wide basis and is not considered pertinent to the Agency's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

NOTE 7 - RISK MANAGEMENT

The Agency is a member of the Washington Governmental Entity Insurance Pool (WGEP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entity to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act.
The Pool was formed July 10, 1987, when two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The Pool now services cities, counties, health districts, port districts, water and irrigation districts, fire districts, mosquito and week control districts, library districts, air pollution districts, area on aging, regional mental health support networks, cemetery, park and recreation and conservation districts.

The Pool allows members to jointly purchase excess insurance coverage, share in the self-insured retention, establish a plan for total self-insurance, and provide excellent risk management services and other related services. The Pool provides "occurrence" policies for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an "all risk" basis, blanket form using current Statement of Values. The Property coverage includes mobile equipment, electronic data processing equipment, valuable papers, building ordinance coverage, property in transit, extra expense, consequential loss, accounts receivable, fine arts, inventory or appraisal cost, automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of $50 million for all members. The Pool offers employee dishonesty coverage up to a liability limit of $1,000,000.

Members make an annual contribution to fund the Pool. The Pool acquires insurance from unrelated underwriters that are subject to a "per occurrence" $250,000 deductible on liability loss, $25,000 deductible on property loss, and $2,500 deductible on boiler and machinery loss. The member is responsible for the first $1,000 of the deductible amount of each claim, while the Pool is responsible for the remaining $249,000 on liability losses, $24,000 on property loss, $1,500 on boiler and machinery loss. Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since the Pool is a cooperative program, there is a joint liability among the participating members.

The contract requires members to remain in the pool for a minimum of three (3) years and must give notice 60 days before terminating participation. Members joining after October 2000 join the pool with one (1) full fiscal year commitment and must give notice six (6) months before terminating participation. The Interlocal Governmental Agreement is renewed automatically each year after the initial three (3) year period. Even after termination, a member is still responsible for contribution to the Pool for any unresolved, unreported and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The Pool is fully funded by its member participants. Claims are filed by members with the Washington Governmental Entity Pool, and are administered in house.

A Board of Directors consisting of seven (7) members governs the Pool. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of the Pool.

NOTE 8 - LONG TERM DEBT
The Southwest Clean Air Agency has no material or long term debt obligations.

NOTE 9 – SUBSEQUENT EVENTS
The Southwest Clean Air Agency has no Subsequent Events.
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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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Chief Policy Advisor
Director of Administration
Director of State and Local Audits
Director of Performance Audit
Director of Special Investigations
Director for Legal Affairs
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