

Washington State Auditor's Office
Financial Statements Audit Report

Southwest Clean Air Agency
Clark County

Audit Period
July 1, 2011 through June 30, 2013

Report No. 1011508

Issue Date
April 10, 2014



WASHINGTON
TROY KELLEY
STATE AUDITOR



Washington State Auditor Troy Kelley

April 10, 2014

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 District's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR

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Clark County
July 1, 2011 through June 30, 2013**

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Independent Auditor's Report on Internal
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Compliance and Other Matters Based on an
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**Southwest Clean Air Agency
Clark County
July 1, 2011 through June 30, 2013**

Board of Directors
Southwest Clean Air Agency
Vancouver, 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 financial statements of the Southwest Clean Air Agency, Clark County, Washington, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated March 12, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 Agency's financial statements are free from 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*.

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 Agency'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 Agency'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

March 12, 2014

Independent Auditor's Report on Financial Statements

Southwest Clean Air Agency Clark County July 1, 2011 through June 30, 2013

Board of Directors
Southwest Clean Air Agency
Vancouver, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Southwest Clean Air Agency, Clark County, Washington, for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 6.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Southwest Clean Air Agency for the years ended June 30, 2013 and 2012, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared in accordance with 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 basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Long-Term Liabilities are also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Purpose of this Report

This report is intended for the information and use of management, and governing body of the Agency. 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2014 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 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 Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large initial 'T' and 'K'.

TROY KELLEY
STATE AUDITOR

March 12, 2014

Financial Section

**Southwest Clean Air Agency
Clark County
July 1, 2011 through June 30, 2013**

FINANCIAL STATEMENTS

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Southwest Clean Air Agency

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended June 30, 2013

BARS CODE		001 Operating	
		Total (Actual) Amount	
	Beginning Cash and Investments:	1,552,877	
308.80	Unreserved	1,552,877	
	Operating Revenues:		
310	Taxes		
320	Licenses and Permits		
330	Intergovernmental	446,907	
340	Charges for Goods and Services	1,197,995	
350	Fines and Forfeits	50,748	
360	Miscellaneous	11,268	
	Total Operating Revenues	1,706,918	
	Operating Expenditures:		
510	General Government		
520	Public Safety		
530	Utilities		
540	Transportation		
550	Natural & Economic Development	1,678,545	
560	Social Services		
570	Culture and Recreational		
	Total Operating Expenditures	1,678,545	
	Net Operating Increase	28,373	
	Nonoperating Revenues:		
	Nonoperating Expenditures:		
	Increase (Decrease) in Cash and Investments:	28,373	
	Ending Cash and Investments:	1,581,250	
508.80	Unreserved	1,581,250	

The notes are an integral part of this financial statement

Southwest Clean Air Agency

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended June 30, 2012

BARS CODE		001 Operating	
		Total (Actual) Amount	
	Beginning Net Cash and Investments	1,471,499	
308.80	Unreserved	1,471,499	
	Revenues and Other Sources		
310	Taxes		
320	Licenses and Permits		
330	Intergovernmental	594,926	
340	Charges for Goods and Services	1,124,814	
350	Fines and Forfeits	19,191	
360	Miscellaneous	6,391	
390	Other Financing Sources		
	Total Revenues and Other Sources	1,745,322	
	Total Resources	3,216,821	
	Operating Expenditures		
510	General Government		
520	Security of Persons and Property		
530	Physical Environment	1,663,944	
540	Transportation		
550	Economic Environment		
560	Mental and Physical Health		
570	Culture and Recreational		
	Total Operating Expenditures	1,663,944	
591-93	Debt Service		
504-96	Capital Outlay		
	Total Expenditures	1,663,944	
597-599	Other Financing Uses		
	Total Expenditures & Other Uses	1,663,944	
	Excess (Deficit) of Resources Over Uses		
380	Nonrevenues (Except 384)		
580	Nonexpenditures (Except 584)		
	Ending Net Cash and Investments	1,552,877	
508.80	Unreserved	1,552,877	

The notes are an integral part of this financial statement

Southwest Clean Air Agency
MCAG No. 1023
NOTES TO FINANCIAL STATEMENTS
For the Period July 1, 2012 June 30, 2013

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 – 001 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.

