

Washington State Auditor's Office
Financial Statements Audit Report

Southwest Clean Air Agency
Clark County

Audit Period
July 1, 2007 through June 30, 2009

Report No. 1002395

Issue Date
October 26, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

October 26, 2009

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.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Clark County
July 1, 2007 through June 30, 2009**

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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, 2007 through June 30, 2009**

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, 2008 and 2009, and have issued our report thereon dated October 7, 2009.

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 opinion 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

October 7, 2009

Independent Auditor's Report on Financial Statements

**Southwest Clean Air Agency
Clark County
July 1, 2007 through June 30, 2009**

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, 2008 and 2009. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion 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 opinion.

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 June 30, 2008 and 2009, 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

October 7, 2009

Financial Section

**Southwest Clean Air Agency
Clark County
July 1, 2007 through June 30, 2009**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2009
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Notes to Financial Statements – 2009
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Southwest Clean Air Agency

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
Statement C-4

For The Year Ended June 30, 2009

BARS CODE		Fund Number And Name <u>6901 Operating</u>			
		Budget	Actual		
	Beginning Net Cash and Investments		2,220,383		
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	1,159,068	934,301		
340	Charges for Goods and Services	1,211,358	1,120,795		
350	Fines and Forfeits	96,492	117,426		
360	Miscellaneous	94,178	61,944		
390	Other Financing Sources		23		
	Total Revenues and Other Sources	2,561,096	2,234,489		
	Total Resources		4,454,872		
	Operating Expenditures				
510	General Government				
520	Security of Persons and Property				
530	Physical Environment	2,561,096	2,358,824		
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures	2,561,096	2,358,824		
	591-93 Debt Service				
	504-96 Capital Outlay				
	Total Expenditures	2,561,096	2,358,824		
	597-599 Other Financing Uses				
	Total Expenditures & Other Uses	2,561,096	2,358,824		
	Excess (Deficit) of Resources Over Uses				
380	Nonrevenues (Except 384)				
580	Nonexpenditures (Except 584)				
	Ending Net Cash and Investments		2,096,048		

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

Southwest Clean Air Agency

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
Statement C-4

For The Year Ended June 30, 2008

BARS CODE		Fund Number And Name <u>6901 Operating</u>			
		Budget	Actual		
	Beginning Net Cash and Investments		1,778,939		
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	1,329,325	1,254,457		
340	Charges for Goods and Services	1,223,719	1,195,453		
350	Fines and Forfeits	14,435	88,768		
360	Miscellaneous	82,425	96,777		
390	Other Financing Sources				
	Total Revenues and Other Sources	2,649,904	2,635,455		
	Total Resources		4,414,394		
	Operating Expenditures				
510	General Government				
520	Security of Persons and Property				
530	Physical Environment	2,649,904	2,194,011		
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures	2,649,904	2,194,011		
591-93	Debt Service				
504-96	Capital Outlay				
	Total Expenditures	2,649,904	2,194,011		
597-599	Other Financing Uses				
	Total Expenditures & Other Uses	2,649,904	2,194,011		
	Excess (Deficit) of Resources Over Uses				
380	Nonrevenues (Except 384)				
580	Nonexpenditures (Except 584)				
	Ending Net Cash and Investments		2,220,383		

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

Southwest Clean Air Agency
Operating Account 6901
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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 reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that 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, 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 in the individual fund depending on intended purpose. The following is the fund type and account group used by the Agency.

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.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

An annual appropriated budget is adopted for the Agency's General Fund 6901. The financial statements include budgetary comparisons for this fund.

The annual appropriated budget is adopted at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for the General Fund 6901 lapse at the fiscal period end.

Any revisions that alter the total expenditures of the General Fund 6901, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Agency's Board of Directors.

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 is posted to the General Fund 6901.

E. Deposits

The Agency's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC) and/or the Washington Public Deposit Protection Commission (PDPC).

F. Capital Assets

Capital assets are long-lived assets of the Agency and are recorded as expenditures when purchased.

G. Compensated Absences

Vacation leave may be accumulated up to 320 hours and is payable upon separation or retirement. Employees may receive a cash payment for a portion of their accrued vacation leave balance in lieu of taking the time off from work as described in the personnel manual.

Sick leave pay may be accumulated up to a maximum of 1,200 hours and is payable after 10 years of service, upon separation or retirement at a rate described in the personnel manual.

H. Risk Management

The Agency is a member of Enduris. 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 to the same extent that they may individually purchase

insurance, self-insure, or hire or contract 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. Enduris 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. As of August 31, 2008, there are 427 Enduris members representing a broad range of special purpose districts.

