



Washington State Auditor Troy Kelley

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

To Mr. Robert D. Elliott, Executive Director and Management of Southwest Clean Air Agency:

We have performed the procedures described below, which were agreed to by the management of Southwest Clean Air Agency and the Washington State Department of Ecology, solely to assist you in evaluating the authority's Air Operating Permit (AOP) program for the period July 1, 2011-June 30, 2013. The Agency's management is responsible for managing the AOP program and for the accuracy of its financial records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

Agreed Upon Procedures

In relation to the authority's Air Operating Permit (AOP) program:

1. Determine how much AOP fee revenue was collected each fiscal year
2. Determine whether AOP fees were computed correctly
3. Determine whether invoices were sent out in a timely manner

Results of Procedures

1. According to SWCAA's accounting records cash collected was \$542,476 for FY 2012 and \$394,526 For FY 2013.
2. SWCAA's formula used to calculate AOP fees agrees to the guidelines stated in the General Regulations for Air Pollution Sources 400-103 Operating Permit Fees. Our recalculation of these fees agreed to the Agency's calculations.
3. AOP invoices with letters specifying the terms and dates of payments were sent annually prior to the October 31st deadline.

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| 4. Determine whether billed fees were actually collected | 4. AOP fees agreed to AOP revenues collected for FYE 2012 and 2013. |
| 5. Determine how the local air authority accounted for AOP fee revenues | 5. The agency has one fund, yet codes AOP revenues to its own program (411) allowing AOP revenues to be tracked separately. |
| 6. Determine how the local air authority accounted for AOP fee expenses | 6. SWCAA codes expenditures, payroll and benefits for AOP to program 411. |
| 7. Determine whether AOP fee revenues were used only for authorized activities | 7. AOP revenues were used for mostly payroll, benefits, indirect costs, training and consulting which is in accordance with the General Regulations for Air Pollution Sources. |

We were not engaged to and did not conduct an examination, the objective of which is the expression of an opinion on the financial information of the Agency's AOP program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and Management of the Agency and the Department of Ecology and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



Tina Watkins, CPA
Program Manager

March 12, 2014