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

The Agency adopts an annual appropriated budget for the General Fund 001. This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at the level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budget are as follow:

Total General Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Fiscal Year 12/13	\$2,020,953	\$1,678,546	\$342,407

Any revisions that alter the total expenditures of the General Fund 001, 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 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 001.

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 assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of 7 years. The capital assets of the Agency are recorded as expenses 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 provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2012, there are 477 Enduris members representing a broad array of special purpose districts throughout the state.

Enduris members share in the self-insured retention, jointly purchase excess and/or reinsurance coverage and provide risk management services and other related administrative services. Enduris provides “per occurrence” based policies for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, and 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 reinsurance from unrelated insurance companies on a “per occurrence” basis:

- \$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on liability loss;
- \$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on property loss. Enduris is responsible for the \$4,000 deductible 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 Master Agreement (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 Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

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) board 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. Investments are presented at cost. Investments by type at June 30, 2013 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.	\$1,577,070.99	\$0.00	\$1,577,070.99
Total:	\$1,577,070.99	<u>\$0.00</u>	\$1,577,070.99

NOTE 4 – LONG TERM DEBT

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the Agency and summarized the Agency's debt transactions for year ended June 30, 2013.

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 – OTHER DISCLOSURES

None.

Southwest Clean Air Agency
MCAG No. 1023
NOTES TO FINANCIAL STATEMENTS
For the Period July 1, 2011 June 30, 2012

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 – 001 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.

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

The Agency adopts an annual appropriated budget for the General Fund 001. This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at the level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budget are as follow:

Total General Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Fiscal Year 11/12	\$2,112,856	\$1,662,164	\$450,692

Any revisions that alter the total expenditures of the General Fund 001, 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 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 001.

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, 2011, there are 468 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 is subject to a “per occurrence”:

\$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on liability loss;

\$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on property loss. Enduris is responsible for the \$4,000 deductible 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 Master Agreement (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 Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

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) board 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 \$1,550,494.45 in short-term residual investments in the Clark County Investment Pool and \$2,382.78 of surplus cash on June 30, 2012.

<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.	\$1,550,494.45	\$0.00	\$1,550,494.45
Total:	\$1,550,494.45	<u>\$0.00</u>	<u>\$1,550,494.45</u>

NOTE 4 – LONG TERM DEBT

Refer to Schedule 09; Schedule of Long Term Liabilities for Agency Long Term Debt.

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 – OTHER DISCLOSURES

None.

Southwest Clean Air Agency
 MCAG No. 1023
SCHEDULE OF LONG-TERM LIABILITIES

Schedule 09
For The Year Ended June 30, 2013

ID. No.	Description	Beginning Balance 07/01/2012	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 06/30/2013
259.12	Compensated Absences	213,192		(5,000)		208,192
263.52	Pitney Bowes – Postage Machine	2,670		(1,687)		983
	Total:	\$215,862		(\$6,687)		\$209,175

Southwest Clean Air Agency
 MCAG No. 1023
SCHEDULE OF LONG-TERM LIABILITIES
 Schedule 09

For The Year Ended June 30, 2012

ID. No.	Description	Beginning Balance 07/01/2011	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 06/30/2012
259.12	Compensated Absences	202,118	11,074			213,192
263.52	Pitney Bowes – Postage Machine	4,357		(1,687)		2,670
	Total:	\$206,475	\$11,074	(\$1,687)		\$215,862



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 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 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 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
Chief of Staff
Director of Performance and State Audit
Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Performance Audit
Deputy Director of Quality Assurance
Deputy Director of Communications
Local Government Liaison
Public Records Officer
Main number
Toll-free Citizen Hotline

Troy Kelley
Doug Cochran
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