Enduris 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. Enduris 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. Enduris offers employee dishonesty coverage up to a liability limit of \$1,000,000.

Members make an annual contribution to fund Enduris. Enduris acquires insurance from unrelated insurance companies 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 Enduris 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 Enduris is a cooperative program, there is a joint liability among the participating members.

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

Enduris is fully funded by its member participants. Claims are filed by members with Enduris, and are administered in house.

A Board of Directors consisting of seven (7) members governs Enduris. 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 Enduris.

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 the Agency or its agent in the Agency’s name. The Clark County Treasurer was holding \$2,093,424.67 in short-term residual investments in the Clark County Investment Pool and \$2,623.16 of surplus cash.

Investments by type at June 30, 2009 are as follows:

<u>Type of Investment</u>	<u>Southwest Clean Air Agency’s Own investments</u>	<u>Investments held by the Agency as an agent for other local governments, individuals or private organization.</u>	<u>Total</u>
L.G.I.P.	\$2,096,047.83	\$0.00	\$2,096,047.83
Total:	<u>\$2,096,047.83</u>	<u>\$0.00</u>	<u>\$2,096,047.83</u>

NOTE 4 – LONG TERM DEBT

The Agency has no material or long term debt obligations.

NOTE 5 - PENSION PLANS

Substantially all Agency full-time and qualifying part-time employees participate in PERS 2 and PERS 3 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 or other 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 6 – ACCUMULATED UNPAID EMPLOYEE LEAVE BENEFITS

For governmental funds, the Agency's liability for accumulated unused vacation on June 30, 2009 for 2732.33 hours was \$87,921.73. Accumulated unused sick leave on June 30, 2009 for 8063.78 hours was valued at \$294,905.51 but is limited by the sick leave payout provision in Note 1, Section G – Compensated Absences.

NOTE 7 – SUBSEQUENT EVENTS

The Southwest Clean Air Agency has no Subsequent Events.

Southwest Clean Air Agency
Operating Account 6901
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

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 reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that 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, 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 in the individual fund depending on intended purpose. The following is the fund type and account group used by the Agency.

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.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

An annual appropriated budget is adopted for the Agency's General Fund 6901. The financial statements include budgetary comparisons for this fund.

The annual appropriated budget is adopted at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for the General Fund 6901 lapse at the fiscal period end.

Any revisions that alter the total expenditures of the General Fund 6901, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Agency's Board of Directors.

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 is posted to the General Fund 6901.

E. Deposits

The Agency's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC) and/or the Washington Public Deposit Protection Commission (PDPC).

F. Capital Assets

Capital assets are long-lived assets of the Agency and are recorded as expenditures when purchased.

G. Compensated Absences

Vacation leave may be accumulated up to 320 hours and is payable upon separation or retirement. Employees may receive a cash payment for a portion of their accrued vacation leave balance in lieu of taking the time off from work as described in the personnel manual.

Sick leave pay may be accumulated up to a maximum of 1,200 hours and is payable after 10 years of service, upon separation or retirement at a rate described in the personnel manual.

H. 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 one (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 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 the Agency or its agent in the Agency’s name. The Clark County Treasurer was holding \$2,219,438.58 in short-term residual investments in the Clark County Investment Pool and \$943.94 of surplus cash.

Investments by type at June 30, 2008 are as follows:

<u>Type of Investment</u>	<u>Southwest Clean Air Agency’s Own investments</u>	<u>Investments held by the Agency as an agent for other local governments, individuals or private organization.</u>	<u>Total</u>
L.G.I.P.	\$2,219,438.58	\$0.00	\$2,219,438.58
Total:	<u>\$2,219,438.58</u>	<u>\$0.00</u>	<u>\$2,219,438.58</u>

NOTE 4 – LONG TERM DEBT

The Agency has no material or long term debt obligations.

NOTE 5 - PENSION PLANS

Substantially all Agency full-time and qualifying part-time employees participate in PERS 2 and PERS 3 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 or other 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 6 – ACCUMULATED UNPAID EMPLOYEE LEAVE BENEFITS

For governmental funds, the Agency's liability for accumulated unused vacation on June 30, 2008 for 2330.28 hours was \$72,436.57. Accumulated unused sick leave on June 30, 2008 for 7305.19 hours was valued at \$255,144.59 but is limited by the sick leave payout provision in Note 1, Section G – Compensated Absences.

NOTE 7 – SUBSEQUENT EVENTS

The Southwest Clean Air Agency has no Subsequent Events.



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.

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 employees are located around the state to deliver our services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. 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 quality assurance program.

State Auditor
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Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free Citizen Hotline

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Ted Rutt
Doug Cochran
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Jim Brittain, CPA
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